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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 2019**

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 2019 and the comparative figures as set out below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

	<i>Notes</i>	Six months ended	
		30 June	
		2019	2018
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	4	1,739	1,149
Cost of revenue		—	(6)
Gross profit		1,739	1,143
Other revenue		221	29
Other gains and losses		(1)	—
Selling and distribution costs		(6,731)	(68)
Administrative expenses		(16,646)	(10,763)

* *For identification purpose only*

		Six months ended	
		30 June	
		2019	2018
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Loss from operations		(21,418)	(9,659)
Finance cost		(1,370)	(817)
Share of loss of an associate		(345)	–
Fair value loss on convertible bonds		(1,781)	(5,130)
		<u>(21,418)</u>	<u>(9,659)</u>
Loss before tax		(24,914)	(15,606)
Income tax credit	5	3,292	2,406
		<u>3,292</u>	<u>2,406</u>
Loss for the period	6	(21,622)	(13,200)
		<u>(21,622)</u>	<u>(13,200)</u>
Attributable to:			
Owners of the Company		(17,478)	(12,478)
Non-controlling interests		(4,144)	(722)
		<u>(17,478)</u>	<u>(12,478)</u>
		<u>(4,144)</u>	<u>(722)</u>
		<u>(21,622)</u>	<u>(13,200)</u>
		<u>(21,622)</u>	<u>(13,200)</u>
			(Restated)
Loss per share			
Basic (<i>HK cents per share</i>)	7	(0.71)	(0.77)
		<u>(0.71)</u>	<u>(0.77)</u>
Diluted (<i>HK cents per share</i>)	7	N/A	N/A
		<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		Six months ended	
		30 June	
	<i>Notes</i>	2019	2018
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Loss for the period	6	<u>(21,622)</u>	<u>(13,200)</u>
Other comprehensive income/(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		1,063	–
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>368</u>	<u>(22,191)</u>
Total comprehensive loss for the period		<u>(20,191)</u>	<u>(35,391)</u>
Attributable to:			
Owners of the Company		(16,205)	(25,360)
Non-controlling interests		<u>(3,886)</u>	<u>(10,031)</u>
		<u>(20,191)</u>	<u>(35,391)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

		30 June	31 December
		2019	2018
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment	9	16,179	15,966
Investment properties		3,473,947	3,270,812
Prepaid premium for land leases		–	5,268
Intangible assets		13,621	14,009
Deferred tax assets		20,313	17,179
Goodwill		36,773	36,773
Right-of-use assets		6,796	–
Investment in an associate		33,828	–
		<u>3,601,457</u>	<u>3,360,007</u>
Current assets			
Trade receivables	10	1,935	2,288
Properties for sale under development		721,895	592,595
Properties for sale		28,972	28,970
Other receivables, deposits and prepayments		99,158	49,389
Amount due from a director		758	150
Tax recoverable		9,446	87
Cash and cash equivalents		39,066	127,652
		<u>901,230</u>	<u>801,131</u>
Current liabilities			
Trade and other payables	11	765,552	299,915
Interest-bearing borrowings		283,158	506,894
Amounts due to directors		632	883
Amount due to a shareholder		–	113
Lease liabilities		569	–
Tax payable		5,133	5,133
		<u>1,055,044</u>	<u>812,938</u>

		30 June	31 December
		2019	2018
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Net current liabilities		<u>(153,814)</u>	<u>(11,807)</u>
Total assets less current liabilities		<u>3,447,643</u>	<u>3,348,200</u>
Non-current liabilities			
Deferred tax liabilities		565,241	565,311
Convertible bonds		113,038	–
Lease liabilities		969	–
Interest-bearing borrowings		<u>510,709</u>	<u>505,012</u>
		<u>1,189,957</u>	<u>1,070,323</u>
NET ASSETS		<u><u>2,257,686</u></u>	<u><u>2,277,877</u></u>
Capital and reserves			
Share capital	<i>12</i>	244,955	244,955
Reserves		<u>977,333</u>	<u>993,638</u>
Equity attributable to owners of the Company		1,222,288	1,238,593
Non-controlling interests		<u>1,035,398</u>	<u>1,039,284</u>
TOTAL EQUITY		<u><u>2,257,686</u></u>	<u><u>2,277,877</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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.

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

These condensed 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.

As at 30 June 2019 the Group had net current liabilities of approximately HK\$153,814,000. Nevertheless, these consolidated financial statements have been prepared on a going concern basis. The Directors are of the opinion that taking into account of the future profitability from the Group’s property development projects and other financing arrangement after the reporting period, it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

These condensed consolidated financial statements should be read in conjunction with the 2018 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 2018 except as stated below.

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

Land and buildings	8.3% – 33%
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Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US\$5,000.

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 2019. 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 period and prior years except as stated below.

HKFRS 16 "Leases"

The impact of the adoption of HKFRS 16 "Leases" ("HKFRS 16") on the Group's financial information and the new accounting policies that have been applied from 1 January 2019, where they are different to those applied in prior periods.

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 January 2019.

(a) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 7%.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC)-int 4 Determining whether an Arrangement contains a Lease.

As a lessee, the Group’s leases are mainly rentals of offices. The right-of-use assets were measured at the amount equal to the lease liability and there were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. The adjustments recognized are as follows:

	1 January 2019 HK\$’000
At 1 January 2019:	
Decrease in prepaid premium for land leases	(5,268)
Increase in right-of-use assets	6,075
Increase in lease liabilities	807

(b) The reconciliation of operating lease commitment to lease liabilities is set out below:

	<i>HK\$’000</i>
Operating lease commitments disclosed as at 31 December 2018	843
Discounting	(36)
	<hr/>
Lease liabilities as at 1 January 2019	807
	<hr/> <hr/>
Analyses as:	
Current	599
Non-current	208
	<hr/>
	807
	<hr/> <hr/>

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. 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: (i) property development and (ii) property investment.

(a) Segment revenue and results

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	
	2019	2018	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue						
External sales	<u>–</u>	<u>–</u>	<u>1,739</u>	<u>1,149</u>	<u>1,739</u>	<u>1,149</u>
Segment result	<u>–</u>	<u>–</u>	<u>1,739</u>	<u>1,143</u>	<u>1,739</u>	<u>1,143</u>
Unallocated income and gains, net					221	29
Unallocated expenses					<u>(23,378)</u>	<u>(10,831)</u>
Loss from operations					(21,418)	(9,659)
Finance costs					(1,370)	(817)
Share of loss of an associate					(345)	–
Fair value loss on convertible bonds					<u>(1,781)</u>	<u>(5,130)</u>
Loss before tax					(24,914)	(15,606)
Income tax credit					<u>3,292</u>	<u>2,406</u>
Loss for the period					<u>(21,622)</u>	<u>(13,200)</u>

(b) Segment assets and liabilities

	Property development		Property investment		Total	
	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Segment assets	<u>810,283</u>	<u>643,558</u>	<u>3,473,947</u>	<u>3,270,812</u>	<u>4,284,230</u>	<u>3,914,370</u>
Segment liabilities	<u>(161)</u>	<u>(161)</u>	<u>(565,241)</u>	<u>(565,311)</u>	<u>(565,402)</u>	<u>(565,472)</u>

5. INCOME TAX CREDIT

	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Deferred tax	<u>3,292</u>	<u>2,406</u>

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% for both periods.

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 2018: 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.

6. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amortisation of prepaid premium for land leases	–	185
Amortisation of intangible assets	397	844
Depreciation of property, plant and equipment	331	90
Depreciation of right-of-use assets	435	–
Staff costs (including Directors' remuneration):		
– salaries, bonuses and allowances	3,737	3,424
– retirement benefits scheme contributions	328	207
	4,065	3,631
Operating lease charges on land and buildings	–	454

7. 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 2019 of approximately HK\$17,478,000 (six months ended 30 June 2018: HK\$12,478,000) and on the weighted average number of approximately 2,449,554,000 ordinary shares in issue during the six months ended 30 June 2019 (six months ended 30 June 2018: approximately 1,618,050,000 ordinary shares (restated)).

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 2019 and 2018.

8. DIVIDENDS

No dividend was paid, declared or proposed during the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, property, plant and equipment approximately of HK\$551,000 was acquired by the Group (during six months ended 30 June 2018: HK\$14,000).

10. TRADE RECEIVABLES

The aging analysis of trade receivables as at the balance sheet date, based on the date of recognition of the sales of properties, is as follows:

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Within 365 days	<u>1,935</u>	<u>2,288</u>

11. TRADE AND OTHER PAYABLES

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Trade payables to building contractors	3,475	1,733
Accruals of cost for construction works	214,519	149,618
Deferred income	24,773	25,479
Accrued salaries and other operating expenses	13,355	14,555
Accrued interest expenses	7,406	10,914
Contract liabilities	426,424	4,988
Rental deposits received from investment properties	34	34
Amounts payable on return of properties	5,792	5,791
Other payables	<u>69,774</u>	<u>86,803</u>
	<u>765,552</u>	<u>299,915</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 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Within 360 days past due	2,361	503
Over 360 days past due	1,114	1,230
	<u>3,475</u>	<u>1,733</u>

12. SHARE CAPITAL

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Authorised:		
5,000,000,000 Ordinary shares of HK\$0.1 each (31 December 2018: 5,000,000,000 Ordinary shares of HK\$0.1 each)	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:		
2,449,554,132 Ordinary shares of HK\$0.1 each (31 December 2018: 2,449,554,132 Ordinary shares of HK\$0.1 each)	<u>244,955</u>	<u>244,955</u>

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

	Number of shares '000	Amount HK\$'000
As at 1 January 2018	1,519,046	151,905
Placing of shares (<i>Note (i)</i>)	113,990	11,399
Open offer (<i>Note (ii)</i>)	<u>816,518</u>	<u>81,651</u>
As at 31 December 2018 and 30 June 2019 (unaudited)	<u>2,449,554</u>	<u>244,955</u>

Note:

(i) Placing of shares

On 13 March 2018, the Company issued and allotted 113,990,000 ordinary shares of HK\$0.1 each to the subscribers at a price of HK\$0.170 per share. The premium on the issue of shares amounting to approximately HK\$7,562,000, after net of share issue expenses of approximately HK\$417,000, were credited to the Company's share premium account.

(ii) Open offer

Completion of the open offer took place on 13 August 2018 pursuant to which 816,518,044 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\$0.12 per offer share with par value of HK\$0.10 each. Accordingly, the Company's issued share capital was increased by approximately HK\$81,651,000 and its share premium account was increased by approximately HK\$12,577,000, net of the transaction costs related to the open offer by approximately HK\$3,754,000.

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:

- 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 of the Laws of Hong Kong 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, Tsang Tsz Tung Debbie, Ma Xuemian, Chow Kwai Wa Anne, Hui Pui Wai Kimber, Liu Chaodong, the Directors of the Company, Chui Wai Hung, the former independent non-executive directors of the Company, 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 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 Company before the conclusion of the said proceedings.

- ii) Under the request of Notice of Assistance of Execution of Assets of the case no.(2017) Su 0303 Zhi No. 3267, Guojin Property Development Limited of Xu Zhou City (“Guojin”) a subsidiary company wholly owned by the Company should withhold all payment of the outstanding constructions fee due to Xu Zhou Chiang Chu Constructions Limited (“Chiang Chu”) and pay to the Court to settle the outstanding fee by Chiang Chu to its creditor(s) up to the amount of RMB5,190,000.

According to the Agreement between the Company and the vendor(s) of the Xuzhou property project (“Xuzhou Project”) dated 24th February, 2017, all outstanding constructions fee and the accrued interest thereon should be borne by the vendors thereof. Therefore, the Company would have no liabilities in this case in any event.

- iii) Under the case no.(2019) yue 0303 Min Chu No.6862, a subsidiary of the Company 深圳棕科 claims against Shenzhen City You Fu Investment Development Limited for damages arising from a loan agreement. The action has been tried and the claims of 深圳棕科 were dismissed. However, 深圳棕科 has lodged its appeal to the Shenzhen Intermediate Court and the result of the appeal has not been 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 Company before the conclusion of the said proceedings.

- iv) Under the case no.(2019) Yue 0307 Min Chu no.722, the 3rd Owners’ Committee of Shenzhen City Long Gong District Buji De Fu Garden Claims against Grandfield Property Development (Shenzhen) Limited, a subsidiary of the Company in respect of the dispute over the common areas issues. The case has been heard on 20th March, 2019 and 12th June, 2019 but the judgment thereof has not been delivered by the Court 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 Company before the conclusion of the said proceedings.

- v) Under the case no.(2019) Yue 0307 Min Chu no.819, the 3rd Owners' Committee of Shenzhen City Long Gong District Buji De Fu Garden Claims against Grandfield Property Development (Shenzhen) as 1st Defendant and the Shenzhen City Longgong District Accommodation and Constructions Bureau as 2nd Defendant in respect of the dispute on the common areas issues. The case has been heard on 25th March, 2019 and the Intermediate People's Court of Shenzhen City has agreed to hear the argument raised by Grandfield Property Development (Shenzhen) about the question of jurisdiction under (2019) Yue 03 Min Xia Zhong No.654. The judgment 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 Company before the conclusion of the said proceedings.

- vi) Under the case no. (2017) Yue 1973 Min Chu no.5565, an individual Chen huan Chi claims against Dongguan City Zhangmutou Properties Development Limited, Ka Fong company Limited and Grandfield Group Limited, the latter two being the subsidiaries of the Company for the dispute over the constructions agreements. This action has on 12 August 2019 carried out the process of judicial examination of evidence therein and the result thereof has yet to come.

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

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.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Business Review and Prospect

The Group achieved great result during the first half of 2019. The Shenzhen Zongke Yunduan Building Project has successfully obtained the presale permit and the presale campaign was launched in early 2019. Currently, the gross area sold for the residential portion is more than 40%. For the commercial properties, a good number of branded retailers have signed the letter of intent with the Group. The market sentiment is great and it is expected that the presale will provide huge cash inflow for the Group.

The project construction is going to be completed in late 2019. In 2020, the certificate of completion is going to be issued and the formalities of premises permit are going to be processed. The property management will then put into service.

Other than Shenzhen, for the Xuzhou property which was acquired by the Group (the “Xuzhou Property Project”), its commercial properties and hotel are now undergoing renovation and are expected to be operated in early 2020. On top of Guangdong-Hong Kong-Macau Greater Bay Area, Xuzhou Property Project may diversify the risk of the Group. In addition, the strategic location of Xuzhou Property Project may enhance the Group of investment property portfolio by operating the hotel and commercial properties.

In conclusion, the Group is confident in having the long-term and sustainable cash inflow from Shenzhen and Xuzhou projects.

2. Financial Review

During the six months ended 30 June 2019 (the “Reporting Period”), the Group’s revenue amounted to approximately HK\$1,739,000, representing a 51% increase when compared with that of the same period last year. The Group’s revenue were mainly generated from properties rental income.

During the Reporting Period, the Group recorded a loss attributable to owners of the Company of approximately HK\$17,478,000 (six months ended 30 June 2018: HK\$12,478,000), representing an increase of approximately HK\$5,000,000 when compared with that of the same period last year. The increase in loss was mainly due to increases in selling and distribution costs, administrative expenses and finance cost mainly in relation to the Shenzhen Zongke Yunduan Building Project incurred during the Reporting Period.

3. Liquidity and Financial Resources

As at 30 June 2019, the Group’s cash and cash equivalents were approximately HK\$39,066,000 (31 December 2018: approximately HK\$127,652,000) of which mostly denominated in Hong Kong dollar (“HK\$”) and Renminbi (“RMB”).

As at 30 June 2019, the Group recorded total current assets of approximately HK\$901,230,000 (31 December 2018: approximately HK\$801,131,000) and total current liabilities of approximately HK\$1,055,044,000 (31 December 2018: approximately HK\$812,938,000). As at 30 June 2019, the Group recorded total assets of approximately HK\$4,502,687,000 (31 December 2018: approximately HK\$4,161,138,000) and the Group’s total interest-bearing borrowings amounted to approximately HK\$793,867,000 (31 December 2018: approximately HK\$1,011,906,000), approximately HK\$283,158,000 (31 December 2018: approximately HK\$506,894,000) are repayable within one year, and approximately HK\$510,709,000 (31 December 2018: approximately HK\$505,012,000) are repayable in the second to fifth years inclusive.

As at 30 June 2019, all of the Group's borrowings were denominated in RMB with amount of approximately RMB699,458,000 (equivalent to approximately HK\$793,867,000) (31 December 2018: HK\$899,586,000) and such borrowings carried interest rates ranging from 1.5% per month and 6.09% to 25% per annum (31 December 2018: fixed rates of 1.5% per month and 10% to 25% per annum).

As at 30 June 2019, the Group's gearing ratio was defined to be current liabilities over shareholders' equity, was approximately 86% (31 December 2018: 66%).

References is made to the announcements of the Company dated 27 February 2017, 24 March 2017 and 28 April 2017 and the circular of the Company dated 30 March 2017 in relation to the issue of the original convertible bonds to Ms. Tsang Tsz Nok Aleen, being one of the vendor to the acquisition, in the principal amount of HK\$137,000,000 due on 28 October 2018, for partial settlement of the consideration of the acquisition. As at 28 October 2018, the original convertible bonds was expired and leaving the balance of HK\$112,320,000, representing the outstanding principal amount of the original convertible bonds.

On 16 November 2018 (after trading hours of the Stock Exchange), the Company entered into the subscription agreement with the Mr. Tsang Wai Lun Wayland and Ms. Tsang Tsz Nok Aleen (collectively, the "Subscribers"), pursuant to which, the Subscribers have conditionally agreed to subscribe and the Company has conditionally agreed to issue the new convertible bonds in the principal amount of HK\$112,320,000. The subscription amount payable by the Subscribers under the subscription agreement shall be satisfied by discharging the payment obligation of the Company on the indebted amount.

The new convertible bonds carry the right to convert into the conversion shares at the conversion price of HK\$0.123 per conversion share (subject to adjustments). Assuming the conversion rights are exercised in full at the conversion price, 913,170,731 new ordinary shares will be allotted and issued to Ms. Tsang Tsz Nok Aleen. Upon full exercise of the conversion rights attaching to the new convertible bonds, the shareholdings of Ms. Tsang Tsz Nok Aleen, the substantial shareholder of the Company, will be changed from approximately 28.92% to 48.22% 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 all the new convertible bonds.

All the conditions precedent to the subscription agreement have been fulfilled and completion took place on 22 February 2019. Accordingly, the new convertible bonds in the principal amount of HK\$112,320,000 were issued in accordance with the terms and conditions of the subscription agreement.

4. Share Capital

	Number of shares	Amount <i>HK\$'000</i>
<i>Authorised:</i>		
Ordinary shares of HK\$0.10 each		
At the end of Reporting 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 Reporting Period	<u>2,449,554,132</u>	<u>244,955</u>

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

At 30 June 2019, the Group has pledged the completed properties held for sale with the carrying amounts of approximately HK\$4,426,000 (31 December 2018: HK\$4,426,000) of its wholly-owned subsidiary for a loan with principal amount of RMB4,020,000 (equivalent to approximately HK\$4,824,000) (31 December 2018: HK\$4,824,000) from an independent third party.

At 30 June 2019, the Group has also pledged the investment properties with the carrying amounts of approximately HK\$264,135,000 (31 December 2018: Nil) of its wholly-owned subsidiary for loans with principal amount of RMB89,000,000 (equivalent to approximately HK\$100,979,000) (31 December 2018: Nil) from a bank.

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 2019:

	30 June 2019	31 December 2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Contracted but not provided for:		
Investment properties under development and properties for sale under development	421,293	373,111
Capital contribution to a PRC company	108,237	108,232
	<u>529,530</u>	<u>481,343</u>

10. Employees

As at 30 June 2019, the Group employed 83 employees (30 June 2018: 54) and appointed 7 Directors (30 June 2018: 8) and the related staff costs amounted to approximately HK\$4,065,000 (six months ended 30 June 2018: HK\$3,631,000) representing a 12% 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 Zongke Yunduan Building Project 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

Save as otherwise disclosed, there were neither significant investments held as at 30 June 2019 nor material acquisitions and disposals of subsidiaries during the Reporting Period. There is no plan for material investments or capital assets as at the date of this announcement.

12. Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June 2019 (31 December 2018: Nil).

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Reporting Period (six months ended 30 June 2018: 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 the Corporate Governance Code and Corporate Governance Report to the Appendix 14 to the Listing Rules (the "CG Code") during the Reporting Period except for the deviation as disclosed below:

Code Provision A.2.1

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 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. 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.

As at 30 June 2019, the Audit Committee comprised three independent non-executive Directors, namely Mr. Wong Sze Lok (chairman of the Audit Committee), Mr. Hui Pui Wai Kimber and 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, re-appointment 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.

EVENT AFTER THE REPORTING PERIOD

Ms. Chow Kwai Wa Anne, an executive Director, has changed her name from Chow Kwai Wa Anne to Chow Kwai Wa Charmaine with effect from 23 July 2019.

Save as otherwise disclosed, 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, 28 August 2019

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. Wong Sze Lok.