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鈞濠集團

鈞濠集團有限公司*

GRAND FIELD GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 115)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the “Board”) of directors (the “Directors”) of Grand Field Group Holdings Limited (the “Company”) hereby announces the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2023, together with the comparative figures for year 2022 are as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	3	264,515	139,285
Cost of revenue		<u>(204,591)</u>	<u>(120,286)</u>
Gross profit		59,924	18,999
Interest revenue		492	1,337
Other income/(losses)		50,381	(571,970)
Selling and distribution costs		(22,194)	(22,875)
Administrative expenses		<u>(49,126)</u>	<u>(61,648)</u>
Profit/(loss) from operations		39,477	(636,157)
Finance costs	4	(46,885)	(50,982)
Share of loss of associates		(573)	(592)
Fair value (loss)/gain on convertible bonds through profit or loss		<u>(6,659)</u>	<u>3,792</u>

* For identification purpose only

		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before tax		(14,640)	(683,939)
Income tax (expense)/credit	5	<u>(58,580)</u>	<u>90,225</u>
Loss for the year	7	<u>(73,220)</u>	<u>(593,714)</u>
Attributable to:			
Owners of the Company		(47,026)	(392,648)
Non-controlling interests		<u>(26,194)</u>	<u>(201,066)</u>
		<u>(73,220)</u>	<u>(593,714)</u>
Loss per share	8		
Basic (<i>HK cents per share</i>)		<u>(19.2)</u>	<u>(160.3)</u>
Diluted (<i>HK cents per share</i>)		<u>(19.2)</u>	<u>(160.3)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

		2023	2022
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year	7	<u>(73,220)</u>	<u>(593,714)</u>
Other comprehensive loss			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value gain on financial liabilities designated at fair value through profit or loss attributable to change in credit risk		<u>2,293</u>	<u>309</u>
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Release of exchange reserve upon disposal of a subsidiary		(4)	–
Exchange differences on translation of foreign operations		<u>(36,227)</u>	<u>(146,961)</u>
Total comprehensive loss for the year		<u>(107,158)</u>	<u>(740,366)</u>
Attributable to:			
Owners of the Company		(62,433)	(471,845)
Non-controlling interests		<u>(44,725)</u>	<u>(268,521)</u>
		<u>(107,158)</u>	<u>(740,366)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		177,601	194,619
Investment properties	<i>9</i>	1,718,898	1,765,736
Intangible asset		9,776	10,834
Right-of-use assets		8,257	7,709
Investment in associates		1,969	1,295
		<hr/> 1,916,501	<hr/> 1,980,193
Current assets			
Trade receivables		5,871	3,843
Properties for sale under development		429,961	544,319
Properties for sale		190,905	204,464
Other receivables, deposits and prepayments		46,406	61,582
Amount due from a director		1,014	688
Amount due from an associate		548	564
Tax recoverable		217	188
Cash and cash equivalents		40,925	25,418
		<hr/> 715,847	<hr/> 841,066
Current liabilities			
Trade and other payables	<i>10</i>	293,625	412,323
Interest-bearing borrowings	<i>11</i>	180,682	210,321
Lease liabilities		493	189
Amounts due to directors		179	13
Amount due to an associate		1,436	–
Convertible bonds		92,397	–
Tax payable		159,893	122,439
		<hr/> 728,705	<hr/> 745,285
Net current (liabilities)/assets		<hr/> (12,858)	<hr/> 95,781
Total assets less current liabilities		<hr/> 1,903,643	<hr/> 2,075,974

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000
Non-current liabilities			
Deferred tax liabilities		289,986	287,780
Convertible bonds		–	90,884
Interest-bearing borrowings	<i>11</i>	460,623	438,154
Lease liabilities		738	–
		<u>751,347</u>	<u>816,818</u>
NET ASSETS		<u>1,152,296</u>	<u>1,259,156</u>
Capital and reserves			
Share capital	<i>14</i>	2,449	2,449
Reserves		504,261	566,694
		<u>506,710</u>	<u>569,143</u>
Equity attributable to owners of the Company		506,710	569,143
Non-controlling interests		645,586	690,013
		<u>1,152,296</u>	<u>1,259,156</u>
TOTAL EQUITY		<u>1,152,296</u>	<u>1,259,156</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL INFORMATION

Grand Field Group Holdings Limited (the “Company”) is a company incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company in Hong Kong is located at Office A, 19/F., Kings Wing Plaza 1, 3 On Kwan Street, Shek Mun, Shatin, New Territories, Hong Kong.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are investment holding, property development, property investment, hotel operation and general trading.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

3. REVENUE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Sales of properties	185,076	108,941
General trading	37,506	3,501
Properties management services	6,247	5,458
Hotel operation	7,710	2,353
Others	4,918	375
	<hr/>	<hr/>
Revenue from contracts with customers	241,457	120,628
Rental income	23,058	18,657
	<hr/>	<hr/>
Total revenue	<u>264,515</u>	<u>139,285</u>
Timing of revenue recognition		
– At a point in time	227,500	112,817
– Over time	13,957	7,811
	<hr/>	<hr/>
Revenue from contracts with customers	<u>241,457</u>	<u>120,628</u>

The Group primarily operates in the PRC. All of the Group's revenue was generated in the PRC.

Sales of properties

The Group develops and sells properties. Sales are recognised when control of the property has transferred, being when the customer obtains the physical possession or the legal title of the property and the Group has present right to payment and the collection of the consideration is probable.

The Group generally did not grant any credit terms to its customers. For all customers, deposits are required. Deposits received are recognised as a contract liability.

General trading

The Group sells goods and commodities to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms ranged from 0 to 30 days.

Properties management services

For properties management services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis.

Hotel operation

Revenue from hotel operation is recognised over time during the period of stay for the hotel guests.

4. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest expenses on lease liabilities	77	34
Interest expenses on borrowings		
– Interest expenses on loans from third parties	9,389	9,581
– Interest expenses on bank loans	<u>37,419</u>	<u>41,367</u>
Finance costs expensed	<u><u>46,885</u></u>	<u><u>50,982</u></u>

5. INCOME TAX EXPENSE/(CREDIT)

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax		
– Enterprise Income Tax in the PRC	–	211
– LAT in the PRC	48,168	4,884
Deferred tax	<u>10,412</u>	<u>(95,320)</u>
	<u><u>58,580</u></u>	<u><u>(90,225)</u></u>

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries of the Company in the PRC is 25% during the year ended 31 December 2023 (2022: 25%).

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land costs, borrowing costs, business taxes and all property development expenditures. LAT is recognised as an income tax expense. LAT paid is a deductible expense for PRC enterprise income tax purposes.

No provision for Hong Kong Profits Tax is required since the Group's taxable income neither arises, nor is derived, from Hong Kong in both years. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax charge/(credit) and loss before tax multiplied by the tax rate applicable to profits in the countries concerned is as follows:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before tax	<u>(14,640)</u>	<u>(683,939)</u>
Notional tax credit on loss before income tax, calculated		
at the rates applicable to profits in the countries concerned	(2,274)	(157,013)
Tax effect on share of loss of an associate	143	148
Tax effect on non-deductible expenses	13,641	10,805
Tax effect on non-taxable income	(532)	(249)
Tax effect on tax losses not recognised	12,436	52,421
Tax effect on utilization of tax losses previously recognised	(960)	–
LAT deductible for calculation of income tax	(12,042)	(1,221)
LAT	<u>48,168</u>	<u>4,884</u>
Income tax charge/(credit)	<u><u>58,580</u></u>	<u><u>(90,225)</u></u>

6. SEGMENT REPORTING

Information reported to the executive directors and senior management, being the chief operating decision maker, the purposes of resource allocation and assessment of segment performance focus on types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reporting segments of the Group. Specifically, the Group's reportable operating segments under HKFRS 8 are property development, property investment, hotel operation and general trading.

(a) **Segment revenue and results**

The following is an analysis of the Group's revenue and results by reportable and operating segment.

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Hotel operation <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December						
2023						
Revenue						
External sales	<u>185,076</u>	<u>29,305</u>	<u>7,710</u>	<u>37,506</u>	<u>4,918</u>	<u>264,515</u>
Segment result	<u>43,051</u>	<u>45,171</u>	<u>1,211</u>	<u>3,193</u>	<u>(136)</u>	<u>92,490</u>
Year ended 31 December						
2022						
Revenue						
External sales	<u>108,941</u>	<u>24,115</u>	<u>2,353</u>	<u>3,501</u>	<u>375</u>	<u>139,285</u>
Segment result	<u>(162,734)</u>	<u>(364,315)</u>	<u>850</u>	<u>(76)</u>	<u>110</u>	<u>(526,165)</u>
				2023		2022
				<i>HK\$'000</i>		<i>HK\$'000</i>
Segment result				92,490		(526,165)
Interest revenue				492		1,337
Unallocated income, gains and losses				841		(50,391)
Unallocated expenses				(54,346)		(60,938)
Profit/(loss) from operations				39,477		(636,157)
Finance costs				(46,885)		(50,982)
Share of loss of associates				(573)		(592)
Fair value (loss)/gain on convertible bonds through profit or loss				(6,659)		3,792
Loss before tax				(14,640)		(683,939)
Income tax (expense)/credit				(58,580)		90,225
Loss for the year				(73,220)		(593,714)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment result represents the profit earned/(loss incurred) from each segment without allocation of certain items, mainly comprising interest revenue, depreciation, central administration costs, directors' and chief executives' salaries, finance costs, share of loss of an associate and fair value gain/(loss) on convertible bonds through profit or loss. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

(b) **Segment assets and liabilities**

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Hotel operation <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31 December 2023						
Segment assets	624,756	1,718,898	85,428	-	-	2,429,082
Unallocated assets						<u>203,266</u>
						<u>2,632,348</u>
Segment liabilities	(203,825)	(289,986)	-	-	-	(493,811)
Unallocated liabilities						<u>(986,241)</u>
						<u>(1,480,052)</u>
As at 31 December 2022						
Segment assets	751,826	1,765,736	94,012	37	87	2,611,698
Unallocated assets						<u>209,561</u>
						<u>2,821,259</u>
Segment liabilities	(191,218)	(287,780)	-	-	-	(478,998)
Unallocated liabilities						<u>(1,083,105)</u>
						<u>(1,562,103)</u>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than unallocated assets (mainly comprising certain property, plant and equipment, other receivables, deposits and prepayments, amount due from a director and cash and cash equivalents); and
- all liabilities are allocated to operating segments other than unallocated liabilities (mainly comprising certain other payables, interest-bearing borrowings, lease liabilities, convertible bonds and amounts due to directors).

(c) **Other segment information**

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Hotel operation <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2023						
Amounts included in the measure of segment profit or loss or segment assets:						
Provision of impairment for other receivables	-	-	-	(2,539)	-	(2,539)
Fair value gain on investment properties	-	42,403	-	-	-	42,403
Reversal of impairment loss of properties for sale under development	9,789	-	-	-	-	9,789
Capital expenditure	1,410	11	-	10	-	1,431
Year ended 31 December 2022						
Amounts included in the measure of segment profit or loss or segment assets:						
Fair value loss on investment properties	-	(380,484)	-	-	-	(380,484)
Impairment loss of properties for sale under development	(104,322)	-	-	-	-	(104,322)
Impairment loss of goodwill	(36,773)	-	-	-	-	(36,773)
Capital expenditure	930	69	-	-	17	1,016

(d) **Geographic information**

Since the Group principally operates in the PRC with revenue and results derived mainly from its operations in the PRC and assets are located in the PRC, no geographical information is used by the chief operating decision maker for further assessment.

(e) **Information about major customer**

No single customer contributes 10% or more of total revenue of the Group during the year ended 31 December 2023 (2022: Nil).

7. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the following:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Amortisation of intangible assets	757	796
Auditor's remuneration	800	735
Depreciation	13,566	14,131
Staff costs (including directors' remuneration):		
– salaries, bonuses and allowances	12,576	13,244
– retirement benefits scheme contributions	917	861
	13,493	14,105

8. LOSS PER SHARE

Basic loss per share

Basic loss per share is calculated based on the loss for the year attributable to the owners of the Company of approximately HK\$47,026,000 (2022: HK\$392,648,000) and on the weighted average number of approximately 244,955,000 ordinary shares (2022: 244,955,000 ordinary shares).

Diluted loss per share

No diluted loss per share for the years ended 31 December 2023 and 2022 are presented as the effect of convertible bonds is anti-dilutive.

9. INVESTMENT PROPERTIES

	Completed <i>HK\$'000</i>
Fair value	
At 1 January 2022	2,394,190
Disposals	(72,190)
Fair value loss on investment properties	(380,484)
Exchange differences	<u>(175,780)</u>
At 31 December 2022 and 1 January 2023	1,765,736
Disposals	(41,123)
Fair value gain on investment properties	42,403
Exchange differences	<u>(48,118)</u>
At 31 December 2023	<u><u>1,718,898</u></u>

The fair value of the Group's investment properties at 31 December 2023 has been arrived at on the basis of a valuation carried out on that date by Ravia Global Appraisal Advisory Limited (2022: Ravia Global Appraisal Advisory Limited), an independent qualified professional valuers not connected with the Group. Ravia Global Appraisal Advisory Limited has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The Group's investment properties have been valued by using market comparison and residual value approach, which conforms to Hong Kong Institute of Surveyors Valuation Standards on Properties.

At 31 December 2023, certain investment properties with the fair value of approximately HK\$1,356,548,000 (2022: HK\$1,342,439,000) were pledged to secure for the interest-bearing borrowings (note 11).

10. TRADE AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables to building contractors	1,165	1,199
Accruals of cost for contract works	74,545	177,813
Deferred income	17,780	19,705
Accrued salaries and other operating expenses	12,869	12,376
Accrued interest expense	20,253	18,161
Contract liabilities	43,959	68,809
Rental deposits received from tenants	4,562	4,195
Amounts payable on return of properties	5,669	5,834
Other tax payables	1,491	982
Provision for a litigation (<i>note 15(ii)</i>)	48,522	47,801
Other payables	<u>62,810</u>	<u>55,448</u>
	<u><u>293,625</u></u>	<u><u>412,323</u></u>

An ageing analysis of trade payables presented based on the invoice date at the end of reporting period is set out as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Over 360 days past due	<u><u>1,165</u></u>	<u><u>1,199</u></u>

Disclosures of contract liabilities are set out as follows:

	As at 31 December 2023 <i>HK\$'000</i>	As at 31 December 2022 <i>HK\$'000</i>	As at 1 January 2022 <i>HK\$'000</i>
Contract liabilities	<u>43,959</u>	<u>68,809</u>	<u>24,316</u>
Transaction prices allocated to performance obligations unsatisfied at end of year and expected to be recognised as revenue			
Within one year	<u>43,959</u>	<u>68,809</u>	
		Year ended 31 December	
		2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue recognised in the year that was included in contract liabilities at beginning of year		<u>12,247</u>	<u>18,668</u>
Significant changes in contract liabilities during the year:			
– Increase due to operations in the year		95,558	157,971
– Transfer of contract liabilities to revenue		<u>117,171</u>	<u>110,117</u>

A contract liability represents the Group's obligation to transfer products or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

11. INTEREST-BEARING BORROWINGS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loans from independent third parties payable within one year		
– secured (<i>Note (i)</i>)	39,272	6,386
– unsecured (<i>Note (ii)</i>)	46,183	67,209
	<u>85,455</u>	<u>73,595</u>
Loans from independent third parties payable in the second to fifth years inclusive		
– secured (<i>Note (i)</i>)	3,727	–
– unsecured (<i>Note (ii)</i>)	18,416	3,836
Loans from a non-controlling shareholder payable within one year		
– unsecured (<i>Note (iii)</i>)	8,441	16,019
Loans from a non-controlling shareholder payable in the second to fifth year inclusive		
– unsecured (<i>Note (iii)</i>)	5,481	–
Secured bank loans (<i>Note (iv)</i>)		
– on demand or within one year	86,786	120,707
– in the second to fifth years inclusive	432,999	434,318
	<u>641,305</u>	<u>648,475</u>

Notes:

- (i) At 31 December 2023, loans with principal amount of RMB39,000,000 (2022: a loan with principal amount of RMB5,600,000), equivalent to approximately HK\$42,999,000 (2022: HK\$6,386,000) from independent third parties are guaranteed by a wholly owned subsidiary of the Group or secured by certain properties of the Group (2022: guaranteed by a wholly owned subsidiary of the Group). Interests are charged at 6.5 to 12% (2022: 12%) per annum. The loans are repayable in 2024 (2022: repayable in 2023).
- (ii) The unsecured borrowings bear interest at 10% to 12% (2022: 10% to 12%) per annum.
- (iii) The unsecured borrowings bear interest at 9% to 12% (2022: 9% to 12%) per annum.

- (iv) At 31 December 2023 and 2022, loans from banks which are bearing interest at 5.15% to 8% (2022: 6.35% to 12%) per annum with fixed repayment terms. The interest expenses are calculated using the effective interest method by applying the weighted average effective rate at 7.2% (2022: 7.4%) per annum. The loans were secured by:
- a) certain buildings, investment properties, properties for sale under development and properties for sale owned by the Group as disclosed in note 9;
 - b) 50% of the share capital of Shenzhen Zongke owned by the Group;
 - c) 50% (2022: 50%) of the share capital of Shenzhen Zongke owned by a non-controlling shareholder;
 - d) corporate guarantee from a non-controlling shareholder;
 - e) personal guarantees from Mr. Tsang Yee (a substantial shareholder of the Company), Mr. Tsang Wai Lun Wayland who is the father of Mr. Tsang Yee and Ms. Kwok Wai Man Nancy who is a close family member of Mr. Tsang Yee (2022: personal guarantees from Mr. Tsang Yee, Mr. Tsang Wai Lun Wayland and Ms. Kwok Wai Man Nancy).

At 31 December 2023, a secured bank loan with a carrying amount of approximately HK\$64,862,000 (2022: HK\$109,426,000) was classified as repayment on demand because of the failure to fulfil certain financial covenants stated in the loan agreement. The balance of such loan has been significantly reduced compared to last year and the Group is in the process of procuring other bank loans to mitigate the risk of the loan being called by the bank. Coupled with the Group's working capital, the directors considered that Group would have sufficient cash to fulfil the obligation in the event that the bank demanded immediate repayment for the loan.

As at 31 December 2023 and 2022, all interest-bearing borrowings are denominated in RMB.

12. COMMITMENTS

- (a) The Group had the following material commitments at the end of the reporting period:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Contracted but not provided for investment properties and properties for sale under development	<u>71,116</u>	<u>91,715</u>

(b) **As lessor**

Property rental income earned during the year was approximately HK\$23,058,000 (2022: HK\$18,657,000).

At the end of the reporting period, the Group had contracted with tenants for the following minimum lease payments:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	22,912	24,787
In the second to fifth years inclusive	36,013	61,896
Over fifth years	14,049	22,938
	<u>72,974</u>	<u>109,621</u>

The Group leases its investment properties (note 9) under operating lease arrangements which run for an initial period of one to twelve years (2022: one to twelve years), with an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Group and the respective tenants.

13. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2023 (2022: Nil).

14. SHARE CAPITAL

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Authorised:		
50,000,000,000 ordinary shares of HK\$0.01 each	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:		
244,955,413 ordinary shares of HK\$0.01 each	<u>2,449</u>	<u>2,449</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

15. LITIGATIONS AND CONTINGENT LIABILITIES

Save as disclosed below, as at the date of this announcement, neither the Company nor any of its subsidiaries was engaged in any material litigation or claims and, so far as the Directors were aware, no material litigation or claims were pending or threatened by or against any companies of the Group which would likely have adverse effect to the Group :

- i) An Originating Summons was issued and filed with the High Court of Hong Kong on 11th August, 2017 pursuant to Section 732 and 733 of the Companies Ordinance, Cap.622 by the plaintiff, Fourseasons Hong Kong Trading Limited, a shareholder of the Company claiming against the Company as the defendant for leave to bring legal proceedings on behalf of the Company against Tsang Wai Lun Wayland and Kwok Wai Man Nancy, the former executive directors of the Company, Kwok Siu Bun, Kwok Siu Wa Alison, Ma Xuemian, Chow Kwai Wa Anne now known as Chow Kwai Wa Charmaine, Hui Pui Wai Kimber, Liu Chaodong, the Directors of the Company, Tsang Tsz Tung Debbie and Chui Wai Hung, the former non-executive director and independent non-executive Director of the Company respectively, Surplus Full Development Limited (a BVI company) and Intra Asia Limited, both now are the subsidiaries of the Company and the interested parties in the Xuzhou property project (“Xuzhou Project”) and for costs of the proceedings.

The Company upon legal advice opposes the plaintiff’s application and has filed its affirmation in opposition and the Plaintiff has paid into Court security for costs of the Defendants. The trial date of these proceedings has not been fixed yet.

In the opinion of the Directors, the said proceedings have no material impact on the operations of the Group. However, the Directors cannot reasonably measure the financial impact of the Group before the conclusion of the said proceedings.

- ii) Under the case no. (2017) Yue 1973 Min Chu no.5565, Chen Huan Chi claims against Dongguan City Zhangmutou Properties Development Limited, Ka Fong Company Limited and Grand Field Group Limited, the latter two companies being the subsidiaries of the Company for the dispute over the construction agreements. By the Judgment of Dongguang the Third People’s Court, it was adjudged that Ka Fong Company Limited do pay to the said Chen Huan Chi approximately RMB15,480,000 and accrued interest thereon out of which approximately RMB15,080,000 from 13 March 1996 and RMB400,000 from 13 February 1997 both until 19 August 2019 are at the Financial Institutions Base Rate of the similar loans as pronounced by the People’s Bank of China for the said period of time and as from 20 August 2019 until payment at the Loan Prime Rate pronounced by the National Interbank Funding Centre for the said period of time. Ka Fong Company Limited appealed against the said judgment. The Appeal was dismissed by Dongguang City Intermediate People’s Court on 23 May 2022 and the said judgment was upheld.

Ka Fong Company Limited had lodged a petition for re-trial with The Guangdong Higher High People's Court. The lodge of the said petition has been accepted by The Guangdong Higher High People's Court for investigation on 4 July 2023 and it has yet to have any further information. However, as advised by the Company's PRC legal adviser, the chance of The Guangdong Higher High People's Court to give a decision ordering the case to be tried is remote. As a result, the Group has made a provision of the compensation of approximately RMB42,037,000 (equivalent to approximately HK\$49,182,000), which was calculated basing on the principal amount of approximately RMB15,480,000 and the accrued interest of approximately RMB26,893,000 for the aforesaid periods and rates from 13 March 1996 up to 31 December 2022 as ordered by the said judgment to the consolidated profit or loss for the year ended 31 December 2022. Further provision of accrued interest of approximately RMB657,000 (equivalent to approximately HK\$725,000) is made to the consolidated statement of profit or loss for the year ended 31 December 2023.

- iii) Under the case No.(2022) Zhe 0111 Min Chu No.864, Xingfu Jiari Hotel Management (Shenzhen) Company Limited ("Xingfu Jiari"), a subsidiary of the Company claims against Zhejiang Beishen Wen Lu Development Company Limited ("Zhejiang Beishen"), Ningbo Heshan Shi Yeh Company Limited ("Ningbo Heshan") and five other companies arising from the dispute over a loan agreement for the sum of about RMB30 million and interest thereon to be paid by Zhejiang Beishen and the other defendants shall have collateral liabilities. By the Judgment dated 19 August 2022, it was ordered by the People's Court of Fuyang District, Hangzhou City that Xingfu Jiari had the right of debt against Zhejiang Beishen for RMB30,426,958.91 and Ningbo Heshan had the collateral liability for the whole amount owed by Zhejiang Beishen and the other five Defendants are liable for 50% of the said liabilities. None of the parties thereto appealed against the said judgment. However, the People's Court of Fuyang District, Hangzhou City did on 20 December, 2022 ruled that the said Judgment was mistakenly made and ordered a re-trial of the above case. The re-trial has been heard on 21 July 2023 and 8 August 2023 but the result thereof has yet to be delivered.

In the opinion of the Directors, the said proceedings have no material impact on the operations of the Group. However, the Directors cannot reasonably measure the financial impact of the Group before the conclusion of the said proceedings.

- iv) Under the case No.(2023) Zhe 0111 Min Chu No.910, the administrators of Zhejiang Beishen mentioned in paragraph iii) hereinbefore sued against Grand Field Property Development (Shenzhen) Limited, a subsidiary of the Company for collateral liabilities of the unpaid share capital by Ningbo Heshan (RMB29,981,200 being registered capital plus the interest incurred thereon). The case has been heard and it was held that Grand Field Property Development (Shenzhen) Limited was collaterally liable for the said unpaid share capital. Grand Field Property Development (Shenzhen) Limited and another have appealed against this decision to Hangzhou City intermediate People’s Court. On 5 March 2024 Hangzhou City Intermediate People’s Court dismissed the appeal of Grand Field Property Development (Shenzhen) Limited and the other party and upheld the original decision.

In the opinion of the Directors, the said proceedings have no material impact on the operations of the Group. However, the Directors cannot reasonably measure the financial impact of the Group before the conclusion of the said proceedings.

- v) G&H International Supply Chain (Shenzhen) Limited, a wholly subsidiary of the Company (the “Subsidiary”) was alleged to have been defrauded by the Business Partner through a series of fictitious transactions. Report has been made to the PRC Police who has accepted for criminal investigation but no further information and/or legal documents in respect thereof has been received by the Company. The Company may also seek damages against the Business Partner and/or the relevant persons by civil action in due course.

In the opinion of the Directors, the said proceedings have no material impact on the operations of the Group. However, the Directors cannot reasonably measure the financial impact of the Group before the conclusion of the said proceedings.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the year ended 31 December 2023 (the “Year”), there was a significant increase in revenue from last year of approximately HK\$139,285,000 to approximately HK\$264,515,000. The revenue for the Year was mainly attributed to the rental income, general trading income and sale of commercial apartments and offices in Shenzhen, which were accounted for 9%, 14% and 70% respectively of the total revenue for the Year. In contrast, contributions from properties management services, other revenue and hotel operation income were minimal, which represented approximately 2%, 2% and 3% respectively of the total revenue.

The loss for the Year was approximately HK\$73,220,000 (2022: approximately HK\$593,714,000).

The substantial reduction in loss of the Year was mainly attributed to the following reasons:

- (i) the increase in revenue and gross profit of the Group from approximately HK\$139,285,000 and HK\$18,999,000 respectively for the year ended 31 December 2022 to approximately HK\$264,515,000 and HK\$59,924,000 respectively for the Year;
- (ii) the reduction in administrative expenses of the Group from approximately HK\$61,648,000 for the year ended 31 December 2022 to approximately HK\$49,126,000 for the Year;
- (iii) the recognition of one-off fair value gain on investment properties of the Group amounted to HK\$42,403,000 for the Year as opposed to the one-off fair value loss on investment properties of the Group of approximately HK\$380,484,000 for the year ended 31 December 2022;
- (iv) the absence of one-off impairment loss on properties for sale under development and goodwill of the Group for the Year; and

- (v) a significant reduction in provision in relation to litigation of the Group from approximately HK\$49,182,000 for the year ended 31 December 2022 to approximately HK\$725,000 for the Year.

Due to the aforesaid reasons, the loss attributable to owners of the Company was approximately HK\$47,026,000 (2022: approximately HK\$392,648,000).

BUSINESS REVIEW AND PROSPECT

In 2023, following the release of all measures regarding controlling the pandemic in China, our group has been continuing to develop steadily. Although the Group is still facing challenges in the landed properties market, we are consistently moving forward to steady development. In 2023 we have achieved our main goal of the year. This highlights the Group's sensibility of adjustment of strategies and efficiency in execution.

Notwithstanding there is fluctuation in the global market such as continuous rate raising in U.S.A. and the uncertainty of the macroeconomics, our choice of places for strategic investment shows our excellent insight. The operations of our Shenzhen Zongke Mix Park Project in either sales or rental are better than the market of the same district. This benefits from our insistence on good quality of the projects and our accurate judgment in the market trend.

For financial management, through selling our assets and debt organization, we have efficiently lowered the whole debt ratio of the Group. As a result of serious cost control measures, we maximize the operation efficiency and assure the safety of cash flow and the consistent profitability of the Group.

Looking to the future, the Group will continue adopting diversity strategies to optimize the asset combinations. We will uphold the cautiously optimistic attitude and continuously monitor the changes of the market. Furthermore, on the basis of keeping robustness, we will actively seek the opportunities of innovation and growth. Regarding the new round of market opportunity, we are confident in obtaining more significant progress for the long-term strategic targets.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, the Group's cash and cash equivalents were approximately HK\$40,925,000 (31 December 2022: approximately HK\$25,418,000) of which most were denominated in Hong Kong Dollar ("HK\$") and Renminbi ("RMB").

As at 31 December 2023, the Group had total current assets of approximately HK\$715,847,000 (31 December 2022: approximately HK\$841,066,000), and total current liabilities of approximately HK\$728,705,000 (31 December 2022: approximately HK\$745,285,000). The Group recorded total assets of approximately HK\$2,632,348,000 (31 December 2022: approximately HK\$2,821,259,000). As at 31 December 2023, the Group's total interest-bearing borrowings amounted to approximately HK\$641,305,000 (31 December 2022: approximately HK\$648,475,000), of which approximately HK\$180,682,000 was repayable within 1 year (31 December 2022: approximately HK\$210,321,000), approximately HK\$27,624,000 (31 December 2022: approximately HK\$3,836,000) was repayable within a period of more than one year but not exceeding two years, approximately HK\$432,999,000 (31 December 2022: approximately HK\$434,318,000) was repayable within a period of more than two years but not exceeding five years.

As at 31 December 2023, interest-bearing borrowings of the Group amounted to approximately HK\$641,305,000 (31 December 2022: approximately HK\$648,475,000) are denominated in RMB and such borrowings carried interest at fixed rates of 5.15% to 12% per annum (2022: 6.35% to 12% per annum).

As at 31 December 2023, there are no borrowings denominated in HK\$ (31 December 2022: Nil).

The gearing ratio as at 31 December 2023, which was defined to be total interest-bearing borrowings over shareholders' equity, was approximately 127% (31 December 2022: approximately 114%).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's major operations are located in the People's Republic of China (the "PRC") and the main operational currencies are HK\$ and RMB. There has been no significant change in the Group's policy in terms of exchange rate exposure. The Group is exposed to foreign currency risk due to the exchange rate fluctuation of RMB against HK\$. Moderate fluctuation of RMB against HK\$ was expected. The Group considered the foreign currency risk exposure is acceptable. However, management of the Group will monitor foreign exchange exposure closely and consider the use of hedging instruments when necessary.

As at 31 December 2023, the Group has no material liability denominated in foreign currencies other than RMB. There was also no hedging transaction contracted for by the Group during the Year.

CAPITAL STRUCTURE

As at 31 December 2023, the Company's issued share capital was HK\$2,449,554.13 and the total number of its issued ordinary shares was 244,955,413 shares of HK\$0.01 each in issue.

References are made to the announcements of the Company dated 12 August 2022, 5 September 2022, 5 October 2022, 10 October 2022, 26 October 2022 and 31 October 2022 and the circular of the Company dated 10 October 2022. The Company has issued convertible bonds in an aggregate principal amount of HK\$95,896,475.43 to Ms. Tsang Tsz Nok Aleen, a substantial shareholder of the Company (the "Subscriber"), on 31 October 2022 in accordance with the conditional subscription agreement dated 5 September 2022 (the "Existing Convertible Bond"). Pursuant to the terms of the Existing Convertible Bond, the Existing Convertible Bond will be matured on 30 April 2024.

The Existing Convertible Bond carries the right to convert into the conversion shares at the conversion price of HK\$0.38 per conversion share (subject to adjustments). Assuming the conversion rights are exercised in full at the conversion price, 252,359,145 new ordinary shares will be allotted and issued to the Subscriber. Upon full exercise of the conversion rights attaching to the Existing Convertible Bond, the shareholdings of the Subscriber will be changed from approximately 28.92% to 64.99% of the total number of issued shares of the Company as enlarged by the issue of the shares of the Company upon the conversion of the Existing Convertible Bond.

CAPITAL COMMITMENTS

The Group had the following material commitments as at 31 December 2023 and 31 December 2022:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Investment properties and properties for sale under development	<u>71,116</u>	<u>91,715</u>

CHARGE ON GROUP ASSETS

As at 31 December 2023, certain properties (2022: properties) situated in Shenzhen owned by Shenzhen Zongke Real Estate Co., Ltd (“Shenzhen Zongke”) and Xingfu Jiari Hotel Management (Shenzhen) Company Limited with carrying amount of approximately HK\$1,748,285,000 were pledged for several bank loans and other borrowing with principal amounts of approximately RMB513,170,000 (2022: RMB492,000,000), which equivalent to approximately HK\$562,784,000 (2022: HK\$555,025,000).

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There were neither significant investments held as at 31 December 2023 nor material acquisitions and disposals of subsidiaries during the Year.

In 2024, the Company will continue to make intensive efforts to expand its existing business and explore other business opportunities and try to seek opportunities actively to promote diversified business development. The Company will be continuing its effort in mergers and acquisitions deals as a way to expand into new markets and gain additional revenue streams apart from the real estate development. Bearing any further unforeseen material adverse external developments, the Company will continue to adhere to these principles in 2024 and is cautiously optimistic about the Group’s further prospects.

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained an appropriate liquidity position throughout the year of 2023. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial condition of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements from time to time.

CONTINGENT LIABILITIES

The Group's contingent liabilities are disclosed in note 15 of this announcement.

SEGMENT INFORMATION

The details of the segment information of the Group are set out in note 6 of this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group employed 125 employees (31 December 2022: 132) and had 7 Directors (31 December 2022: 7). The total staff costs (including Directors' remuneration) for the Year amounted to approximately HK\$13,493,000 (2022: approximately HK\$14,105,000). No equity-settled share option arrangement was included in staff cost for the Year (2022: Nil). The Group's emolument policies are formulated such that the emoluments are made by reference to the performance of individual employees and will be reviewed every year. Apart from basic salary and statutory provident fund scheme, employees will also be offered bonus based on the results of the Group and their individual performance.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

DIVIDENDS

The Directors do not recommend the payment of final dividend in respect of the Year (2022: Nil). No interim dividend was declared for the six months ended 30 June 2023 (2022: Nil).

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures. The Company has complied with all the code provisions as set out in the Corporate Governance Code to the Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “CG Code”) (the “Listing Rules”) during the Year except for the following deviation:

Code Provision C.2.1

According to the code provision C.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual.

During the Year, the role of the Chairman is performed by Mr. Ma Xuemian but the office of the chief executive is vacated. Given all major decisions are reserved to the Board, the Company considers that there is an adequate balance of power and authority in place between the Board and the management of the Company. However, the Board will keep reviewing the current structure of the Board from time to time and should candidate with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post as appropriate.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms as set out in Appendix C3 to the Listing Rules (the “Model Code”). Having made specific enquiry to all Directors, the Company was not aware of any non-compliance with the required standard in the Model Code for dealing in securities of the Company throughout the Year.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) has reviewed the Group’s audited consolidated financial statements for the year ended 31 December 2023. The Audit Committee is of the opinion that such financial statements comply with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and those adequate disclosures have been made.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group’s auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the Year. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the consolidated financial statements of the Group for the year ended 31 December 2023.

Material Uncertainty Related to Going Concern

We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss attributable to owners of the Company of approximately HK\$47.0 million for the year ended 31 December 2023 and as at 31 December 2023 the Group had net current liabilities of approximately HK\$12.9 million. In addition, as disclosed in note 30 to the consolidated financial statements, the Group's secured bank loan with a carrying amount of approximately HK\$64.9 million was classified as repayment on demand because of the failure to fulfil certain financial covenants stated in the loan agreement. These conditions indicate a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

EVENTS AFTER THE REPORTING PERIOD

On 9 January 2024, Rhenfield Development Corp. (the "Offeror"), a company incorporated in the BVI with limited liability, which is owned as to 50% by Ms. Tsang Tsz Nok Aleen and 50% by Mr. Tsang Yee and is a substantial shareholder of the Company, and the Company jointly announced that the Offeror intends to make a preconditional voluntary cash partial offer to acquire a maximum of 110,809,306 shares (representing approximately 45.2% of the total number of issued shares of the Company as at 9 January 2024), other than those shares already owned by the Offeror and parties acting in concert with it (the "Partial Offer").

The Offeror and parties acting in concert with it held 72,712,253 shares, representing approximately 29.7% of the total number of issued shares of the Company as at 9 January 2024. Ms. Tsang Tsz Nok Aleen, a 50% shareholder of the Offeror, holds the convertible bond which can be converted into a maximum of 252,359,145 shares based on the initial conversion price.

As at 9 January 2024, the Company has 244,955,413 shares and the convertible bond in issue. Given Ms. Tsang Tsz Nok Aleen has entered into the irrevocable undertaking executed on 5 January 2024, taking into account of which, no comparable offer will be made for the convertible bond.

Save for the convertible bond mentioned above, the Company does not have any outstanding options, derivatives, warrants or relevant securities (as defined in Note 4 to Rule 22 of the Code on Takeovers and Mergers (the “Takeovers Code”) issued by the Securities and Futures Commission of Hong Kong (the “SFC”)) which are convertible or exchangeable into shares of the Company, nor has it entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into shares of the Company.

The offer price is HK\$0.13 in cash per each offer share. The Partial Offer will be extended to all shareholders other than the Offeror and parties acting in concert with it (the “Qualifying Shareholders”) in accordance with the Takeovers Code.

The making of the Partial Offer will be subject to the obtaining of consent from the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of the Executive Director (the “Executive”) in respect of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code. An application has been made to the Executive in relation to the pre-condition to which the Partial Offer is subject, as set out in the sub-section headed “Pre-Condition to the Partial Offer” in the announcement of the Company dated 9 January 2024.

Assuming valid acceptance of the Partial Offer for the relevant number of offer shares has been tendered by the Qualifying Shareholders and based on the offer price of HK\$0.13 per offer share, the total cash consideration payable by the Offeror to purchase (a) the maximum number of offer shares to be purchased by the Offeror from the shareholders under the Partial Offer, being 110,809,306 offer shares from the Qualifying Shareholders under the Partial Offer will be HK\$14,405,209.78; and (b) the minimum number of offer shares to be purchased by the Offeror from the shareholders under the Partial Offer, being 49,765,454 offer shares from the Qualifying Shareholders under the Partial Offer will be HK\$6,469,509.02.

The composite document which sets out, among other things, (i) the terms of the Partial Offer; (ii) the recommendation from the independent board committee to the Qualifying Shareholders; (iii) the letter of advice from the independent financial adviser to the independent board committee in respect of the Partial Offer; and (iv) the form of approval and acceptance. The composite document will, subject to the satisfaction of the pre-condition, be despatched to the shareholders of the Company in accordance with the Takeovers Code. The pre-condition was satisfied on 15 January 2024. As additional time is required by the Company, the Executive has indicated that it is minded to grant, its consent to an extension of time for the despatch of the composite document to the shareholders of the Company to a date no later than 29 February 2024.

Details were set out in the announcements of the Company dated 9 January 2024, 15 January 2024, 30 January 2024, 20 March 2024 and 21 March 2024 and the composite document dated 29 February 2024 issued by the Company and the Offeror.

On 6 March 2024, the Board proposed to put forward to the shareholders of the Company a share consolidation whereby every twenty (20) issued and unissued existing shares of the Company of par value of HK\$0.01 each will be consolidated into one (1) consolidated share of par value of HK\$0.20 each (the “Share Consolidation”). It is expected that the Share Consolidation will become effective on Friday, 26 April 2024. As at the date of this announcement, the existing shares of the Company are traded on the Stock Exchange in board lots of 10,000 existing shares of the Company. It is proposed that, subject to and conditional upon the Share Consolidation becoming effective, the board lot size for trading on the Stock Exchange be changed from 10,000 existing shares of the Company to 2,000 consolidated shares.

On 6 March 2024, the Company entered into the subscription agreement with the Subscriber, pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, the new convertible bond with a principal amount of not less than HK\$100,869,000 and not more than HK\$101,912,000 (the “New Convertible Bond”) (the “Subscription”). Such range was determined with reference to the sum of (1) the outstanding amount of the principal owing by the Company to the Subscriber under the Existing Convertible Bond together with all accrued (and to be accrued) and unpaid interest as at the maturity date of the Existing Convertible Bond and (2) the estimated maximum interest to be accrued under the standstill agreement, if entered into, from the maturity date of the Existing Convertible Bond to 30 June 2024. It is estimated that the outstanding interest attributable to the Existing Convertible Bond as at 30 April 2024 and 30 June 2024 (if the standstill agreement is being entered into) will be approximately HK\$5.0 million and HK\$6.0 million, respectively.

As the Subscriber is a substantial shareholder of the Company, the Subscription constitutes a connected transaction of the Company and is subject to reporting, announcement and independent shareholders’ approval requirements under the Listing Rules. The conversion shares to be allotted and issued pursuant to the New Convertible Bond are proposed to be issued pursuant to a specific mandate to be granted by the independent shareholders by way of poll at the special general meeting. An application will be made to the Stock Exchange for the listing of and permission to deal in the conversion shares.

A circular containing, among other things, (i) details of the Subscription and the New Convertible Bond, and the Share Consolidation; (ii) recommendations from the independent board committee in respect of the Subscription; (iii) the advice from the independent financial adviser to the independent board committee and the independent shareholders in respect of the Subscription; and (iv) the notice of the special general meeting, is expected to be despatched to the shareholders of the Company on or around 9 April 2024, taking into account of the time required for the preparation of the abovementioned information. Only shareholders of the Company whose names appear in the register of members of the Company on 18 April 2024, the record date, are entitled to attend and vote at the special general meeting.

Details were set out in the announcement of the Company dated 6 March 2024.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the Company's website (<https://www.gfghl.com>) and the Stock Exchange's website (<https://www.hkexnews.hk>). The annual report for the Year containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and available on the same websites in due course.

By order of the Board
Grand Field Group Holdings Limited
Ma Xuemian
Chairman

Hong Kong, 27 March 2024

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Ma Xuemian, Mr. Kwok Siu Bun, Ms. Chow Kwai Wa Charmaine and Ms. Kwok Siu Wa Alison; and three independent non-executive Directors, namely, Mr. Hui Pui Wai Kimber, Mr. Liu Chaodong and Mr. Tsui Matthew Mo Kan.