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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board of directors (the “Directors”) (the “Board”) of Grand Field Group Holdings Limited (the “Company”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2024 and the comparative figures as set out below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

		Six months ended	
		30 June	
	<i>Notes</i>	2024	2023
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	4	93,698	110,349
Cost of revenue		<u>(61,993)</u>	<u>(83,709)</u>
Gross profit		31,705	26,640
Interest revenue		946	911
Other income		1,039	–
Other losses		(4,212)	(386)
Selling and distribution costs		(10,039)	(7,864)
Administrative expenses		<u>(26,744)</u>	<u>(30,328)</u>

* *For identification purpose only*

		Six months ended	
		30 June	
		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Loss from operations		(7,305)	(11,027)
Finance costs		(24,637)	(24,611)
Share of loss of an associate		(250)	(247)
Fair value loss on convertible bonds through profit or loss		(1,963)	(8,876)
Loss before tax		(34,155)	(44,761)
Income tax expenses	5	(2,658)	(4,493)
Loss for the period	6	(36,813)	(49,254)
Attributable to:			
Owners of the Company		(25,808)	(31,068)
Non-controlling interests		(11,005)	(18,186)
		(36,813)	(49,254)
			(Restated)
Loss per share	7		
Basic (<i>HK cents per share</i>)		(210.7)	(253.7)
Diluted (<i>HK cents per share</i>)		(210.7)	(253.7)

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended	
		30 June	
		2024	2023
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Loss for the period	6	<u>(36,813)</u>	<u>(49,254)</u>
 Other comprehensive expense			
<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		152	2,129
 <i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>(27,914)</u>	<u>(57,057)</u>
 Total comprehensive expense for the period		 <u><u>(64,575)</u></u>	 <u><u>(104,182)</u></u>
 Attributable to:			
Owners of the Company		(39,127)	(57,665)
Non-controlling interests		<u>(25,448)</u>	<u>(46,517)</u>
		 <u><u>(64,575)</u></u>	 <u><u>(104,182)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		30 June	31 December
		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment	9	170,877	177,601
Investment properties		1,675,701	1,718,898
Intangible asset		9,175	9,776
Right-of-use assets		7,780	8,257
Investment in an associate		1,423	1,969
		<u>1,864,956</u>	<u>1,916,501</u>
Current assets			
Trade receivables	10	5,103	5,871
Properties for sale under development		375,447	429,961
Properties for sale		173,641	190,905
Other receivables, deposits and prepayments		55,274	46,406
Amount due from a director		1,204	1,014
Amount due from an associate		535	548
Tax recoverable		82	217
Cash and cash equivalents		35,369	40,925
		<u>646,655</u>	<u>715,847</u>

		30 June	31 December
		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Current liabilities			
Trade and other payables	<i>11</i>	259,709	293,625
Interest-bearing borrowings		325,492	180,682
Lease liabilities		517	493
Amounts due to directors		179	179
Amount due to associates		1,181	1,436
Convertible bonds		–	92,397
Tax payable		156,718	159,893
		743,796	728,705
Net current liabilities		(97,141)	(12,858)
Total assets less current liabilities		1,767,815	1,903,643
Non-current liabilities			
Deferred tax liabilities		282,964	289,986
Convertible bonds		102,780	–
Interest-bearing borrowings		293,876	460,623
Lease liabilities		474	738
		680,094	751,347
NET ASSETS		1,087,721	1,152,296
Capital and reserves			
Share capital	<i>12</i>	2,449	2,449
Reserves		465,134	504,261
Equity attributable to owners of the Company		467,583	506,710
Non-controlling interests		620,138	645,586
TOTAL EQUITY		1,087,721	1,152,296

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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 and general trading.

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the 2023 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2023.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2024. 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 condensed consolidated financial statements and amounts reported for the current period 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.

4. 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> (Unaudited)	Property investment <i>HK\$'000</i> (Unaudited)	Hotel operation <i>HK\$'000</i> (Unaudited)	General trading <i>HK\$'000</i> (Unaudited)	Others <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Six months ended						
30 June 2024						
Revenue						
External sales	<u>76,007</u>	<u>12,837</u>	<u>3,591</u>	<u>1,145</u>	<u>118</u>	<u>93,698</u>
Segment result	<u>19,770</u>	<u>2,165</u>	<u>(757)</u>	<u>291</u>	<u>(407)</u>	<u>21,062</u>
Six months ended						
30 June 2023						
Revenue						
External sales	<u>82,269</u>	<u>12,920</u>	<u>3,689</u>	<u>3,139</u>	<u>8,332</u>	<u>110,349</u>
Segment result	<u>7,016</u>	<u>7,174</u>	<u>2,056</u>	<u>210</u>	<u>954</u>	<u>17,410</u>

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Segment result	21,062	17,410
Unallocated (losses)/income and gains, net	(2,227)	2,726
Unallocated expenses	(26,140)	(31,163)
Loss from operations	(7,305)	(11,027)
Finance costs	(24,637)	(24,611)
Share of losses of associates	(250)	(247)
Fair value loss on convertible bonds	(1,963)	(8,876)
Loss before tax	(34,155)	(44,761)
Income tax expenses	(2,658)	(4,493)
Loss for the period	(36,813)	(49,254)

(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 30 June 2024						
Segment assets (unaudited)	552,497	1,675,701	80,369	–	28	2,308,595
Segment liabilities (unaudited)	(220,805)	(282,964)	–	–	–	(503,769)
As at 31 December 2023						
Segment assets (audited)	624,756	1,718,898	85,428	–	–	2,429,082
Segment liabilities (audited)	(203,825)	(289,986)	–	–	–	(493,811)

5. INCOME TAX EXPENSES

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
– Enterprise Income Tax in the People’s Republic of China (the “PRC”)	–	(4)
– Land Appreciation Tax (“LAT”) in the PRC	(2,753)	(4,585)
Deferred tax	95	96
	(2,658)	(4,493)

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 PRC subsidiaries is 25% for both periods.

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 has been made in the condensed consolidated financial statements as the Group’s income neither arises, nor is derived, from Hong Kong in both interim periods. 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.

6. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amortisation of intangible assets	378	385
Depreciation of property, plant and equipment	7,396	7,012
Depreciation of right-of-use assets	306	489
Staff costs (including directors' remuneration):		
– salaries, bonuses and allowances	9,214	8,764
– retirement benefits scheme contributions	477	465
	9,691	9,229
Fair value loss on investment properties*	–	2,201

* These amounts were included in the "other losses".

7. LOSS PER SHARE

Basic loss per share

Basic loss per share is calculated based on the loss for the period attributable to the owners of the Company of approximately HK\$25,808,000 (six months ended 30 June 2023: HK\$31,068,000) and on the weighted average number of approximately 12,247,770 ordinary shares (six months ended 30 June 2023: 12,247,770 ordinary shares (restated, refer to the note below)).

Note:

On 26 April 2024, the Company completed a share consolidation of every twenty issued and unissued existing shares of par value of HK\$0.01 each into one consolidated share of par value of HK\$0.20 each.

Diluted earnings per share

No diluted loss per share for the six months ended 30 June 2024 and 2023 are presented as the effect of convertible bonds is anti-dilutive.

8. DIVIDENDS

No dividend was paid, declared or proposed during the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, property, plant and equipment of approximately HK\$11,000 were acquired by the Group (six months ended 30 June 2023: HK\$794,000). No property, plant and equipment were disposed of by the Group during the period (six months ended 30 June 2023: nil).

10. TRADE RECEIVABLES

The aging analysis of trade receivables as at the reporting date, based on the date of recognition of the sales of properties and commodities, is as follows:

	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
0 – 90 days	1,177	733
91 – 180 days	740	2,544
181 – 365 days	940	344
Over 365 days	<u>2,246</u>	<u>2,250</u>
	<u>5,103</u>	<u>5,871</u>

11. TRADE AND OTHER PAYABLES

	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade payables to building contractors	938	1,165
Accruals of cost for contract works	36,982	74,545
Deferred income	16,687	17,780
Accrued salaries and other operating expenses	8,716	12,869
Accrued interest expense	19,169	20,253
Contract liabilities	64,112	43,959
Rental deposits received from tenants	4,428	4,562
Amounts payable on return of properties	5,533	5,669
Provision for compensation of legal cases (<i>Note 13(ii)</i>)	46,382	48,522
Other tax payables	1,805	1,491
Other payables	54,957	62,810
	<u>259,709</u>	<u>293,625</u>

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

	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Over 360 days past due	<u>938</u>	<u>1,165</u>

12. SHARE CAPITAL

	Number of Shares <i>(in thousand)</i>	Amount <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.20 (unaudited) (at 31 December 2023: HK\$0.01, audited) each		
At 1 January and 31 December 2023	50,000,000	500,000
Share consolidation (unaudited)	<u>(47,500,000)</u>	<u>–</u>
At 30 June 2024 (unaudited)	<u>2,500,000</u>	<u>500,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.20 (unaudited) (at 31 December 2023: HK\$0.01, audited) each		
At 1 January and 31 December 2023 (audited)	244,955	2,449
Share consolidation (unaudited)	<u>(232,707)</u>	<u>–</u>
At 30 June 2024 (unaudited)	<u>12,248</u>	<u>2,449</u>

Reference is made to the Company's circular (the "Circular") dated 10 April 2024. Capitalised terms used herein shall have the same meanings as those defined in the Circular. On 6 March 2024, the Board proposed to implement the Share Consolidation of every twenty issued and unissued Existing Shares of par value of HK\$0.01 each into one Consolidated Share of par value of HK\$0.20 each. The Share Consolidation was completed on 26 April 2024.

13. LITIGATIONS AND CONTINGENT LIABILITIES

Save as disclosed below, as at the Latest Practicable Date, 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.(2023) Yue Min Xin 3255 regarding the application on the part of Ka Fong Company Limited for re-trial of the case in which Chen Huan Chi claimed, inter alia, against Grand Field Group Limited and Ka Fong Company Limited, both are the subsidiaries of the Company and other Defendants for disputes over the construction agreements between the parties. The Higher People’s Court of Guangdong Province accepted this application on 4 July 2023 but the Group has not received any further information thereof.

However, as advised by the Company’s PRC legal adviser, the chance of The Higher People’s Court of Guangdong Province to give a decision ordering the case to be tried is remote. As a result, the Group made a provision of the compensation accordingly. Further provision of accrued interest of approximately RMB317,000 (Approximately equivalent to HK\$342,000) is made to the condensed consolidated statement of profit or loss for the six months ended 30 June 2024.

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 final conclusion of the said proceedings.

- iii) After the re-trial under (2023) Zhe 0111 Min Zai No. 1, the Judgment under the case No.(2022) Zhe 0111 Min Chu No.864 in which Xingfu Jiari Hotel Management (Shenzhen) Company Limited (“Xingfu Jiari”), a subsidiary of the Company claimed against Zhejiang Beishen Wen Lu Development Company Limited (“Zhejiang Beishen”), Shenzhen City Bo Rui De Trading Company Limited (“Shenzhen Bo Rui De”), Ningbo Heshan Industrial Company Limited (“Ningbo Heshan”) and five other Defendants arising from the dispute over a loan agreement for the sum of about RMB30 million and interest thereon was withdrawn. The right of debt owed to Xingfu Jiari by Zhejiang Beishen for RMB34,707,835.64 was upheld and Ningbo Hezhan has collateral liabilities for the whole said debt owed by Zhenjiang Beishen, to be paid within one month from the Judgment. The other Defendants have collateral liabilities of 50% of the unpaid said debt owed by Zhejiang Beishen to be paid within one month after the conclusion of the winding up proceedings of Zhenjiang Beishen.

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 (“GF Property Shenzhen”), a subsidiary of the Company and others for , inter alia, 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 GF Property Shenzhen was collaterally liable for the said unpaid share capital. GF Property Shenzhen and the other party 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 GF Property Shenzhen and the other party and upheld the original decision.

Zhejiang Beishen applied to the People’s Court of Fu Yang District of Hangzhou City for compulsory execution of the said judgment. It was held that the amount for RMB30,194,804 under the name of GF Property Shenzhen was executed compulsorily.

GF Property Shenzhen has on 15 August 2024 submitted its application for re-trial to the Higher People’s Court of Zhejiang Province. Up to now, there is no further information about the said application. According to the PRC legal adviser, the said proceedings involving GF Property Shenzhen has not been concluded.

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

1. Business Review and Prospect

Business Review

In the first half of 2024, due to the raises of interest rates in America, Israel-Palestine and Russia-Ukraine conflicts and geopolitical tensions, the global economic recession continues. However, after the release of Macroeconomic control policy on the property market in China, we can see the signs of recovery of the property market which to certain extent support our business development.

During the first half year, the Group has been developing steadily. The progress of all our planned works and projects is on schedule. Notwithstanding the challenges of the global economic environment, the figures of the sales and rental of the Group's Shenzhen Zongke Mix Park Project ("Shenzhen Project") are still above the average of the property market. Our greatest advantage is that most of our land reserve has been developed completely and put in operations. Shenzhen Project including shopping centre, office tower and hotel has been in operations and brought to the Group steady income and return.

Prospect

The Group is cautiously optimistic about the future of the economy. Under the influence of the global unsteady factors, we will continue adopting stable development strategy to ensure the Group developing steadily in a long term. Specifically, we will positively adopt the following measures:–

1. To lower the debt ratio and optimize the combination of debt
 - We plan to sell the assets and properties in the non-core areas in order to lower the debt ratio and level.
 - We plan to optimize the existing debt structure in order to lower the costs of re-financing to strengthen the steadiness of the financial situation.

2. To cut down the operation costs

We will use the best endeavours to reduce the operation costs and improve the operational efficiency in order to cope with the uncertainty of the external economic environment.

3. To search new opportunities

While pursuing steady growth, we are also continuing search new opportunities in market. We will also, through diversified development, try to accomplish our long-terms targets.

In conclusion, notwithstanding the risks in global economy and of the geopolitics will bring to the Group certain challenges, we believe that we could, through positive financial controls and steady business strategies, obtain firm progress in this unpredictable marketing environment and create long-term value for the Shareholders and interested parties.

2. Financial Review

During the six months ended 30 June 2024 (the “Reporting Period”), the Group’s revenue amounted to approximately HK\$93,698,000 (six months ended 30 June 2023: approximately HK\$110,349,000), representing a 15.1% decrease when compared with that of the same period last year. The revenue for the Reporting Period was mainly attributed to the rental income, sale of commercial apartments and offices in Shenzhen, which were accounted for 11% and 81% respectively of the total revenue for the Reporting Period. In contrast, contributions from hotel operation income, properties management services, general trading income and other revenue were minimal, which represented approximately 4%, 3%, 1% and less than 1% respectively of the total revenue.

During the Reporting Period, the Group recorded a loss attributable to owners of the Company of approximately HK\$25,808,000 (six months ended 30 June 2023: loss of approximately HK\$31,068,000). The reduction in loss of the Reporting Period was mainly attributed to the following reasons:

- (i) improvement in gross profit margin of the Group from approximately 24.1% for the six months ended 30 June 2023 to approximately 33.8% for the six months ended 30 June 2024. During the six months ended 30 June 2024, the Group's real estate business had performed more profitably than the same period last year despite a decrease of approximately 7.6% in the revenue of the Group's real estate business for the six months ended 30 June 2024 when compared with the same period last year. The improvement in profitability of the Group's real estate business, which was the key driver led to the overall improvement of the Group's gross profit margin, was attributable to change in product mix of properties sold as the type of properties sold, which were mainly office units, for the six months ended 30 June 2024 had higher gross profit margin compared with the type of properties sold, which were mainly service apartments, in same period of last year; and
- (ii) decrease in the Group's administrative expenses by approximately 11.8% for the six months ended 30 June 2024 when compared with the same period last year, which was attributed to the Group's proactive review and streamlining of its cost structure, aimed at achieving better capital efficiency across its operations.

3. Liquidity and Financial Resources

As at 30 June 2024, the Group's cash and cash equivalents were approximately HK\$35,369,000 (31 December 2023: approximately HK\$40,925,000) of which most were denominated in Hong Kong dollar ("HK\$") and Renminbi ("RMB").

As at 30 June 2024, the Group recorded total current assets of approximately HK\$646,655,000 (31 December 2023: approximately HK\$715,847,000) and total current liabilities of approximately HK\$743,796,000 (31 December 2023: approximately HK\$728,705,000). As at 30 June 2024, the Group recorded total assets of approximately HK\$2,511,611,000 (31 December 2023: approximately HK\$2,632,348,000) and the Group's total interest-bearing borrowings amounted to approximately HK\$619,368,000 (31 December 2023: approximately HK\$641,305,000), of which approximately HK\$325,492,000 (31 December 2023: approximately HK\$180,682,000) are repayable within one year, approximately HK\$32,100,000 (31 December 2023: approximately HK\$27,624,000) was repayable within a period of more than one year but not exceeding two years, approximately HK\$261,775,500 (31 December 2023: approximately HK\$432,999,000) was repayable within a period of more than two years but not exceeding five years.

As at 30 June 2024, interest-bearing borrowings of the Group amounted to approximately HK\$619,368,000 (31 December 2023: approximately HK\$641,305,000) are denominated in RMB and such borrowings carried interest at fixed rates of 5.15% to 12% per annum (31 December 2023: 4.35% to 12% per annum).

As at 30 June 2024, there are no borrowings denominated in HK\$ (31 December 2023: Nil).

As at 30 June 2024, the Group's gearing ratio, which was defined to be interest-bearing borrowings over shareholders' equity, was approximately 132% (31 December 2023: approximately 127%).

4. Share Capital

	Number of shares	Amount HK\$'000
<i>Authorised:</i>		
Ordinary shares of HK\$0.2 each		
At the end of Reporting Period	<u>2,500,000,000</u>	<u>500,000</u>
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.2 each		
At the end of Reporting Period	<u>12,247,770</u>	<u>2,449</u>

On 26 April 2024, the Company held an special general meeting and an ordinary resolution was passed, approving the consolidation of every twenty (20) issued and unissued ordinary shares of HK\$0.01 each in the share capital of the Company into one (1) consolidated share of HK\$0.20 in the share capital of the Company. The share consolidation became effective on 30 April 2024.

For details of the share consolidation, please refer to the announcements of the Company dated 6 March 2024, 10 April 2024 and 26 April 2024 and the circular of the Company dated 10 April 2024.

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 “Old Convertible Bond”). Pursuant to the terms of the Old Convertible Bond, the Old Convertible Bond has been matured on 30 April 2024.

On 6 March 2024 (after trading hours of the Stock Exchange), the Company entered into the conditional subscription agreement dated 6 March 2024 (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 6% convertible bond with a 36 months term to be subscribed by the Subscriber under the Subscription Agreement 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”).

As additional time is required for the satisfaction or waiver, as the case may be, of the conditions precedent to the completion, the Company and the Subscriber have entered into the standstill agreement after trading hours on 30 April 2024. Pursuant to the standstill agreement, the time of repayment of all amounts outstanding under the Old Convertible Bond has been extended to 30 June 2024 with interest rate unchanged. Moreover, the conversion rights under the Old Convertible Bond were extinguished pursuant to its terms on 30 April 2024. As a result of the entering into of the standstill agreement, the Company has not defaulted and was not in a position of default in repaying the Old Convertible Bond from 1 May 2024 to 30 June 2024.

All the conditions precedent under the Subscription Agreement have been fulfilled and/or waived in accordance with the terms of the Subscription Agreement, completion of the Subscription was taken place on 6 May 2024. Based on (i) the outstanding principal amount of the Old Convertible Bond of HK\$95,896,475.43; (ii) the outstanding interests of the Old Convertible Bond of approximately HK\$4,973,130.08 as at 30 April 2024; and (iii) the additional interest accrued pursuant to the standstill agreement of approximately HK\$99,487.83, the New Convertible Bond was issued at a principal amount of HK\$100,969,093.34. Upon completion of the Subscription, the outstanding principal amount and the interests under the Old Convertible Bond was settled.

The New Convertible Bond carries the right to convert into the conversion shares at the conversion price of HK\$2.6 per conversion share (subject to adjustments). Assuming the conversion rights are exercised in full at the conversion price, 38,834,266 new ordinary shares will be allotted and issued to the Subscriber. Upon full exercise of the conversion rights attaching to the New Convertible Bond, the shareholdings of the Subscriber will be changed from approximately 55.25% to 89.27% 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 New Convertible Bond.

Details were set out in the announcements of the Company dated 6 March 2024, 10 April 2024, 26 April 2024, 30 April 2024, 2 May 2024 and 6 May 2024 and the circular of the Company dated 10 April 2024.

5. Exchange Risk

The Group's major operations are located in the PRC and the main operational currencies are HK\$ and RMB. The Group currently does not have a foreign currency hedging policy in respect of foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

6. Treasury Policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained an appropriate liquidity position throughout the Reporting Period. 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.

7. Charge on Group Assets

As at 30 June 2024, certain properties (31 December 2023: properties) situated in Shenzhen owned by Shenzhen Zongke were pledged for several bank loans with principal amounts of approximately RMB497,850,000 (31 December 2023: RMB513,170,000), which is equivalent to approximately HK\$532,699,500 (31 December 2023: HK\$562,784,000).

8. Segment Information

The details of segment information are set out in note 4 of notes to the condensed consolidated financial statements of this announcement.

9. Capital Commitment

The Group had the following material commitments as at 30 June 2024:

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Investment properties and properties for sale under development	<u><u>71,914</u></u>	<u><u>71,116</u></u>

10. Employees

As at 30 June 2024, the Group employed 134 employees (31 December 2023: 125) and appointed 7 Directors (31 December 2023: 7) and the related staff costs for the Reporting Period amounted to approximately HK\$9,691,000 (six months ended 30 June 2023: approximately HK\$9,229,000) representing a 5.0% increase when compared with that of the same period last year. The increase in staff costs was mainly due to an increase in administrative activities in relation to the Shenzhen Buji Zongke YunDuan project and the business development of the Group during the Reporting Period. 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 discretionary bonus based on the results of the Group and their individual performance.

11. Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets

There were neither significant investments held as at 30 June 2024 nor material acquisitions and disposals of subsidiaries during the Reporting Period.

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.

12. Contingent Liabilities

The details of the information of the Group's contingent liabilities are set out in note 13 of notes to the condensed consolidated financial statements of this announcement.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Reporting Period (six months ended 30 June 2023: Nil).

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

Neither the Company nor any of its subsidiaries has repurchased, sold, redeemed or cancelled any of the Company's listed securities during the Reporting Period.

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 part 2 of 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 Reporting Period except for the deviation as disclosed below:

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 of the Company should be separate and should not be performed by the same individual.

During the Reporting Period, the role of the chairman of the Company was performed by Mr. Ma Xuemian but the office of the chief executive officer of the Company has been 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 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 during the Reporting Period.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 4 August 1999 with written terms of reference with the requirement stipulated in the CG Code. The latest terms of reference of the Audit Committee were adopted on 1 January 2019 and are available on the Stock Exchange's and the Company's websites.

During the Reporting Period and as at the date of this announcement, the Audit Committee has the following members:

Independent Non-executive Directors

Mr. Tsui Matthew Mo Kan (*Chairman*)

Mr. Hui Pui Wai Kimber

Mr. Liu Chaodong

Its primary duties are to monitor integrity of the annual report and accounts and half-year report of the Company and to review significant reporting judgements contained in such reports; to review the Group's financial and accounting policies and practices; to review the Group's financial control, the internal audit function, internal control and risk management system of the Group with particular regard to their effectiveness; to make recommendations to the Board where the monitoring activities of the Audit Committee reveal cause for concern or scope for improvement and to make recommendation to the Board on the appointment, reappointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of such auditors.

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and has discussed the financial reporting matters including the review of the unaudited interim financial results for the Reporting Period.

EVENTS AFTER THE REPORTING PERIOD

Reference is made to the announcements of the Company dated 24 March 2023, 4 December 2023, 5 February 2024, and 12 July 2024 (the “Announcements”). Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Announcements. As disclosed in the announcement of the Company dated 5 February 2024, the IC Consultant has conducted a review on and prepared a report in respect of the internal control of the Subsidiary and the Incident and provided recommendations to the Board for enhancing the Group’s overall risk management (the “Report”). The IC Consultant has completed a follow-up review on the measures adopted by the Company, and updated the Report as regards the latest implementation status of the significant internal control review findings (the “Follow-up Review”). Such significant internal control review findings and the corresponding results of the Follow-up Review were set out in the announcement of the Company dated 12 July 2024.

Having reviewed the Report, the report of the Follow-up Review and the measures implemented by the Company, both the SC and the Board are satisfied that the rectification measures recommended by the IC Consultant have been implemented and are adequate to address the findings in the Report. Both the SC and the Board believe that the key internal controls in the Company’s business operation have been strengthened and consider that the Company has in place adequate internal control measures and procedures.

Details were set out in the announcements of the Company dated 24 March 2023, 4 December 2023, 5 February 2024 and 12 July 2024.

Save as disclosed above, the Group does not have any material subsequent event after the Reporting Period and up to the date of this announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

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

Hong Kong, 30 August 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.