鈞濠集團有限公司*

GRAND FIELD GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 115)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the "Board") of directors (the "Directors") of Grand Field Group Holdings Limited (the "Company") hereby announces the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2019, together with the comparative figures for year 2018 are as follows.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	4	**3,542**	68,019
Cost of revenue		**(721)**	(14,856)
Gross profit		**2,821**	53,163
Interest revenue		**956**	303
Other revenue		**67**	171
Other gains and losses		**(166,986)**	503,600
Selling and distribution costs		**(14,135)**	(1,901)
Administrative expenses		**(37,575)**	(66,818)
(Loss)/profit from operations		**(214,852)**	488,518
Finance costs	5	**(4,651)**	(2,290)
Share of loss of an associate		**(2,636)**	–
Fair value gain/(loss) on convertible bonds through profit or loss		**4,044**	(9,586)

* *For identification purpose only*

	Notes	2019 HK$'000	2018 HK$'000
(Loss)/profit before tax		**(218,095)**	476,642
Income tax credit/(expense)	*6*	**50,271**	(123,920)
(Loss)/profit for the year	*7*	**(167,824)**	352,722
Attributable to:			
Owners of the Company		**(101,219)**	193,255
Non-controlling interests		**(66,605)**	159,467
		(167,824)	352,722
(Loss)/earnings per share	*9*		
Basic *(HK cents per share)*		**(4.13)**	9.95
Diluted *(HK cents per share)*		**(4.13)**	8.28

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
(Loss)/profit for the year	*8*	**(167,824)**	352,722
Other comprehensive income/(loss)			
Item that may be reclassified subsequently to profit or loss			
Fair value gain on financial liabilities designated at fair value through profit or loss attributable to change in credit risk		**230**	–
Exchange differences on translation of an associate		**33**	–
Exchange differences on translation of foreign operations		**(20,716)**	(119,254)
Total comprehensive (loss)/income for the year		**(188,277)**	233,468
Attributable to:			
Owners of the Company		**(107,274)**	124,821
Non-controlling interests		**(81,003)**	108,647
		(188,277)	233,468

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**19,062**	15,966
Investment properties	*10*	**3,361,304**	3,270,812
Prepaid premium for land leases		**–**	5,268
Intangible asset		**13,032**	14,009
Deferred tax assets		**25,089**	17,179
Goodwill		**36,773**	36,773
Right-of-use assets		**5,338**	–
Investment in an associate		**30,922**	–
		3,491,520	3,360,007
Current assets			
Trade receivables		**1,945**	2,288
Properties for sale under development		**781,199**	592,595
Properties for sale		**28,519**	28,970
Other receivables, deposits and prepayments		**98,438**	49,389
Amounts due from a director		**911**	150
Tax recoverable		**15,550**	87
Cash and cash equivalents		**164,134**	127,652
		1,090,696	801,131
Current liabilities			
Trade and other payables	*11*	**1,215,607**	299,915
Interest-bearing borrowings	*12*	**599,852**	506,894
Lease liabilities		**208**	–
Amounts due to directors		**812**	883
Amount due to a shareholder		**–**	113
Tax payable		**5,056**	5,133
		1,821,535	812,938
Net current liabilities		**(730,839)**	(11,807)
Total assets less current liabilities		**2,760,681**	3,348,200

	Notes	2019 HK$'000	2018 HK$'000
Non-current liabilities			
Deferred tax liabilities		**507,160**	565,311
Convertible bonds		**108,046**	–
Interest-bearing borrowings	*12*	**55,875**	505,012
		671,081	1,070,323
NET ASSETS		**2,089,600**	2,277,877
Capital and reserves			
Share capital	*15*	**244,955**	244,955
Reserves		**886,364**	993,638
Equity attributable to owners of the Company		**1,131,319**	1,238,593
Non-controlling interests		**958,281**	1,039,284
TOTAL EQUITY		**2,089,600**	2,277,877

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Attributable to owners of the Company									
	Share capital	**Share premium account**	**Share option reserve**	**Special reserve**	**Capital reserve**	**Exchange reserve**	**Retained profit**	**Total**	**Non-controlling interests**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2018	151,905	415,555	19,007	(2,215)	–	77,265	339,066	1,000,583	814,131	1,814,714
Profit for the year	–	–	–	–	–	–	193,255	193,255	159,467	352,722
Other comprehensive loss for the year	–	–	–	–	–	(68,434)	–	(68,434)	(50,820)	(119,254)
Total comprehensive (loss)/income for the year	–	–	–	–	–	(68,434)	193,255	124,821	108,647	233,468
Capital injection by non-controlling shareholder	–	–	–	–	–	–	–	–	121,376	121,376
Deregistration of a subsidiary										
– NCI portion	–	–	–	–	–	–	–	–	(4,870)	(4,870)
Placing of shares	11,399	7,562	–	–	–	–	–	18,961	–	18,961
Share options lapsed	–	–	(555)	–	–	–	555	–	–	–
Open offer	81,651	12,577	–	–	–	–	–	94,228	–	94,228
At 31 December 2018	244,955	435,694	18,452	(2,215)	–	8,831	532,876	1,238,593	1,039,284	2,277,877
At 1 January 2019	244,955	435,694	18,452	(2,215)	–	8,831	532,876	1,238,593	1,039,284	2,277,877
Loss for the year	–	–	–	–	–	–	(101,219)	(101,219)	(66,605)	(167,824)
Other comprehensive income/(loss) for the year	–	–	–	–	230	(6,285)	–	(6,055)	(14,398)	(20,453)
Total comprehensive income/(loss) for the year	–	–	–	–	230	(6,285)	(101,219)	(107,274)	(81,003)	(188,277)
Share options lapsed	–	–	(18,452)	–	–	–	18,452	–	–	–
At 31 December 2019	244,955	435,694	–	(2,215)	230	2,546	450,109	1,131,319	958,281	2,089,600

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 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. GOING CONCERN BASIS

The Group incurred a loss attributable to owncers of the Company of approximately HK$101,219,000 for the year ended 31 December 2019 and as at 31 December 2019 the Group had net current liabilities of approximately HK$730,839,000. 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 expected sales of properties and financing arrangement after the reporting period it is appropriate to prepare the consolidated financial statements on a going concern basis.

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 January 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 year 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 years.

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:

	HK$'000
Operating lease commitments disclosed as at 31 December 2018	843
Discounting	(36)
Lease liabilities as at 1 January 2019	807
Analyses as:	
Current	599
Non-current	208
	807

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

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

Revenue represents the aggregate of net amounts received and receivable from sales of properties by the Group to outside customers and property rental income for the years ended, and is analysed as follows:

	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers - Sales of properties	**–**	64,530
Property rental income	**3,542**	3,489
Total revenue	**3,542**	68,019

The major services are properties selling and the revenue is recognised at a point in time.

Sales of properties

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

Sales are normally made with credit terms of 30 days. Deposits are required. Deposits received are recognised as contract liabilities.

5. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest expenses on lease liabilities	**33**	–
Interest expenses on borrowings wholly repayable within five years		
– Interest expenses on loans from third parties	**6,310**	23,050
– Interest expenses on loan from a shareholder	**–**	600
– Interest expenses on bank loan	**62,673**	19,184
Total finance costs	**69,016**	42,834
Amount capitalised	**(64,365)**	(40,544)
Finance costs expensed	**4,651**	2,290

6. INCOME TAX (CREDIT)/EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Current tax		
Enterprise Income Tax in the PRC	**–**	5,163
Deferred tax	**(50,271)**	118,757
	(50,271)	123,920

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries of the Company in the PRC is 25% for both years.

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

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

	2019	2018
	HK$'000	*HK$'000*
(Loss)/profit before tax	**(218,095)**	476,642
Notional tax (credit)/expense on (loss)/profit before income tax, calculated at the rates applicable to profits in the countries concerned	**(53,850)**	117,028
Effect of different tax calculation basis for the PRC property development projects operated by the Hong Kong subsidiaries	**1**	(3,362)
Tax effect on non-deductible expenses	**667**	6,945
Tax effect on non-taxable income	**(3)**	(1)
Tax effect on tax losses not recognised	**2,914**	3,310
	(50,271)	123,920

7. 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.

	Property development		Property investment		Total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue						
External sales	**–**	64,530	**3,542**	3,489	**3,542**	68,019
Segment result	**–**	49,674	**(164,406)**	507,064	**(164,406)**	556,738
Interest revenue					**956**	303
Unallocated income and gains, net					**67**	171
Unallocated expenses					**(51,469)**	(68,694)
(Loss)/profit from operations					**(214,852)**	488,518
Finance costs					**(4,651)**	(2,290)
Share of loss of an associate					**(2,636)**	–
Fair value gain/(loss) on convertible bonds through profit or loss					**4,044**	(9,586)
(Loss)/profit before tax					**(218,095)**	476,642
Income tax credit/(expense)					**50,271**	(123,920)
(Loss)/profit for the year					**(167,824)**	352,722

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

(b) Segment assets and liabilities

	Property development		Property investment		Total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**834,360**	643,558	**3,361,304**	3,270,812	**4,195,664**	3,914,370
Unallocated assets					**386,552**	246,768
					4,582,216	4,161,138
Segment liabilities	**(937,201)**	(5,149)	**(507,160)**	(565,311)	**(1,444,361)**	(570,460)
Unallocated liabilities					**(1,048,255)**	(1,312,801)
					(2,492,616)	(1,883,261)

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

– all assets are allocated to operating segments other than unallocated assets (mainly comprising property, plant and equipment, other receivables, deposits and prepayments, amount due from a director and cash and cash equivalents); and

– all liabilities are allocated to operating segments other than unallocated liabilities (mainly comprising certain trade and other payables, interest-bearing borrowings, lease liabilities, amount(s) due to directors and a shareholder).

(c) Other segment information

	Property development		Property investment		Total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:						
Amortisation of prepaid premium for land leases	**–**	(149)	**–**	–	**–**	(149)
Fair value (loss)/gain on investment properties	**–**	–	**(167,227)**	503,575	**(167,227)**	503,575
Gain/(Loss) on disposal of property, plants and equipment	**29**	(10)	**–**	–	**29**	(10)
Capital expenditures	**–**	113	**277,176**	644,873	**277,176**	644,986

(d) Geographic information

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

(e) Information about major customer

Revenue from customer of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2019	2018
	HK$'000	*HK$'000*
Sales of properties		
Customer A	**–**	61,423
Property investment		
Customer B	**1,412**	1,481#
Customer C	**643**	658#
	2,055	2,139

\# Revenue from these customers did not exceed 10% of total revenue in the respective years. These amount were shown for comparative purpose.

8. (LOSS)/PROFIT FOR THE YEAR

The Group's (loss)/profit for the year is stated after charging the following:

	2019	2018
	HK$'000	*HK$'000*
Cost of sales	**721**	14,856
Amortisation of prepaid premium for land leases	**–**	149
Amortisation of intangible assets	**776**	814
Depreciation	**1,888**	567
Staff costs (including Directors' remuneration):		
– salaries, bonuses and allowances	**9,190**	8,568
– retirement benefits scheme contributions	**665**	390
	9,855	8,958
Auditor's remuneration	**590**	500
Net foreign exchange loss	**–**	3,229
Operating lease charges on land and buildings	**–**	773

9. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated based on the loss (2018: profit) for the year attributable to the owners of the Company of approximately HK$101,219,000 (2018: HK$193,255,000) and on the weighted average number of approximately 2,449,554,000 ordinary shares (2018: 1,942,474,000).

Diluted (loss)/earnings per share

No diluted loss per share for the year ended 31 December 2019 are presented as the effects of all convertible notes and share options are anti-dilutive for the year.

The calculation of diluted earnings per share for the year ended 31 December 2018 is based on the profit for the year attributable to the owners of the Company of approximately HK$202,841,000 and on the weighted average number of approximately 2,450,042,000 ordinary shares, calculated as follows:

	2018
	HK$'000
Earnings	
Earnings for the purpose of calculating basic earnings per share	193,255
Fair value loss on conversion of convertible bonds through profit or loss	9,586
Earnings for the purpose of calculating diluted earnings per share	202,841

	2018
	'000
Number of shares	
Weighted average number of ordinary shares	1,942,474
Effect of deemed issue of shares upon conversion of the convertible bonds	507,568
Weighted average number of ordinary shares (diluted)	2,450,042

10. INVESTMENT PROPERTIES

	Under development *HK$'000*	Completed *HK$'000*	Total *HK$'000*
Fair value			
At 1 January 2018	1,950,371	315,862	2,266,233
Additions	628,884	15,989	644,873
Fair value gain on investment properties	480,576	22,999	503,575
Exchange differences	(125,899)	(17,970)	(143,869)
At 31 December 2018 and 1 January 2019	2,933,932	336,880	3,270,812
Additions	311,313	–	311,313
Transfer to property, plant and equipment	–	(2,706)	(2,706)
Fair value loss on investment properties	(151,771)	(15,456)	(167,227)
Exchange differences	(46,052)	(4,836)	(50,888)
At 31 December 2019	3,047,422	313,882	3,361,304

The fair value of the Group's investment properties at 31 December 2019 has been arrived at on the basis of a valuation carried out on that date by Ravia Global Appraisal Advisory Limited (2018: Ravia Global Appraisal Advisory Limited), an independent qualified professional valuers not connected with the Group. Ravia Global Appraisal Advisory Limited has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The Group's investment properties have been valued by using market comparison and residual value approach, which conforms to Hong Kong Institute of Surveyors Valuation Standards on Properties.

At 31 December 2019, certain completed investment properties with the fair value of approximately HK$231,443,000 (2018: HK$Nil) were pledged to secure for the interest-bearing borrowings.

11. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables to building contractors	**2,383**	1,733
Accruals of cost for contract works	**187,740**	149,618
Deferred income	**23,702**	25,479
Accrued salaries and other operating expenses	**12,598**	14,555
Accrued interest expense	**11,250**	10,914
Contract liabilities	**941,943**	4,988
Rental deposits received from investment properties	**34**	34
Amounts payable on return of properties	**5,704**	5,791
Other payables	**30,253**	86,803
	1,215,607	299,915

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

	2019	2018
	HK$'000	*HK$'000*
Within 360 days past due	**995**	503
Over 360 days past due	**1,388**	1,230
	2,383	1,733

The contract liabilities represents the Group's obligation to transfer products or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. The contract liabilities of the Group are expected to transfer to revenue within the next twelve months.

12. INTEREST-BEARING BORROWINGS

	2019	2018
	HK$'000	*HK$'000*
Loans from independent third parties payable within one year		
– secured *(Note (i))*	**4,448**	4,824
– unsecured *(Note (ii))*	**56,632**	174,580
	61,080	179,404
Loan from a shareholder payable within one year		
– unsecured *(Note (iii))*	**–**	112,320
Secured bank loan payable *(Note (iv))*		
– within one year	**538,772**	215,170
– in the second to fifth years inclusive	**55,875**	505,012
	655,727	1,011,906

(i) At 31 December 2019, loan with principal amounts of RMB4,020,000 from an independent third parties are guaranteed by a wholly owned subsidiary of the Group. Interest is charged at 15% per annum and repayable within 1 year from the drawdown date in the year 2019.

At 31 December 2018, loan with principal amounts of RMB4,020,000 from an independent third parties are secured by the properties held for sale of the Group's wholly owned subsidiary and personal guarantee by a director respectively. Interest is charged at 1.5% per month and repayable within 1 year from the drawdown date in the year 2018.

(ii) The unsecured borrowings bear interest at 10% to 25% per annum (2018: 10% to 25% per annum).

(iii) At 31 December 2018, loan with principal amount of HK$112,320,000 is carry forward from the outstanding principal amount of the convertible bonds which is unsecured, bearing an annual interest rate of 3%.

(iv) At 31 December 2019 and 2018, loans from bank which is bearing interest rate at 6.09% to 7% per annum with fixed repayment terms. The interest expenses are calculated using the effective interest method by applying the effective rate at 8.8% per annum. The loan was secured by:

a) a piece of land situated in Shenzhen owned by Shenzhen Zongke Real Estate Co., Limited ("Shenzhen Zongke");

b) 50% of the share capital of Shenzhen Zongke owned by the Group;

c) 49.5% of the share capital of Shenzhen Zongke owned by a non-controlling interests shareholder; and;

d) unlimited personal guarantees (the "Personal Guarantees") from Mr. Tsang Wai Lun Wayland and Ms. Kwok Wai Man Nancy (the "Personal Guarantors"), who are the parents of Mr. Tsang Yee (a substantial shareholder of the Company), Ms. Tsang Tsz Tung Debbie (a former non-executive director of the Company) and Ms. Tsang Tsz Nok Aleen (a substantial shareholder of the Company). In respect of the Personal Guarantees, the Company has provided counter guarantee to the Personal Guarantors up to 50% of the obligations of the said bank loan.

e) investment properties of the Group's wholly owned subsidiary and personal guarantee by a staff.

Interest-bearing borrowings amounted to HK$655,727,000 (2018: HK$899,586,000) and HK$Nil (2018: HK$112,320,000) are denominated in RMB and HKD respectively.

13. COMMITMENTS

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

	2019	2018
	HK$'000	*HK$'000*
Contracted but not provided for:		
Investment properties under development	**360,071**	373,111

(b) As lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases are payable which fall due as follows:

	2019	2018
	HK$'000	*HK$'000*
Within one year	**–**	632
In the second to fifth years inclusive	**–**	211
	–	843

At 31 December 2018, the Group leases three office premises under operating leases. The leases typically run for an initial period of one to five years, at the end of which period all terms are negotiated. None of the lease includes contingent rentals.

(c) As lessor

Property rental income earned during the year was approximately HK$3,542,000 (2018: HK$3,489,000).

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

	2019	2018
	HK$'000	*HK$'000*
Within one year	**1,784**	1,905
In the second to fifth years inclusive	**4,745**	5,940
Over fifth years	**1,566**	2,705
	8,095	10,550

The Group leases its investment properties under operating lease arrangements which run for an initial period of one to twelve years (2018: one to twelve years), with an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Group and the respective tenants. The properties are expected to generate rental yields of 1.13% (2018: 1.1%) on an ongoing basis.

14. DIVIDENDS

The Directors do not recommend the payment of final dividend in respect of the Year (2018: nil). No interim dividend was declared for the six months ended 30 June 2019 (2018: nil).

15. SHARE CAPITAL

	2019	2018
	HK$'000	*HK$'000*
Authorised:		
5,000,000,000 Ordinary shares of HK$0.1 each (2018: 5,000,000,000 Ordinary shares of HK$0.1 each)	**500,000**	500,000
Issued and fully paid:		
2,449,554,132 Ordinary shares of HK$0.1 each (2018: 2,449,554,132 Ordinary shares of HK$0.1 each)	**244,955**	244,955

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

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

Notes:

(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.

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

16. 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 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 request of Notice of Assistance of Execution of Assets of the case no.(2017) Su 0303 Zhi No. 3267, Xuzhou Guojin Property Development Limited ("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 People's Court of Yun Loong District of Xuzhou City 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 Project dated 24th February, 2017, all outstanding constructions fee and the accrued interest thereon should be borne by the vendors thereof.

In any event, the said RMB5,190,000 has been paid to the said Court and therefore, Guojin has complied with all the responsibilities in this case.

iii) Under the case no.(2019) Yue 0303 Min Chu No.6862, a subsidiary of the Company Shenzhen Zongke Real Estate Co., Ltd ("Shenzhen Zongke") 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 Shenzhen Zongke were dismissed. However, Shenzhen Zongke has lodged its appeal to the Shenzhen Intermediate Court which was accepted on 23rd August, 2019 to be tried by the said Court under (2019) Yue 03 Min Zhong No.23478. 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 Group 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 as plaintiff against Grand Field Property Development (Shenzhen) Limited ("GF Property Shenzhen"), 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 and the judgment thereof has been delivered by the Court on 10th December, 2019 in which all the Plaintiff's claims were dismissed.

In the opinion of the Directors, the said proceedings have been concluded and the Plaintiff's claims have been dismissed. Therefore, no material impact on the operations and finance of the Group.

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 as the plaintiff claims against GF Property 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 and Judgment thereof was delivered on 10th December, 2019 in which the Plaintiff's claim against the Defendants was dismissed.

In the opinion of the Directors, the said proceedings have been concluded and the Plaintiff's claims have been dismissed. Therefore, no material impact on the operations and finance of the Group.

vi) In the case no. (2019) Yue 0303 Min Chu no.36572 Huang Wei Yung sues Guangdong Hong Leng about the contract regarding residential units, Shenzhen Zongke and GF Property Shenzhen were brought into as the third parties. Under the judgment given on 20th December, 2019 by the People's Court of Lu Hu District of Shenzhen City, all the Claims by the said Huang Wei Yung were dismissed.

In the opinion of the Directors, the said proceedings have been concluded and the Plaintiff's claims have been dismissed. Therefore, no material impact on the operations and finance of the Group.

vii) Under (2019) Yue 0307 Min Chu No. 25067, Zheng Zhi Hwa sues Shenzhen Zongke in respect of dispute of employment agreement. By the civil judgment of the People's Court of Lung Gong District of Shenzhen City dated 10th December, 2019, the plaintiff's claim was dismissed.

In the opinion of the Directors, the said proceedings have been concluded and the Plaintiff's claims have been dismissed. Therefore, no material impact on the operations and finance of the Group.

viii) Under the case no. (2017) Yue 1973 Min Chu no.5565, Chen Huan Chi claims against Dongguan City Zhangmutou Properties Development Limited, Ka Fong company Limited and Grand Field Group Limited, the latter two being the subsidiaries of the Company for the dispute over the construction agreements and the amount claimed in RMB2,119,822. The process of judicial examination of evidence therein has been carried out but the hearing date of this action has not been fixed.

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 Group before the conclusion of the said proceedings.

ix) Under the case (2019) Yue 1973 Min Chu no. 16767, Chen Huan Chi claims against Ka Fong company Limited, Shing Fat Hong Limited, Shing Fat Hong and Grand Field Group Limited all being the subsidiaries of the Company and Chen Huan Jiang, Dongguan City Zhangmutou Properties Development Limited, Guangxi Jian Gong Holding 3rd Building Construction Limited in respect of disputes over construction agreement for the claimed amount for RMB5,189,100. This case has been accepted by the Court on 11th November, 2019 but the Group has not received any litigation materials thereof.

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 Group before the conclusion of the said proceedings.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the year ended 31 December 2019 (the "Year"), the revenue of the Group decreased from last year of approximately HK$68,019,000 to approximately HK$3,542,000. The revenue for the Year was attributed to property rental income.

During the Year, the Group recorded a loss of approximately HK$167,824,000 (2018: profit of approximately HK$352,722,000). The downturn was mainly due to fair value loss recorded on investment properties of Shenzhen Buji Zongke YunDuan project and Xuzhou project. Due to the aforesaid reason, the Group recorded a loss attributable to owners of the Company for the Year of approximately HK$101,219,000 (2018: profit of approximately HK$193,255,000).

BUSINESS REVIEW AND PROSPECT

In the 2nd half year of 2019, the Group achieved brilliant results. The Shenzhen Mix Park project, after having received the pre-sale permit, has been put for sale in the beginning of 2019. As at the year-end of 2019, nearly 80% of the residential units of the said project have been sold out. Apart from that, the commercial units of the said project have been put for rent and the Group has signed letters of intent with a number of intended tenants of famous brands. The whole project is now in the stage of being inspected and we expect that the certificate of completion will be issued in the mid-2020 and the commercial units will commence for business after then.

The Group plans to concentrate on the completion of the renting and operating the Shenzhen and Xuzhou projects in 2020. In the meantime, we will start to develop the remaining land resource owned by the Group and to actively seek, develop and acquire new projects as well as to optimize the existing assets and maximize the rental income.

Although there are many uncertain elements in the international capital markets, the financial leverage and the debt assets ratio of the Group are very low. Therefore, the peripheral factors will not have any material impact on the operations of the Group. Moreover, the Group estimates the Shenzhen and Xuzhou projects will bring in the Group stable and long-term cash-flows.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2019, the Group's cash and cash equivalents were approximately HK$164,134,000 (31 December 2018: approximately HK$127,652,000) of which most were denominated in Hong Kong Dollar ("HK$") and Renminbi ("RMB").

As at 31 December 2019, the Group had total current assets of approximately HK$1,090,696,000 (31 December 2018: approximately HK$801,131,000), and total current liabilities of approximately HK$1,821,535,000 (31 December 2018: approximately HK$812,938,000). The Group recorded total assets of approximately HK$4,582,216,000 (31 December 2018: approximately HK$4,161,138,000). As at 31 December 2019, the Group's total interest-bearing borrowings amounted to approximately HK$655,727,000 (31 December 2018: approximately HK$1,011,906,000), of which approximately HK$599,852,000 was repayable within 1 year (31 December 2018: approximately HK$506,894,000).

As at 31 December 2019, interest-bearing borrowings of the Group amounted to approximately HK$655,727,000 (31 December 2018: approximately HK$899,586,000) are denominated in RMB and such borrowings carried interest at fixed rates of 1.5% per month and 10% to 25% per annum (2018: 1.5% per month and 10% to 25% per annum).

As at 31 December 2019, there are no borrowings denominated in HK$ (31 December 2018: HK$112,320,000) upon the completion of issue of new convertible bonds on 22 February 2019. As at 31 December 2018, such borrowings denominated in HK$ was carried interest at a fixed rate of 3% per annum.

The gearing ratio as at 31 December 2019, which was defined to be total interest-bearing borrowings over shareholders' equity, was approximately 58% (31 December 2018: approximately 82%).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

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

As at 31 December 2019, the Group has no material liability denominated in other foreign currencies other than RMB. There was also no hedging transaction contracted for by the Group during the Year.

CAPITAL STRUCTURE

As at 31 December 2019, the Company's issued share capital is HK$244,955,413 and the total number of its issued ordinary shares is 2,449,554,132 shares of HK$0.10 each in issue.

References are 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 vendors 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.

Details of the movements in share capital of the Company are set out on page 22 of this announcement.

CAPITAL COMMITMENTS

The Group had the following material commitments as at 31 December 2019 and 31 December 2018:

	2019	2018
	HK$'000	*HK$'000*
Contracted but not provided for:		
Investment properties under development	**360,071**	373,111

CHARGE ON GROUP ASSETS

As at 31 December 2019, certain completed investment properties located in Xuzhou with fair value of approximately HK$231,443,000, which were owned by a wholly-owned subsidiary, were pledged to secure for the interest-bearing bank loans with principal amount of RMB87,000,000 (2018: Nil) which equivalent to approximately HK$97,222,500 (2018: Nil).

As at 31 December 2019, the land situated in Shenzhen owned by Shenzhen Zongke Real Estate Co., Ltd ("Shenzhen Zongke") has been pledged for a bank loan with principal amount of RMB450,000,000 (31 December 2018: RMB650,000,000), which equivalent to approximately HK$502,875,000 (31 December 2018: HK$737,454,000).

As at 31 December 2018, the Group has pledged certain properties held for sale with the carrying amounts of approximately HK$4,426,000 of its wholly-owned subsidiary for certain interest-bearing borrowings with principal amount of approximately RMB4,020,000 (equivalent to approximately HK$4,824,000) from an independent third party.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT AND FUTURE PLANS FOR MATERIAL INVESTMENTS

On 26 February 2019, the Zhejiang Beishen Cultural and Travel Development Company Limited*（浙江北深文旅發展有限公司）(the "Project Company") was established under the laws of the PRC with limited liability for the land acquisition and the construction and development of picture and culture related projects and peripheral commercial facilities on the land through the Project Company. As at 12 September 2019, the Project Company is owned by the JV partners as to (i) 34% by Grandfield Real Estate Development (Shenzhen) Limited*（鈞濠房地產開發（深圳）有限公司）("Shenzhen Grandfield"), an indirect wholly-owned subsidiary of the Company; (ii) 34% by Beiying Movie Industry Development (Ningbo) Limited*（北影電影產業園開發（寧波）有限公司）("Beiying Movie"); (iii) 26% by Shenzhen Bo Rui De Trading Limited*（深圳市博銳德商貿有限公司）; and (iv) 6% by Hangzhou Fubei Investment Management Limited*（杭州富北投資管理有限公司）(the "JV Partners").

On 7 March 2019, one of the JV Partners namely Beiying Movie, won the bidding in respect of the land use rights of the land situated at Hangzhou City, the PRC at the consideration of RMB56,870,000. The confirmation letter was issued by the Hangzhou Planning and Natural Resources Bureau to Beiying Movie to record the winning of the bidding by Beiying Movie on 7 March 2019. On 14 March 2019, Beiying Movie and the Hangzhou Planning and Natural Resources Bureau entered into the land use rights grant contract. On 25 April 2019, Beiying Movie, the Project Company and the Hangzhou Planning and Natural Resources Bureau further entered into the supplemental land use rights grant contract in respect of the land acquisition pursuant to which all parties to the supplemental land use rights grant contract mutually agreed that the purchaser of the land shall be assigned to the Project Company under the same terms and conditions of the land use rights grant contract and that all rights and obligations under the land use rights grant contract shall be transferred to the Project Company effective on the date of the supplemental land use rights grant contract.

When deciding to participate in the land acquisition and the development of the land, the Company had considered the reasonable potential return and investment payback period based on the intended development plan negotiated among the JV Partners that a sizeable proportion of the land would be developed into properties for sale. However, when finalizing the overall development plan of the land, majority of the JV Partners (excluding Shenzhen Grandfield) considered adjusting the development plan of the land to largely reduce the saleable portion of the properties while increasing the proportion of investment properties for leasing purposes. Despite several negotiations, Shenzhen Grandfield was unable to reach a mutual agreement with the other JV Partners on the development plan of the land. The Company considered that fund collection period for leasing properties is relatively slow and investment payback period would be much longer when compared with properties for sale and therefore, the Company commenced negotiations with the other JV Partners on any possible exit plan for Shenzhen Grandfield's investment in the Project Company. The JV Partners mutually agreed, on best effort basis, to procure any interested party to take up the Company's 34% equity interest in the Project Company when opportunity arises.

As at the date of this announcement, the Company has not identified any potential purchaser and has not entered into any negotiation, arrangement and/or agreement in relation to any potential disposal of the Company's 34% equity interests in the Project Company. The Company will update the shareholders and potential investor of the Company in relation to the development of the intended disposal or if there will be any further change in business strategies on the Company's investment in the Project Company by way of announcement in compliance with relevant requirements under the Listing Rules as and when appropriate.

For details of the transaction, please refer to the Company's announcement dated 12 September 2019.

Save as otherwise disclosed, the Company did not have any other material acquisitions, disposal and significant investment of subsidiaries and affiliated companies during the Year.

In 2020, 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 2020 and is cautiously optimistic about the Group's further prospects.

* *For identification purpose only*

CONTINGENT LIABILITIES

The Group's contingent liabilities are disclosed in on pages 23 to 25 of this announcement.

SEGMENT INFORMATION

The details of the segment information of the Group are set out on pages 12 to 14 of this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2019, the Group employed 86 employees (31 December 2018: 77) and had 7 Directors (31 December 2018: 8). The total staff costs (including Directors' remuneration) for the Year amounted to approximately HK$9,855,000 (2018: approximately HK$8,958,000). No equity-settled share option arrangement was included in staff cost for the Year (2018: Nil). The Group's emolument policies are formulated such that the emoluments are made by reference to the performance of individual employees and will be reviewed every year. Apart from basic salary and statutory provident fund scheme, employees will also be offered bonus based on the results of the Group and their individual performance.

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

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

DIVIDENDS

The Directors do not recommend the payment of final dividend in respect of the Year (2018: Nil). No interim dividend was declared for the six months ended 30 June 2019 (2018: Nil).

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained an appropriate liquidity position throughout the year of 2019. 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.

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 Rules Governing the Listing of Securities on the Stock Exchange (the "CG Code") (the "Listing Rules") during the Year except for the following deviation:

Code Provision A.2.1

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

During the Year, the role of the chairman of the Company is performed by Mr. Ma Xuemian but the office of the chief executive 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.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms as set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry to all Directors, the Company was not aware of any non-compliance with the required standard in the Model Code for dealing in securities of the Company throughout the Year.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Material Uncertainty Relating To The Going Concern

We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss attributable to owners of the Company of approximately HK101,219,000 for the year ended 31 December 2019 and as at 31 December 2019, the Group had net current liabilities of approximately HK$730,839,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement and consolidated statement of comprehensive income, and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2019. The Audit Committee is of the opinion that such financial statements comply with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and those adequate disclosures have been made.

EVENT AFTER THE REPORTING PERIOD

The impact of the outbreak of novel coronavirus

Shortly after we entered 2020, with the rapid outbreak of COVID-19 in various cities, has put the global economy to a major test. Under the effective control measures of Chinese government, the epidemic has been gradually controlled. The Group has comprehensively evaluated its impact on sales activates and construction works in various cities, with an aim to fully support the prevention and control on the novel coronavirus pneumonia epidemic and to effectively cut off the transmission of the virus.

The outbreak has caused short-term impacts on various industries, and the sales of the property development market have also been affected by the short-term psychological impact of the public on the outbreak. Therefore, the Group foresees the expected completion date of the property project may be affected. However, local governments in China have introduced relaxation policies to the local property development market to underpin it in order to stabilise the future development of the Chinese property development market. The Group will closely monitor the development of COVID-19 and continue to assessing the impact of the epidemic on the Group's finances and operations.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL 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 annual report for the Year containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and available on the same websites in due course.

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

Hong Kong, 24 April 2020

As at the date of this announcement, the board of Directors 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.