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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)

**ANNOUNCEMENT OF ANNUAL RESULTS
 FOR THE YEAR ENDED 31 DECEMBER 2020**

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 2020, together with the comparative figures for year 2019 are as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue	<i>4</i>	1,141,245	3,542
Cost of revenue		(606,147)	(721)
Gross profit		535,098	2,821
Interest revenue		1,457	956
Other income		618	67
Other gains and losses		(123,169)	(166,986)
Selling and distribution costs		(64,638)	(14,135)
Administrative expenses		(37,275)	(37,575)
Profit/(loss) from operations		312,091	(214,852)
Finance costs	<i>5</i>	(32,216)	(4,651)
Share of loss of an associate		(2,188)	(2,636)
Fair value (loss)/gain on convertible bonds through profit or loss		(4,754)	4,044

* For identification purpose only

		2020	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) before tax		272,933	(218,095)
Income tax (expense)/credit	6	<u>(181,452)</u>	<u>50,271</u>
Profit/(loss) for the year	8	<u>91,481</u>	<u>(167,824)</u>
Attributable to:			
Owners of the Company		34,682	(101,219)
Non-controlling interests		<u>56,799</u>	<u>(66,605)</u>
		<u>91,481</u>	<u>(167,824)</u>
Earnings/(loss) per share	9		(restated)
Basic (<i>HK cents per share</i>)		<u>14.2</u>	<u>(41.3)</u>
Diluted (<i>HK cents per share</i>)		<u>11.7</u>	<u>(41.3)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
Profit/(loss) for the year	8	<u>91,481</u>	<u>(167,824)</u>
Other comprehensive income/(loss)			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Fair value (loss)/gain on financial liabilities designated at fair value through profit or loss attributable to change in credit risk		(411)	230
Exchange differences on translation of an associate		–	33
Exchange differences on translation of foreign operations		<u>142,833</u>	<u>(20,716)</u>
Total comprehensive income/(loss) for the year		<u>233,903</u>	<u>(188,277)</u>
Attributable to:			
Owners of the Company		111,817	(107,274)
Non-controlling interests		<u>122,086</u>	<u>(81,003)</u>
		<u>233,903</u>	<u>(188,277)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		23,891	19,062
Investment properties	10	3,578,297	3,361,304
Intangible asset		13,082	13,032
Deferred tax assets		–	25,089
Goodwill		36,773	36,773
Right-of-use assets		6,361	5,338
Investment in an associate		–	30,922
		3,658,404	3,491,520
Current assets			
Trade receivables		1,989	1,945
Properties for sale under development		271,276	781,199
Properties for sale		203,092	28,519
Other receivables, deposits and prepayments		85,823	98,438
Amounts due from a director		656	911
Tax recoverable		91	15,550
Cash and cash equivalents		60,607	164,134
		623,534	1,090,696
Current liabilities			
Trade and other payables	11	479,180	1,215,607
Interest-bearing borrowings	12	632,698	599,852
Lease liabilities		208	208
Amounts due to directors		363	812
Convertible bonds		113,211	–
Tax payable		179,159	5,056
		1,404,819	1,821,535
Net current liabilities		(781,285)	(730,839)
Total assets less current liabilities		2,877,119	2,760,681

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-current liabilities			
Deferred tax liabilities		507,020	507,160
Convertible bonds		–	108,046
Interest-bearing borrowings	<i>12</i>	46,484	55,875
		<u>553,504</u>	<u>671,081</u>
NET ASSETS		<u>2,323,615</u>	<u>2,089,600</u>
Capital and reserves			
Share capital	<i>15</i>	244,955	244,955
Reserves		998,181	886,364
		<u>1,243,136</u>	<u>1,131,319</u>
Equity attributable to owners of the Company		1,243,136	1,131,319
Non-controlling interests		1,080,479	958,281
		<u>2,323,615</u>	<u>2,089,600</u>
TOTAL EQUITY		<u>2,323,615</u>	<u>2,089,600</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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

As at 31 December 2020 the Group had net current liabilities of approximately HK\$781,285,000. 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 2020. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

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

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 and properties rental income for the years ended, and is analysed as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue from contracts with customers – sales of properties	1,137,544	–
Properties rental income	<u>3,701</u>	<u>3,542</u>
Total revenue	<u><u>1,141,245</u></u>	<u><u>3,542</u></u>

The major revenue is sales of properties and it is recognised at a point in time. The Group primarily operates in the People's Republic of China (the "PRC"). All of the Group's revenue was generated in the PRC.

Sales of properties

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

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

5. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest expenses on lease liabilities	20	33
Interest expenses on borrowings		
– Interest expenses on loans from third parties	9,425	6,310
– Interest expenses on bank loans	<u>40,892</u>	<u>62,673</u>
Total finance costs	50,337	69,016
Amount capitalised	<u>(18,121)</u>	<u>(64,365)</u>
Finance costs expensed	<u><u>32,216</u></u>	<u><u>4,651</u></u>

6. INCOME TAX EXPENSE/(CREDIT)

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax		
– Enterprise Income Tax in the PRC	46,052	–
– Land Appreciation Tax (“LAT”) in the PRC	142,185	–
Deferred tax	<u>(6,785)</u>	<u>(50,271)</u>
	<u>181,452</u>	<u>(50,271)</u>

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries of the Company in the PRC is 25% during the year ended 31 December 2020 (2019: 25%).

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

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

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit/(loss) before tax	<u>272,933</u>	<u>(218,095)</u>
Notional tax expense/(credit) on loss before income tax, calculated at the rates applicable to profits in the countries concerned	69,645	(53,849)
Tax effect on non-deductible expenses	3,231	667
Tax effect on non-taxable income	(1,632)	(3)
Tax effect on tax losses not recognised	3,569	2,914
LAT deductible for calculation of income tax	(35,546)	–
LAT	<u>142,185</u>	<u>–</u>
Income tax expense/(credit)	<u>181,452</u>	<u>(50,271)</u>

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	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Revenue						
External sales	<u>1,137,544</u>	<u>–</u>	<u>3,701</u>	<u>3,542</u>	<u>1,141,245</u>	<u>3,542</u>
Segment result	483,309	–	(124,280)	(164,406)	359,029	(164,406)
Interest revenue					1,457	956
Unallocated income and gains, net					618	67
Unallocated expenses					<u>(49,013)</u>	<u>(51,469)</u>
Profit/(loss) from operations					312,091	(214,852)
Finance costs					(32,216)	(4,651)
Share of loss of an associate					(2,188)	(2,636)
Fair value (loss)/gain on convertible bonds through profit or loss					<u>(4,754)</u>	<u>4,044</u>
Profit/(loss) before tax					272,933	(218,095)
Income tax (expense)/credit					<u>(181,452)</u>	<u>50,271</u>
Profit/(loss) for the year					<u>91,481</u>	<u>(167,824)</u>

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, (loss)/gain 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	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Segment assets	480,253	834,360	3,578,297	3,361,304	4,058,550	4,195,664
Unallocated assets					<u>223,388</u>	<u>386,552</u>
					<u>4,281,938</u>	<u>4,582,216</u>
Segment liabilities	(275,245)	(937,201)	(507,020)	(507,160)	(782,265)	(1,444,361)
Unallocated liabilities					<u>(1,176,058)</u>	<u>(1,048,255)</u>
					<u>(1,958,323)</u>	<u>(2,492,616)</u>

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

- all assets are allocated to operating segments other than unallocated assets (mainly comprising 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, convertible bonds and amounts due to directors).

(c) **Other segment information**

	Property development		Property investment		Total	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss or segment assets:						
Fair value loss on investment properties	–	–	(127,982)	(167,227)	(127,982)	(167,227)
(Loss)/gain on disposal of property, plant and equipment	–	29	(11)	–	(11)	29
Capital expenditure	<u>–</u>	<u>–</u>	<u>121,531</u>	<u>311,313</u>	<u>121,531</u>	<u>311,313</u>

(d) Geographic information

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

(e) Information about major customer

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

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Property investment		
Customer A	N/A*	1,412
Customer B	N/A*	643
	<u> </u>	<u> </u>

* Customers did not contribute more than 10% of the total revenue of the Group for the year ended 31 December 2020.

8. PROFIT/(LOSS) FOR THE YEAR

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

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Amortisation of intangible assets	776	776
Auditor's remuneration	670	590
Depreciation	2,285	1,888
Staff costs (including directors' remuneration):		
– salaries, bonuses and allowances	8,824	9,190
– retirement benefits scheme contributions	408	665
	<u> </u>	<u> </u>
	9,232	9,855

9. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

Basic earnings (2019: loss) per share is calculated based on the profit (2019: loss) for the year attributable to the owners of the Company of approximately HK\$34,682,000 (2019: HK\$101,219,000) and on the weighted average number of approximately 244,955,000 (adjusted) ordinary shares (2019: 244,955,000 ordinary shares, adjusted). The weighted average number of ordinary shares for years ended 31 December 2020 and 2019 are adjusted to reflect the capital reorganisation in respect of the capital of the Company in January 2021.

Diluted earnings/(loss) per share

The calculation of diluted earnings per share for the year ended 31 December 2020 based on the profit for the year attributable to the owners of the Company of approximately HK\$39,436,000 and on the weighted average number of approximately 336,272,000 ordinary shares (as adjusted to reflect the share consolidation in January 2021), is calculated as follows:

	2020 <i>HK\$'000</i>
Earnings	
Earnings for the purpose of calculating basic earnings per share	34,682
Fair value loss on conversion of convertible bonds through profit or loss	<u>4,754</u>
Earnings for the purpose of calculating diluted earnings per share	<u><u>39,436</u></u>
	2020 <i>'000</i>
Number of shares	
Weighted average number of ordinary shares (adjusted)	244,955
Effect of deemed issue of shares upon conversion of the convertible bonds (adjusted)	<u>91,317</u>
	<u><u>336,272</u></u>

No diluted loss per share for the year ended 31 December 2019 is presented as the effect of convertible bonds is anti-dilutive during the year ended 31 December 2019.

10. INVESTMENT PROPERTIES

	Under development	Completed	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Fair value			
At 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)
	<u>3,047,422</u>	<u>313,882</u>	<u>3,361,304</u>
At 31 December 2019 and 1 January 2020	3,047,422	313,882	3,361,304
Additions	121,531	–	121,531
Fair value loss on investment properties	(135,224)	7,242	(127,982)
Exchange differences	202,160	21,284	223,444
	<u>3,235,889</u>	<u>342,408</u>	<u>3,578,297</u>
At 31 December 2020	<u>3,235,889</u>	<u>342,408</u>	<u>3,578,297</u>

The fair value of the Group's investment properties at 31 December 2020 has been arrived at on the basis of a valuation carried out on that date by Ravia Global Appraisal Advisory Limited (2019: 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 2020, certain investment properties with the fair value of approximately HK\$2,114,064,000 (2019: HK\$231,443,000) were pledged to secure for the interest-bearing borrowings (note 12).

11. TRADE AND OTHER PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables to building contractors	1,058	2,383
Accruals of cost for contract works	243,367	187,740
Deferred income	23,793	23,702
Accrued salaries and other operating expenses	17,153	12,598
Accrued interest expense	18,962	11,250
Contract liabilities	96,244	941,943
Rental deposits received from tenants	1,897	34
Advanced receipts of rental income and management fee from tenants	625	–
Amounts payable on return of properties	6,084	5,704
Other tax payables	33,259	–
Other payables	<u>36,738</u>	<u>30,253</u>
	<u>479,180</u>	<u>1,215,607</u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 360 days past due	–	995
Over 360 days past due	<u>1,058</u>	<u>1,388</u>
	<u>1,058</u>	<u>2,383</u>

Disclosures of contract liabilities are set out as follows:

	As at 31 December 2020 <i>HK\$'000</i>	As at 31 December 2019 <i>HK\$'000</i>	As at 1 January 2019 <i>HK\$'000</i>
Contract liabilities	<u>96,244</u>	<u>941,943</u>	<u>4,988</u>
Transaction prices allocated to performance obligations unsatisfied at end of year and expected to be recognised as revenue in:			
– 2020	–	941,943	
– 2021	<u>96,244</u>	<u>–</u>	
	<u>96,244</u>	<u>941,943</u>	
		Year ended 31 December	
		2020	2019
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue recognised in the year that was included in contract liabilities at beginning of year		<u>948,859</u>	<u>–</u>
Significant changes in contract liabilities during the year:			
– Increase due to operations in the year		333,498	948,781
– Transfer of contract liabilities to revenue		<u>1,137,544</u>	<u>–</u>

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

12. INTEREST-BEARING BORROWINGS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loans from independent third parties payable within one year		
– secured (<i>Note (i)</i>)	4,448	4,448
– unsecured (<i>Note (ii)</i>)	<u>58,137</u>	<u>48,586</u>
	62,585	53,034
Loans from a non-controlling shareholder payable within one year		
– unsecured (<i>Note (iii)</i>)	14,541	8,046
Secured bank loans (<i>Note (iv)</i>)		
– within one year	555,572	538,772
– in the second to fifth years inclusive	<u>46,484</u>	<u>55,875</u>
	<u>679,182</u>	<u>655,727</u>

Notes:

- (i) At 31 December 2020 and 2019, a loan with principal amount of RMB4,020,000 (equivalent to approximately HK\$4,448,000) from an independent third party is guaranteed by a wholly owned subsidiary of the Group. Interest is charged at 15% per annum and repayable in 2021 after an extension of repayment term (2019: repayable in 2020).
- (ii) The unsecured borrowings bear interest at 9% to 15% (2019: 10% to 25%) per annum.
- (iii) The unsecured borrowings bear interest at 9% to 12% (2019: 12%) per annum.
- (iv) At 31 December 2020 and 2019, loans from banks which are bearing interest at 5.66% to 7% (2019: 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 6.9% (2019: 8.8%) per annum. The loans were secured by:
 - a) certain investment properties owned by the Group as disclosed in note 10 (2019: land situated in Shenzhen owned by a subsidiary of the Company, 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 shareholder;

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

As at 31 December 2020 and 2019, all interest-bearing borrowings are denominated in RMB.

13. COMMITMENTS

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

	2020 <i>HK\$’000</i>	2019 <i>HK\$’000</i>
Contracted but not provided for investment properties under development	<u>109,631</u>	<u>360,071</u>

- (b) **As lessor**

Property rental income earned during the year was approximately HK\$3,701,000 (2019: HK\$3,542,000).

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

	2020 <i>HK\$’000</i>	2019 <i>HK\$’000</i>
Within one year	9,056	1,784
In the second to fifth years inclusive	46,426	4,745
Over fifth years	<u>27,418</u>	<u>1,566</u>
	<u>82,900</u>	<u>8,095</u>

The Group leases its investment properties under operating lease arrangements which run for an initial period of one to twelve years (2019: 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.

14. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2020 (2019: Nil).

15. SHARE CAPITAL

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Authorised:		
5,000,000,000 ordinary shares of HK\$0.1 each (2019: 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 (2019: 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 <i>HK\$'000</i>
As at 1 January 2019, 31 December 2019 and 31 December 2020	<u>2,449,554</u>	<u>244,955</u>

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

The details of the capital reorganisation in respect of the capital of the Company in January 2021 are set out in "Event After The Reporting Period" section of this announcement.

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 which would likely have adverse effect to the Group:

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

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

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

- ii) Grand Field Group Investments (BVI) Limited (“GF BVI”), a wholly subsidiary of the Company instituted a claim against Zeabica Dairy Trading (Hong Kong) Co. Limited (“Zeabica”) for Zeabica’s breach of a co-operation agreement dated 9th June, 2015 between GF BVI not to complying with the Put option term therein to buy back from GF BVI its paid-up shares in G & H International Holding Limited (“G & H”), a joint-venture company of the Company in which GF BVI is holding 60% of its issued shares at the original price which GF BVI had paid. GF BVI claims against Zeabica for the amount of HK\$1,200,000 or alternatively, Zeabica do transfer all its share in G & H to GF BVI. The case has been amicably settled with the terms that Zeabica do transfer all its shareholdings in G & H to GF BVI for nominal consideration of HK\$1.00 with no order as to legal costs.

In the opinion of the Directors, the said case has no material impact on the operations and the finance of the Group.

- 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 People’s Intermediate Court of Shenzhen City under (2019) Yue 03 Min Zhong No. 23478. On 11th May, 2020, Shenzhen Zongke’s appeal was allowed and You Fu was adjudged to pay to Shenzhen Zongke a sum of RMB17,920,993.86,

In the opinion of the Directors, the said proceedings have no material impact on the operations of the Group nor have any financial impact of the Group.

- iv) Under the case no. (2017) Yue 1973 Min Chu no. 5565, Chen Huan Chi claims against Dongguan City Zhangmutou Properties Development Limited, Ka Fong company Limited and Grand Field Group Limited, the latter two companies being the subsidiaries of the Company for the dispute over the construction agreements and the amount claimed is RMB2,119,822. The result of trial has not been delivered.

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.

- v) 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 and was heard by the Court on 22nd December 2020, but the result has not been delivered yet.

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.

- vi) There are claims against Guojin Property Development Limited, a subsidiary company wholly owned by the Company (“Guojin”) and its contractor Xu Zhou Chiang Chu Constructions Limited (“Chiang Chu”) and/or requests by the Court to Guojin for assistance in execution in respect of the dispute under construction works contract(s) for Xuzhou Project Properties Development Project (“Xuzhou Project”). Some of these cases have been settled and it is expected the rest will be settled shortly. As the Group has reached an amicable agreement with Chiang Chu about the amount of fee outstanding and payable to it regarding XuZhou Project pending the court’s decision as to whether the respective amounts should be paid to Chiang Chu or the relevant claimants.

In the opinion of the Directors, the said cases have no material impact on the operations of the Group nor have financial impact on the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the year ended 31 December 2020 (the “Year”), there was a significant increase in revenue from last year of approximately HK\$3,542,000 to approximately HK\$1,141,245,000. The revenue for the Year was mainly attributed to the sales of Shenzhen Zongke residential units being recognised as revenue upon the completion of the properties and be handed over to the customers. The sales of properties were accounted for approximately 99.68% of the total revenue for the Year. In contrast, the contribution of the rental income for the Year is minimal, which accounted for approximately 0.32% of the total revenue for the Year.

The profit for the Year was approximately HK\$91,481,000 (2019: loss of approximately HK\$167,824,000). The improvement of the result of the Year was mainly attributed to more profit recorded from the sales of Shenzhen Zongke residential units. Due to the aforesaid reason, the profit attributable to owners of the Company was HK\$34,682,000 (2019: loss of approximately HK\$101,219,000).

BUSINESS REVIEW AND PROSPECT

In the second part of 2020, our Shenzhen Zongke Mix park project (“Zhenzhen Project”) was completed and inspected. The residential properties have been substantially sold out and the remaining residential plus other held for sale properties have been placed on offer for sale and the Group also signed with various popular business brands the memoranda of intention. We aim at the shopping centre to be commenced for business in the middle of 2021.

In this year the Group will use our best endeavours to complete the rental and operations of all properties in order to enhance the rental income for the Group and to optimize the combination of assets as well as lower the debt ratio.

Currently the leverage ratio and assets debt ratio of the Group are relatively low. Under the macro policy of the central Government of China, the banks are tightening their lending policy towards the landed properties business. In order to respond to the Policy of the Country and to minimize the risk of creating more debt for the Group, we will actively lower the debt ratio and enhance the rental income of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2020, the Group's cash and cash equivalents were approximately HK\$60,607,000 (31 December 2019: approximately HK\$164,134,000) of which most were denominated in Hong Kong Dollar ("HK\$") and Renminbi ("RMB").

As at 31 December 2020, the Group had total current assets of approximately HK\$623,534,000 (31 December 2019: approximately HK\$1,090,696,000), and total current liabilities of approximately HK\$1,404,819,000 (31 December 2019: approximately HK\$1,821,535,000). The Group recorded total assets of approximately HK\$4,281,938,000 (31 December 2019: approximately HK\$4,582,216,000). As at 31 December 2020, the Group's total interest-bearing borrowings amounted to approximately HK\$679,182,000 (31 December 2019: approximately HK\$655,727,000), of which approximately HK\$632,698,000 was repayable within 1 year (31 December 2019: approximately HK\$599,852,000).

As at 31 December 2020, interest-bearing borrowings of the Group amounted to approximately HK\$679,182,000 (31 December 2019: approximately HK\$655,727,000) are denominated in RMB and such borrowings carried interest at fixed rates of 5.66% to 15% per annum (2019: 1.5% per month and 10% to 25% per annum).

As at 31 December 2020, there are no borrowings denominated in HK\$ (31 December 2019: Nil).

The gearing ratio as at 31 December 2020, which was defined to be total interest-bearing borrowings over shareholders' equity, was approximately 55% (31 December 2019: approximately 58%).

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 2020, 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 2020, the Company's issued share capital was HK\$244,955,413 and the total number of its issued ordinary shares was 2,449,554,132 shares of HK\$0.10 each in issue.

On 21 January 2021, a special resolution was passed at the special general meeting, approving the capital reorganisation by which the issued share capital of the Company was reduced to HK\$2,449,554.13 divided into 244,955,413 shares of par value of HK\$0.01 each with effect from 25 January 2021.

For details of the capital reorganisation, please refer to the announcements of the Company dated 17 November 2020 and 21 January 2021, the circular of the Company dated 14 December 2020 and the next day disclosure return of the Company dated 25 January 2021.

On 17 November 2020 (after trading hours of the Stock Exchange), the Company entered into the conditional subscription agreement dated 17 November 2020 (the "Subscription Agreement") with Ms. Tsang Tsz Nok Aleen, a substantial shareholder of the Company, pursuant to which the Company conditionally agreed to issue and Ms. Tsang Tsz Nok Aleen conditionally agreed to subscribe for the 5% coupon convertible bond with a 18 months term to be subscribed by Ms. Tsang Tsz Nok Aleen under the Subscription Agreement (the "New Convertible Bond") (the "Subscription").

Based on (i) the outstanding principal amount of the 3% coupon convertible bond due on 21 February 2021 issued by the Company to Ms. Tsang Tsz Nok Aleen (the "Old Convertible Bond") of HK\$112,320,000 on completion of the Subscription and (ii) the net amount receivable from Ms. Tsang Tsz Nok Aleen excluding the provision amounts under the deed of indemnity dated 28 April 2017, which have been determined on 31 December 2020 to offset the outstanding principal amount of the Old Convertible Bond of HK\$12,562,989 (the "Deemed Settlement Amount") as at 31 December 2020, the New Convertible Bond was issued at a principal amount of HK\$99,757,011. Accordingly, the outstanding principal amount under the Old Convertible Bond was settled.

The New Convertible Bond carries the right to convert into the conversion shares at the conversion price of HK\$0.80 per conversion share (subject to adjustments). Assuming the conversion rights are exercised in full at the conversion price, 124,696,263 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 Bond, the shareholdings of Ms. Tsang Tsz Nok Aleen will be changed from approximately 28.92% to 52.90% of the total number of issued shares of the Company as enlarged by the issue of the shares of the Company upon the conversion of the New Convertible Bond. All the conditions precedent to the Subscription Agreement have been fulfilled and completion took place on 21 February 2021. Accordingly, the New Convertible Bond in the principal amount of HK\$99,757,011 was issued in accordance with the terms and conditions of the Subscription Agreement.

Details were set out in the announcements of the Company dated 17 November 2020, 14 December 2020, 21 January 2021 and 21 February 2021 and the circular of the Company dated 14 December 2020.

CAPITAL COMMITMENTS

The Group had the following material commitments as at 31 December 2020 and 31 December 2019:

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted but not provided for:		
Investment properties under development	<u>109,631</u>	<u>360,071</u>

CHARGE ON GROUP ASSETS

As at 31 December 2020, certain completed investment properties located in Xuzhou with fair value of approximately HK\$266,162,000, which were owned by a wholly-owned subsidiary, were pledged to secure for the interest-bearing bank loans with principal amounts of RMB80,000,000 (2019: RMB87,000,000) which equivalent to approximately HK\$95,352,000 (2019: HK\$97,223,000).

As at 31 December 2020, certain properties (2019: land) situated in Shenzhen owned by Shenzhen Zongke Real Estate Co., Ltd (“Shenzhen Zongke”) were pledged for a bank loan with principal amount of approximately RMB425,123,000 (2019: RMB450,000,000), which equivalent to approximately HK\$506,704,000 (2019: HK\$502,875,000).

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

Reference is made to the announcement of the Company dated 12 September 2019 in relation to the formation of Zhejiang Beishen Cultural and Travel Development Company Limited* (浙江北深文旅發展有限公司)(the “Project Company”) and the intention of the Company to dispose of its interest in the Project Company. Grandfield Real Estate Development (Shenzhen) Limited* (鈞濠房地產開發(深圳)有限公司)(the “Vendor”), an indirect wholly-owned subsidiary of the Company, has, via funds from Grandfield Hotel Management (Shenzhen) Limited* (鈞濠酒店管理(深圳)有限公司)(the “Grandfield Hotel Management”), an indirect wholly-owned subsidiary of the Company, injected RMB30 million in cash into the Project Company and recorded as the shareholder’s loan in the books and records of the Project Company.

On 2 December 2020 (after trading hours of the Stock Exchange), the Vendor, Ningbo Heshan Limited* (寧波禾山實業有限公司)(the “Purchaser”), Beiyong Movie Industry Development (Ningbo) Limited* (北影電影產業園開發(寧波)有限公司), Shenzhen Bo Rui De Trading Limited* (深圳市博銳德商貿有限公司), Hangzhou Fubei Investment Management Limited* (杭州富北投資管理有限公司) and the Project Company entered into the sale and purchase agreement dated 2 December 2020 (the “SPA”) pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the 34% equity interests in the Project Company at a consideration of RMB1. In addition, pursuant to the SPA, the Purchaser has undertaken to the Vendor that the Purchaser shall, in any event no later than six (6) months from the 10 December 2020, inject not less than RMB30 million in cash into the Project Company and shall procure the Project Company to repay the shareholder’s loan to Grandfield Hotel Management in full within five (5) business days upon completion of the above-mentioned capital injection.

All conditions precedent to the SPA have been fulfilled and completion took place on 10 December 2020. For details of the transaction, please refer to the Company’s announcements dated 12 September 2019, 2 December 2020, 4 December 2020 and 11 December 2020.

* *For identification purpose only*

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 2021, 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 2021 and is cautiously optimistic about the Group's further prospects.

CONTINGENT LIABILITIES

The Group's contingent liabilities are disclosed in note 16.

SEGMENT INFORMATION

The details of the segment information of the Group are set out in note 7.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2020, the Group employed 88 employees (31 December 2019: 86) and had 7 Directors (31 December 2019: 7). The total staff costs (including Directors' remuneration) for the Year amounted to approximately HK\$9,232,000 (2019: approximately HK\$9,855,000). No equity-settled share option arrangement was included in staff cost for the Year (2019: 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 (2019: Nil). No interim dividend was declared for the six months ended 30 June 2020 (2019: 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 2020. 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 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.

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 2020. 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.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Material Uncertainty Relating To Going Concern

We draw attention to note 2 to the consolidated financial statements which mentions that as at 31 December 2020 the Group had net current liabilities of approximately HK\$781,285,000. This condition indicates the existence of a material uncertainty which may cast 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 statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement 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.

EVENT AFTER THE REPORTING PERIOD

References are made to the Company's circular (the "Circular") dated 14 December 2020 and the Company's announcements dated 21 January 2021 and 21 February 2021. Capitalised terms used herein shall have the same meanings as those defined in the Circular.

On 21 February 2021, New Convertible Bonds with the principal amount of HK\$99,757,011 were issued to settle the existing Convertible Bonds after netting off the Deemed Settlement Amount of HK\$12,562,989.

The New Convertible Bonds are denominated in HK\$, carry interest rate of 5% per annum and will be matured in 18 months from date of issue. The conversion price of the New Convertible Bonds is HK\$0.8 per New Share of the Company and approximately 124,696,000 New Shares will be issued upon full conversion of the New Convertible Bonds.

On 25 January 2021, the Capital Reorganisation which includes (i) Share Consolidation of every ten existing ordinary shares into one consolidated share; (ii) Capital Reduction; and (iii) Share Subdivision became effective.

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, 29 March 2021

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.