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鈞豪集團有限公司\*

**GRAND FIELD GROUP HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 115)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

The board of directors (the “Directors”) (the “Board”) of Grand Field Group Holdings Limited (the “Company”) hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2014 and the comparative figures as set out below:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the six months ended 30 June 2014*

		<b>For the six months ended 30 June</b>	
	<i>Notes</i>	<b>2014</b>	2013
		<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Unaudited)
Revenue	4	<b>1,230</b>	3,371
Cost of revenue		<b>(86)</b>	(1,508)
<b>Gross profit</b>		<b>1,144</b>	1,863
Other revenue	4	<b>206</b>	318
Reversal of impairment loss in respect of other receivables, net		–	1,215
Impairment loss in respect of loan receivables, net		–	(3)
Distribution costs		<b>(41)</b>	(359)
Administrative expenses		<b>(41,940)</b>	(8,069)
<b>Loss from operations</b>		<b>(40,631)</b>	(5,035)
Finance costs – interest expenses		<b>(3,269)</b>	(4,875)
Fair value loss of derivative instruments		<b>(3,200)</b>	–

\* *For identification purpose only*

		<b>For the six months ended 30 June</b>	
		<b>2014</b>	2013
<i>Notes</i>		<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	(Unaudited)
<b>Loss before tax</b>		<b>(47,100)</b>	(9,910)
Income tax expense	6	<u>          –          </u>	<u>          –          </u>
<b>Loss for the period</b>	7	<u><b>(47,100)</b></u>	<u>(9,910)</u>
<b>Loss for the period attributable to:</b>			
Owners of the Company		(47,109)	(9,976)
Non-controlling interests		<u>          9          </u>	<u>          66          </u>
		<u><b>(47,100)</b></u>	<u>(9,910)</u>
<b>Loss per share</b>	8		
Basic ( <i>HK cents per share</i> )		<u><b>(6.59)</b></u>	<u>(1.59)</u>
Diluted ( <i>HK cents per share</i> )		<u><b>N/A</b></u>	<u>N/A</u>

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2014*

		<b>For the six months ended 30 June</b>	
		<b>2014</b>	2013
	<i>Notes</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Loss for the period	7	<u>(47,100)</u>	<u>(9,910)</u>
 <b>Other comprehensive income:</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>(742)</u>	<u>1,561</u>
Total comprehensive loss for the period		<u><b>(47,842)</b></u>	<u><b>(8,349)</b></u>
 <b>Total comprehensive loss for the period attributable to:</b>			
Owners of the Company		<u>(47,762)</u>	<u>(8,603)</u>
Non-controlling interests		<u>(80)</u>	<u>254</u>
		<u><b>(47,842)</b></u>	<u><b>(8,349)</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

	<i>Notes</i>	<b>30 June 2014</b>	31 December 2013
		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment		1,285	1,469
Investment properties		46,555	47,000
Prepaid premium for land leases		168,427	171,595
Properties under development		13,548	13,469
Derivative instruments		1,820	5,020
		<b>231,635</b>	238,553
<b>Current assets</b>			
Completed properties held for sale		32,668	33,049
Other receivables, deposits and prepayments		11,752	5,198
Amount due from a director		267	860
Tax recoverable		54	445
Cash and cash equivalents		41,065	13,646
		<b>85,806</b>	53,198
<b>Current liabilities</b>			
Trade and other payables	10	43,863	27,706
Interest-bearing borrowings	11	8,214	9,473
Obligation under finance lease due within one year		166	162
Amounts due to directors		221	4,189
Tax payable		95	243
		<b>52,559</b>	41,773
<b>Net current assets</b>		<b>33,247</b>	11,425
<b>Total assets less current liabilities</b>		<b>264,882</b>	249,978

		<b>30 June</b>	31 December
		<b>2014</b>	2013
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current liabilities</b>			
Obligation under finance lease due after one year		<b>325</b>	409
Convertible bonds	<i>12</i>	<b>31,876</b>	32,207
Deferred tax liabilities		<b>4,085</b>	4,124
		<b>36,286</b>	36,740
<b>NET ASSETS</b>		<b>228,596</b>	213,238
<b>Capital and reserves</b>			
Share capital	<i>13</i>	<b>76,589</b>	50,761
Reserves		<b>132,849</b>	148,139
Equity attributable to owners of the Company		<b>209,438</b>	198,900
Non-controlling interests		<b>19,158</b>	14,338
<b>TOTAL EQUITY</b>		<b>228,596</b>	213,238

# **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*For the six months ended 30 June 2014*

## **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 Unit 1004B, 10th Floor, Tower 5, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

During the six months ended 30 June 2014, the principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are investment holding, property development and property investment.

## **2. BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

## **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 Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting period beginning on 1 January 2014. 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 financial statements and amounts reported for the current and prior periods.

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

#### 4. REVENUE AND OTHER REVENUE

The principal activities of the Group are property development and property investment.

Turnover represents the aggregate of net amounts received and receivable for completed properties held for sale sold by the Group to outside customers and property rental income for the periods ended, and is analysed as follows:

	Six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<b>Revenue</b>		
Sales of properties held for sale	–	1,829
Property rental	<u>1,230</u>	<u>1,542</u>
	<u><b>1,230</b></u>	<u><b>3,371</b></u>
<b>Other Revenue</b>		
Interest income on bank deposits	74	113
Net foreign exchange gain	1	17
Sundry income	<u>131</u>	<u>188</u>
	<u><b>206</b></u>	<u><b>318</b></u>

## 5. SEGMENT REPORTING

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

### Six months ended 30 June

	Property development		Property investment		Total	
	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenue</b>						
External sales	<u>-</u>	<u>1,829</u>	<u>1,230</u>	<u>1,542</u>	<u>1,230</u>	<u>3,371</u>
Segment result	<u>-</u>	<u>(1,845)</u>	<u>1,103</u>	<u>1,501</u>	<u>1,103</u>	<u>(344)</u>
Unallocated income and gains, net					<u>206</u>	<u>288</u>
Unallocated expenses					<u>(41,940)</u>	<u>(4,979)</u>
Loss from operations					<u>(40,631)</u>	<u>(5,035)</u>
Finance costs					<u>(3,269)</u>	<u>(4,875)</u>
Fair value loss of derivative instruments					<u>(3,200)</u>	<u>-</u>
Loss before tax					<u>(47,100)</u>	<u>(9,910)</u>

## 6. INCOME TAX EXPENSE

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Under a notice issued on 6 September 2010 by Local Tax Bureau of Longgang District, Shenzhen, PRC Land Appreciation Tax for a subsidiary incorporated in Shenzhen, the PRC, in which property development projects in Shenzhen, is calculated at rates ranging from 5% to 10% (six months ended 30 June 2013: 5% to 10%) of the sales revenue on the respective property development projects.

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.



## 7. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of completed properties sold	–	1,241
Amortisation of prepaid premium for land leases	3,014	3,015
Depreciation	200	168
Staff costs (including Directors' emoluments):		
– salaries, bonuses and allowances	2,689	2,290
– share-based compensation	7,963	–
– retirement benefits scheme contributions	101	63
	10,753	2,353
Provision for legal costs	20,000	–
Auditor's remuneration		
– Audit services	–	36
– Other services	170	180
Rental charges under operating leases for office premises	445	427

## 8. LOSS PER SHARE

### Basic loss per share

Basic loss per share is calculated based on the loss for the period attributable to owners of the Company for the six months ended 30 June 2014 of approximately HK\$47,109,000 (six months ended 30 June 2013: HK\$9,976,000) and on the weighted average number of approximately 715,301,000 ordinary shares in issue during the six months ended 30 June 2014 (six months ended 30 June 2013: 629,203,000). The weighted average number of ordinary shares for the period ended 30 June 2014 and 2013 for the purpose of calculating the basic loss per share has been adjusted and restated respectively resulting from the share consolidation and open offer of the Company (*Note 13*) during the current period.

### Diluted loss per share

Diluted loss per share is not presented as there was no dilutive potential ordinary shares during the six months ended 30 June 2014 and 30 June 2013.

## 9. DIVIDENDS

No dividend was paid, declared or proposed during the interim period (six months ended 30 June 2013: Nil). The directors of the Company (the “Directors”) have determined that no dividend will be paid in respect of the interim period.

## 10. TRADE AND OTHER PAYABLES

	<b>30 June</b>	31 December
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Trade payables to building contractors	<b>1,092</b>	1,103
Accrued salaries and other operating expenses	<b>7,066</b>	10,766
Accrued interest expense	<b>63</b>	180
Deposits received from the sale of properties	<b>4,478</b>	4,131
Rental deposits received from investment properties	<b>514</b>	528
Amounts payable on return of properties	<b>6,430</b>	6,848
Provision for legal costs	<b>20,000</b>	–
Other payables	<b>4,220</b>	4,150
	<b>43,863</b>	27,706

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

	<b>30 June</b>	31 December
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Over 360 days past due	<b>1,092</b>	1,103

## 11. INTEREST-BEARING BORROWINGS

During the six months ended 30 June 2014, the Group did not obtain any new loan.

Including in the interest-bearing borrowings, a loan with principal amount of RMB4,500,000 (equivalent to approximately HK\$5,724,000) from an independent third party is secured by the completed properties held for sale of the Group's wholly-owned subsidiary. Interest is charged at 1.5% per month and repayable within 1 year from the drawdown date.

Including in the interest-bearing borrowings, a loan from an independent third party of RMB2,000,000 (equivalent to approximately HK\$2,490,000) is secured by personal guarantee by a director of the Company, Mr. Ma Xuemian. Interest is charged at 2.5% per month.

During the six month ended 30 June 2014, the borrowings bear interest at fixed rates ranging from 18% to 36% per annum (during the year ended 31 December 2013: 18% to 36%).

## 12. CONVERTIBLE BONDS

The convertible bonds were issued on 7 October 2013. The convertible bonds are convertible into ordinary shares of the Company at any time between the date of issue of the convertible bonds and their settlement date. At 30 June 2014, the conversion price of the convertible bonds was adjusted to HK\$0.608 per conversion share and the maximum number of conversion shares was adjusted to 49,433,722 accordingly, details are described in the Company's announcement dated 2 September 2013, 7 March 2014 and 8 April 2014.

If the convertible bonds have not been converted, they will be redeemed at par on 6 October 2016. Interest of 17 per cent per annum will be paid every two months up until the convertible bonds are converted or redeemed.

The net proceed received from the issue of the convertible bonds has been split between the liability element, derivative component and an equity component, the movements during the period are as follows:

	<i>HK\$'000</i>
Liability component at 31 December 2013	32,207
Interest charged	2,744
Interest paid	<u>(3,075)</u>
Liability component at 30 June 2014	<u><u>31,876</u></u>
Derivative component at 31 December 2013	5,020
Fair value loss for the period	<u>(3,200)</u>
Derivative component at 30 June 2014	<u><u>1,820</u></u>

The fair value of the liability component of the convertible loan notes at 30 June 2014 to be approximately HK\$30,326,000, which is arrived at on the basis of a valuation carried out by Roma Appraisals Limited, an independent qualified professional valuer not connected with the Group. This fair value has been calculated by discounting the future cash flows at the market interest rate (level 2 fair value measurements).

### 13. SHARE CAPITAL

	<b>30 June 2014 HK\$'000 (Unaudited)</b>	31 December 2013 HK\$'000 (Audited)
<b>Authorised:</b>		
5,000,000,000 Ordinary shares of HK\$0.10 each (31 December 2013: 5,000,000,000 Ordinary shares of HK\$0.02 each)	<u><b>500,000</b></u>	<u>100,000</u>
<b>Issued and fully paid:</b>		
765,893,601 Ordinary shares of HK\$0.10 each (31 December 2013: 2,538,068,278 Ordinary shares of HK\$0.02 each)	<u><b>76,589</b></u>	<u>50,761</u>

A summary of the movements in the issued share capital of the Company is as follows:

	<b>Number of shares '000</b>	<b>Amount HK\$'000</b>
At 1 January 2013	2,516,810	50,336
Issue of shares for professional fee	<u>21,258</u>	<u>425</u>
At 31 December 2013	2,538,068	50,761
Open offer ( <i>Note (i)</i> )	1,269,034	25,381
Capital reorganisation ( <i>Note (ii)</i> )	(3,045,681)	–
Issue of shares for professional fee ( <i>Note (iii)</i> )	<u>4,473</u>	<u>447</u>
At 30 June 2014	<u><b>765,894</b></u>	<u><b>76,589</b></u>

*Note:*

**(i) Open offer**

Completion of the open offer took place on 10 March 2014 pursuant to which 1,269,034,139 offer shares were issued under the open offer on the basis of one offer share for every two shares held by the qualifying shareholders at the subscription price of HK\$0.04 per offer share with par value of HK\$0.02 each. Accordingly, the Company's issued share capital was increased by approximately HK\$25,381,000 and its share premium account was increased by approximately HK\$22,630,000, net of the transaction costs related to the open offer by approximately HK\$2,751,000.

**(ii) Capital reorganisation**

There was a capital reorganisation of the Company effected on 9 April 2014 which comprised the following:

***Share Consolidation***

The share consolidation was implemented to consolidate every five (5) issued and unissued shares of par value of HK\$0.02 each into one (1) share ("Consolidated Share") of par value of HK\$0.10 each.

***Capital Increase***

The Capital Increase to increase the authorised share capital of the Company from HK\$100,000,000 divided into 1,000,000,000 Consolidated Shares of par value of HK\$0.10 each to HK\$500,000,000 divided into 5,000,000,000 Consolidated Shares of par value of HK\$0.10 each.

**(iii) Issue of shares for professional fee**

On 29 April 2014, the Company issued and allotted 4,473,118 Remuneration Shares as to Mr. Wong Vai Nang, sole proprietor of Simon Ho & Co., Solicitors. The premium on the issue of shares amounting to approximately HK\$1,879,000 was credited to the Company's share premium account.

## 14. LITIGATIONS AND CONTINGENT LIABILITIES

### (i) Tsang as plaintiff and the Company as defendant

As per the case issued on 4 June 2008 under High Court Miscellaneous Proceedings No. 1059 of 2008 (“HCMP 1059/2008”) (details please refer to Paragraph 34(i) of the Company’s Annual Report 2013), upon hearing the Amended Originating Summons on 25 and 26 February 2009, the court granted leave to Tsang on 26 February 2009 to bring a statutory derivative action on behalf of the Company against the aforesaid 8 then directors with costs of the application in respect of the Amended Originating Summons be deferred with liberty to apply.

### (ii) Tsang as a shareholder and on behalf of the Company as plaintiff and 8 ex-directors as defendants

Pursuant to statutory leave granted under HCMP 1059/2008, Tsang suing as a shareholder for and on behalf of the Company as the plaintiff issued a writ of summons against the aforesaid 8 then directors as 1st to 8th defendants in the High Court of Hong Kong on 18 March 2009 under High Court Action No.771 of 2009 (“the Action”). The title of the plaintiff was subsequently amended as the name of the Company by a court order dated 29 March 2011.

In brief, the case was in relation to the alleged breaches by the said 8 then directors (comprising the then board of directors of the Company) of their fiduciary duties and duties of care owed to the Company as directors in respect of certain resolutions and proposed transactions and the Company claimed against the aforesaid 8 then directors for damages, etc.

Before the conclusion of the trial, the Company reached settlements with 3rd, 4th, 5th, 6th and 8th Defendant. The hearing of the Action was completed on 24 October 2012 and Judgment was delivered on 17 June 2014 in which, all the claims by the Company were dismissed and costs be granted to the 1st, 2nd and 7th Defendant with certificate of two counsel (“the Judgment”).

For details of the Action please refer to Paragraph 34(ii) of the Company’s Annual Report 2013.

After the Judgment, the Company had been claimed by Tsang for re-imbusement of the legal costs pre-paid by Tsang in respect of HCMP 1059/2008 and the Action. According to the independent legal advices sought by the Company, the Company has reimbursed Tsang for the said legal costs.

Furthermore, the Company has to bear the legal costs of the 1st, 2nd and 7th Defendant in the Action pursuant to the Judgment.

In the opinion of the Directors, the legal costs incurred in the Action and HCMP 1059/2008 which the Company has to bear are estimated to be HK\$20 million and provision thereof has been made accordingly. Please refer to the Profit Warning of the Company made on 29 July 2014.

Having sought legal advice, the Company has lodged an appeal to the Court of Appeal on 11 July 2014 against the Judgment under CACV 140/2014 (“the Appeal”). The hearing date of the Appeal has not been fixed.

In the Opinion of the Directors, the Appeal has no material impact on the operations of the Group. However, the Directors cannot reliably measure the financial impact of the Appeal.

\* *According to the above case, the court issued an order for prohibition of sales of the shares of the Company by Hong Kong Zhongxing Group Co., Limited (“HKZX”). The Injunction orders against Huang Binghuang and/or HKZX, a substantial shareholder of the Company and/or Li Yi, the sole shareholder of said HKZX to restrain any of them from disposal of the shares in the said HKZX and in the Company were amended by the Court on 5 June 2014, inter alia, that the restrained amount of the Company’s shares be limited to 80,000,000 shares. The said amended injunction order continues in effect after the delivery of Judgment until the result of the application of the said HKZX to discharge the same, the hearing of which has been fixed on 12 November 2014.*

\*\* *Pursuant to the leave granted by High Court on 23 August 2013, the Company has instituted an originating summons against Huang Binghuang and/or Li Yi for contempt of court as a result of their alleged breach of the Injunctions orders granted under the Action. This originating Summons has yet to be tried and the originating summons in the opinion of the Directors, has no material impact on the operation of the Group since neither does Huang Binghuang nor Li Yi hold any office in the Group. The Directors cannot reliably measure the financial impact until the conclusion of these proceedings.*

**(iii) A subsidiary, Shing Fat Hong as plaintiff and its tenant as defendant**

For the case of the Group’s wholly owned subsidiary, Shing Fat Hong against its tenant (for details please refer to Paragraph 34(iii) of the Company’s Annual Report 2013), legal proceedings between Shing Fat Hong and the tenant are still ongoing.

In the opinion of the Directors, the aforesaid legal proceeding will have no material impact on the financial position and operations of the Group.

**(iv) HKZX as plaintiff and the Company as defendant**

For the case under High Court Miscellaneous Proceedings No.3278 of 2013 (for details please refer to Paragraph 34(v) of the Company's Annual Report 2013). The hearing of the Originating Summons has been fixed on 8 October 2014 with 2 days reserved.

In the opinion of the Directors, the said originating summons will have no material impact on the operations of the Group.

**(v) HKZX as plaintiff and Grand Field Group Limited, Grand Field Land Development (Shenzhen) Company Limited, Shenzhen Grand Field Computer Software Development Company Limited and Guangdong Province Hongling Group Company Limited as the defendants**

Under the case no.(2013) Shen Long Fa Min San Chu Zi Di No.941 ((2013)深龍法民三初字第941號), HKZX initiated civil proceedings against, four companies, namely Grand Field Group Limited, Grand Field Land Development (Shenzhen) Company Limited (鈞濠房地產開發(深圳)有限公司), Shenzhen Grand Field Computer Software Development Company Limited (深圳鈞濠計算機軟件開發有限公司) and Guangdong Province Hongling Group Company Limited (廣東省紅嶺集團有限公司) (please refer to Paragraph 34(vi) of the Company's Annual Report 2013 for details). The judgment of such case had been issued by the Court of First Instance and the suit from HKZX was turned down. As HKZX lodged an appeal against the judgment, such case is under the trial of second instance, which will be held by Shenzhen Municipal Intermediate People's Court.

Under the case no. (2014) Shen Zhong Fa Fang Zhong Zi Di No. 1325 ((2014)深中法房終字第1325號), HKZX lodged an appeal in which Grand Field Land Development (Shenzhen) Company Limited (鈞濠房地產開發(深圳)有限公司) and Grand Field Group Limited took part in the proceedings as appellees. The case no. under the trial of first instance is (2013) Shen Long Fa Min San Chu Zi Di No.941 ((2013)深龍法民三初字第941號). The trial of such case was held on 28 May 2014 and no judgment has been made.



**(vi) The Company as plaintiff and former executive directors Tsang, Kwok, Sino Richest Limited, Worldgate Developments Limited, Logistic China Enterprises Limited, Chintex Gas Company Limited and Wong Chi Keung Ivan as defendants**

For the case under the High Court Action No.HCA2471/2008 (for details please refer to Paragraph 34(vii) of the Company's Annual Report 2013), in the opinion of the Directors, this High Court Action will have no material impact on the operations of the Group as Tsangs have resigned from the Company and they have given undertakings not to be involved in the management of the Company. In fact, the nature of this action is more or less the same as those claimed in HCMP 3278/2013 mentioned hereinbefore. The Company is advised to withhold taking any further action until the result of HCMP3278/2013 comes out. The Directors are of the opinion that this Action shall have no financial impact upon the Company at this stage.

**(vii) The Company as plaintiff and Li Yi, Huang Binghuang and HKZX as defendants**

For the case under High Court Action HCA 85/2014 (for details please refer to Paragraph 34(viii) of the Company's Annual Report 2013), the case is still on-going. As the 2nd Defendant has resigned from the Company and the 1st and 3rd Defendant have not been involved in the Company's management, the Directors are of the opinion that the said action will have no material impact on the operations of the Group. The Directors cannot reliably measure the financial impact of the said writ of summons until the delivery of result thereof.

However, since the Company lost in HCA 771/2009 mentioned hereinbefore, it would be meaningless to pursue these proceedings unless the Company's appeal in CACV 140/2014 should be allowed at the end.

**(viii) Shenzhen Yizhou Hotel Management Co., Ltd. as plaintiff and Hong Kong Grand Field Group Limited, Grand Field Land Development (Shenzhen) Company Limited, Shenzhen City Liangzi Jingshun Investment Management Co., Ltd. and Huilai County Haoyuan Industrial Co., Ltd. as defendants**

Under the case no. (2013) Shen Luo Fa Min Er Chu Zi Di No. 602((2013)深羅法民二初字第602號), Shenzhen Yizhou Hotel Management Co., Ltd. (深圳市益洲酒店管理有限公司) initiated civil proceedings against four companies, namely Grand Field Land Development (Shenzhen) Company Limited (鈞濠房地產開發(深圳)有限公司), Hong Kong Grand Field Group Limited (香港鈞濠集團有限公司), Shenzhen City Liangzi Jingshun Investment Management Co., Ltd. (深圳市量子景順投資管理有限公司) and Huilai County Haoyuan Industrial Co., Ltd. (惠來縣豪源實業有限公司), and no judgment has been made by the Luo Hu People's Court, Shenzhen. The trial of such case was held on 3 July 2014 with proceedings pending.

**(ix) Shenzhen Grand Field Computer Software Development Company Limited as plaintiff and Grand Field Group Limited, Grand Field Property Development (Shenzhen) Limited and Shenzhen City Liangzi Jingshun Investment Management Co., Ltd. as defendants**

For the case under case no. Shen Luo Fa Min Er Chu Zi Di No. 133 (2014) ((2014) 深羅法民二初第133號 (for details please refer to Paragraph 34(xi) of the Company's Annual Report 2013), the proceedings had been started on 20 March and 19 June 2014 respectively and would re-open on 3 September 2014. In order to protect the interest of the Company and Shareholders as a whole, the Group has consulted its Hong Kong legal adviser and was advised, as an alternative, GF Group instituted legal proceedings under H.C.A. 294/2014 ("HCA 294/2014") against HKZX as the recipient of the Re-paid Sum for recovery of the same and interest accrued thereon and costs. The case is still on-going.

In the opinion of the Directors, the HCA 294/2014 will have no material impact on the operations of the Group. However, the Directors cannot reliably measure the financial impact of HCA 294/2014 until its final judgment shall have been delivered.

**(x) Shenzhen Yizhou Hotel Management Co., Ltd. as plaintiff, Shenzhen Real Estate Ownership Registration Centre as defendant, Grand Field Group Limited and Grand Field Land Development (Shenzhen) Company Limited as third parties**

Under the case no. (2013) Shen Long Fa Xing Chu Zi Di No. 26((2013)深龍法行初字第26號), Shenzhen Yizhou Hotel Management Co., Ltd. (深圳市益洲酒店管理有限公司) initiated an administrative action to Shenzhen Longgang District People's Court against Shenzhen Real Estate Ownership Registration Centre with Grand Field Group Limited and Grand Field Land Development (Shenzhen) Company Limited (鈞濠房地產開發(深圳)有限公司) as the third parties in the proceedings of such case. The judgment of such case had been issued by the Court of First Instance. As Shenzhen Real Estate Ownership Registration Centre lodged an appeal against the judgment, such case is under the trial of second instance, which will be held by Shenzhen Municipal Intermediate People's Court. Although the appellant for the case under the case no. (2013) Shen Long Fa Xing Chu Zi Di No. 26((2013)深龍法行初字第26號) has lodged an appeal and paid the costs for the trial of second instance, Shenzhen Municipal Intermediate People's Court has yet to provide any information of the trial of second instance for the case.

Save as disclosed above, in the opinion of the Directors, the aforesaid legal proceedings will have no material impact on the financial position and operations of the Group.

## **EXTRACT OF INDEPENDENT AUDITOR'S REVIEW REPORT**

The following is an extract of the Independent Auditor's Report on Review of Condensed Consolidated Financial Statements of the Group for the six months ended 30 June 2014:

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

### **Emphasis of matter**

Without further qualifying our review conclusion, we draw attention to the disclosures made in Note 14 to the condensed consolidated financial statements concerning the possible outcome of various legal proceedings and other contingent liabilities.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **1 Business Review**

In the first half of 2014, the Board gathered the effort towards the development of the Dongguan and Shenzhen land despite a few outstanding legal issues. For the sector as whole, it's a two-tier market. The commercial property market in tier-one cities, generally, is still healthy. But for tier-two cities, we do find an increasing risk of oversupply. As the principal market for the Company's business development, the Shenzhen property market again still outperformed the national average level in early 2014 due to a robust market demand of premium housing and commercial properties in the city area from end-users. The goal of our Shenzhen project is to create a property with both residential and commercial features. In a few years, this project will attract more people to settle in the city, which can lead to further business development in the area.

## **2 Financial Review**

During the six months ended 30 June 2014, the Group's revenue amounted to approximately HK\$1,230,000, representing a 64% decrease when compared with that of the same period last year. The Group's revenue were generated from sales of properties held for sale and properties rental income.

During the period under review, the Group recorded a loss attributable to owners of the Company of approximately HK\$47,109,000 (six months ended 30 June 2013: HK\$9,976,000).

## **3 Prospects**

In order to cope with the changes in today's real estate industry in China, we must adopt new approaches to address regulatory requirements and financial risks, while meeting the challenges of expanding and achieving sustainable growth. The Company has the ability to mobilize a team of seasoned professionals to address complex and demanding challenges. We are excited about our progress year to date and, as we look forward to the second half of the year, it will be important that we focus on ways to create the growth and carry on the momentum we've created. We remain focused on executing our strategy which we believe will drive substantial returns in the long run.

## **4 Liquidity and Financial Resources**

As at 30 June 2014, the Group's cash and cash equivalents were approximately HK\$41,065,000 (31 December 2013: HK\$13,646,000) of which most were denominated in Hong Kong dollar (HK\$) and Renminbi ("RMB").

As at 30 June 2014, the Group recorded total current assets of approximately HK\$85,806,000 (31 December 2013: HK\$53,198,000) and total current liabilities of approximately HK\$52,559,000 (31 December 2013: HK\$41,773,000). The Group recorded total assets of approximately HK\$317,441,000 (31 December 2013: HK\$291,751,000) and the Group's total interest-bearing borrowings amounted to approximately HK\$8,214,000 (31 December 2013: HK\$9,473,000), all of them are repayable within one year.

All of the Group's borrowings for the period under review were denominated in RMB and such borrowings carried interest rates ranging from 18% to 36% per annum (31 December 2013: 18% to 36% per annum).

The Group's gearing ratio for the period ended 30 June 2014, which was defined to be current liabilities over shareholders' equity, was 25% (31 December 2013: 21%).

## 5 Share Capital

	Number of shares	Amount HK\$'000
<i>Authorised:</i>		
Ordinary shares of HK\$0.10 each		
At the end of period	<u>5,000,000,000</u>	<u>500,000</u>
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.10 each		
At the end of period	<u>765,893,601</u>	<u>76,589</u>

## 6 Exchange Risk

Borrowings and sales and purchases of the Group are generally transacted in Hong Kong dollar and Renminbi. For the six months ended 30 June 2014, the Group was not subject to any significant exposure to foreign exchange rate risk. Hence, no financial instrument for hedging was employed.

## 7 Charge on Group Assets

At 30 June 2014, the Group has pledged the completed properties held for sale with the carrying amounts of approximately HK\$4,962,000 of its wholly-owned subsidiary for a loan with principal amount of RMB4,500,000 (equivalent to approximately HK\$5,724,000) from an independent third party, details are set out in note 11 to the condensed consolidated financial statements.

## **8 Employees**

For the six months ended 30 June 2014, the Group employed 19 employees (six months ended 30 June 2013: 20) and appointed 9 directors (1 director has resigned on 21 July 2014) (six months ended 30 June 2013: 9) and the related staff costs amounted to approximately HK\$10,753,000 (six months ended 30 June 2013: HK\$2,353,000). 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 base salary and statutory provident fund scheme, employees will also be offered discretionary bonus based on the results of the Group and their individual performance. On 2 May 2014, the Company granted 50,336,200 share options (the "Share Options") to individuals (the "Grantees"), under the share option scheme adopted by the Company on 23 June 2006. The Share Options entitle the Grantees to subscribe for a total of 50,336,200 new shares of HK\$0.10 each in the share capital of the Company at the exercise price of HK\$0.47 per share.

## **9 Material Acquisitions and Disposals**

There was no material acquisition or disposal of subsidiaries or associates during the six months ended 30 June 2014.

## **10 Contingent Liabilities**

Details of contingent liabilities are set out in Note 14 to the condensed consolidated financial statements.

## **INTERIM DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: 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 six months ended 30 June 2014.

## **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 and Corporate Governance Report to the Appendix 14 of the Listing Rules (the “CG Code”) during the six months ended 30 June 2014 except the code provisions A.2.1 of the CG Code as disclosed below:

### **Chairman and Chief Executive**

According to the code provision A.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 six months ended 30 June 2014, the role of the chairman of the Company (the “Chairman”) is performed by Mr. Ma Xuemian but the office of the chief executive officer of the Company is vacated. 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.

## **CODE FOR DEALING IN COMPANY’S SECURITIES BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules (the “Model Code”).

All Directors, after specific enquiries by the Company, confirmed they have complied with the required standard set out in the Model Code and the said code of conduct during the six months ended 30 June 2014.

## **AUDIT COMMITTEE**

As at 30 June 2014, the audit committee of the Company (the “Audit Committee”) currently comprises three independent non-executive Directors, namely Ms. Chui Wai Hung (chairman of the Audit Committee), Mr. Hui Pui Wai, Kimber and Mr. Liu Chaodong.

The Board has adopted a set of written terms of reference, which described the authority and duties of the Audit Committee, and the contents of which were revised on 28 March 2012 in compliance with the CG Code.

The Audit Committee is accountable to the Board and the principal duties of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls. The Audit Committee is also provided with other resources enabling it to discharge its duties fully.

The Audit Committee has reviewed with the management of the Company, the accounting principles and practices adopted by the Group, and has discussed internal controls and financial reporting matters including the review of the unaudited interim financial results for the six months ended 30 June 2014.

## **REMUNERATION COMMITTEE**

As at 30 June 2014, the remuneration committee of the Company (the "Remuneration Committee") comprises one executive Director, namely Mr. Ma Xuemian and three independent non-executive Directors, namely Mr. Hui Pui Wai, Kimber (chairman of the Remuneration Committee), Mr. Liu Chaodong and Ms. Chui Wai Hung.

The Board has adopted a set of written terms of reference, which described the authority and duties of the Remuneration Committee, and the contents of which were revised on 28 March 2012 in compliance with the CG Code.

The main responsibilities of Remuneration Committee include reviewing and making recommendation to the Board on the Company's policies, structure and remuneration packages of Directors and senior management of the Group.

## **NOMINATION COMMITTEE**

As at 30 June 2014, the nomination committee of the Company (the "Nomination Committee") comprises one executive Director, namely Mr. Ma Xuemian and two independent non-executive Directors, namely Mr. Liu Chaodong (chairman of the Nomination Committee) and Ms. Chui Wai Hung.



The Board has adopted a set of written terms of reference, which described the authorities and duties of the Nomination Committee, and on 28 August 2013 the contents of which were resolved to be revised with effect from 1 September 2013 in compliance with the CG Code.

The current main responsibilities of the Nomination Committee include reviewing the structure, size and composition of the Board (including the skills, knowledge and experience) on a regular basis and making recommendations on any proposed changes to the Board, identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships; assessing the independence of independent non-executive Directors; making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors; review and monitor the implementation of board diversity policy.

## **CORPORATE GOVERNANCE COMMITTEE**

As at 30 June 2014, the corporate governance committee of the Company (the “Corporate Governance Committee”) comprises one executive Director, namely Mr. Ma Xuemian (chairman of the Corporate Governance Committee) and two independent non-executive Directors, namely Mr. Liu Chaodong and Ms. Chui Wai Hung.

The Board has adopted a set of written terms of reference, which described the authorities and duties of the Corporate Governance Committee, and the contents of which are in compliance with the CG Code.

The main responsibilities of the Corporate Governance Committee include formulating and reviewing corporate governance policies and practices of the Group and providing recommendations.

## **SUBSEQUENT EVENT**

### **Resignation of non-executive Director and cessation to act as alternate Director**

Ms. Tsang Tsz Nok, Aleen has resigned to act as non-executive Director and Ms. Kwok Siu Wa, Alison ceased to act as alternate Director to Ms. Tsang Tsz Nok, Aleen with effect from 21 July 2014.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This results announcement is published on the Company's website (<http://www.irasia.com/listco/hk/grandfield/>) 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, 29 August 2014

*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, Anne and Ms. Kwok Siu Wa, Alison; one non-executive Director, namely Ms. Tsang Tsz Tung, Debbie (with Mr. Kwok Siu Bun as alternate); and three independent non-executive Directors, namely Mr. Hui Pui Wai, Kimber, Mr. Liu Chaodong and Ms. Chui Wai Hung.*