



鈞濠集團

鈞濠集團有限公司*

GRAND FIELD GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 115)



A Leap Ahead
for the future

Interim Report 2024

*For identification purpose only

A background image showing two dolphins leaping from the ocean, creating a large splash of water. The scene is set against a bright, cloudy sky and a calm sea. The dolphins are in mid-air, with their bodies curved and tails pointing upwards.

CONTENTS

| | Pages |
|--|-------|
| Corporate Information | 2 |
| Condensed Consolidated Statement of Profit or Loss | 4 |
| Condensed Consolidated Statement of Other Comprehensive Income | 5 |
| Condensed Consolidated Statement of Financial Position | 6 |
| Condensed Consolidated Statement of Changes in Equity | 8 |
| Condensed Consolidated Statement of Cash Flows | 9 |
| Notes to the Condensed Consolidated Financial Statements | 10 |
| Management Discussion and Analysis | 29 |
| Other Information | 38 |

CORPORATE INFORMATION

Executive Directors

Mr. Ma Xuemian (*Chairman*)
Mr. Kwok Siu Bun
Ms. Chow Kwai Wa Charmaine
Ms. Kwok Siu Wa Alison

Independent Non-executive Directors

Mr. Hui Pui Wai Kimber
Mr. Liu Chaodong
Mr. Tsui Matthew Mo Kan

Company Secretary

Ms. Lam Yuen Ling Eva

Audit Committee

Mr. Tsui Matthew Mo Kan (*Chairman*)
Mr. Hui Pui Wai Kimber
Mr. Liu Chaodong

Remuneration Committee

Mr. Hui Pui Wai Kimber (*Chairman*)
Mr. Liu Chaodong
Mr. Ma Xuemian
Mr. Tsui Matthew Mo Kan

Nomination Committee

Mr. Liu Chaodong (*Chairman*)
Mr. Ma Xuemian
Mr. Tsui Matthew Mo Kan

Environmental, Social and Governance Committee

Mr. Ma Xuemian (*Chairman*)
Mr. Liu Chaodong
Mr. Tsui Matthew Mo Kan

Authorised Representatives

Ms. Chow Kwai Wa Charmaine
Ms. Kwok Siu Wa Alison

Registered Office in Bermuda

Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda

Head Office and Principal Place of Business

Office A, 19/F.,
Kings Wing Plaza 1, 3 On Kwan Street,
Shek Mun, Shatin,
New Territories, Hong Kong



Legal Adviser on Bermuda Law

Conyers Dill & Pearman
2901 One Exchange Square,
8 Connaught Place,
Hong Kong

Legal Adviser on Hong Kong Law

Simon Ho & Co. Solicitors
Room 1502, 15th Floor,
Hong Kong Trade Centre,
161-167 Des Voeux Road Central,
Hong Kong

Auditor

ZHONGHUI ANDA CPA Limited
23/F., Tower 2, Enterprise Square Five,
38 Wang Chiu Road, Kowloon Bay,
Kowloon, Hong Kong

Share Registrar and Transfer Office in Bermuda

Conyers Corporate Services
(Bermuda) Limited
Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Secretaries Limited
17/F., Far East Finance Centre,
16 Harcourt Road,
Hong Kong

Principal Banker

The Bank of East Asia, Limited

Website

<https://www.gfghl.com>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

| | Notes | Six months ended 30 June | |
|--|-------|---------------------------------|---------------------------------|
| | | 2024 HK\$'000 (Unaudited) | 2023 HK\$'000 (Unaudited) |
| Revenue | 6 | 93,698 | 110,349 |
| Cost of revenue | | (61,993) | (83,709) |
| Gross profit | | 31,705 | 26,640 |
| Interest revenue | | 946 | 911 |
| Other income | | 1,039 | – |
| Other losses | | (4,212) | (386) |
| Selling and distribution costs | | (10,039) | (7,864) |
| Administrative expenses | | (26,744) | (30,328) |
| Loss from operations | | (7,305) | (11,027) |
| Finance costs | | (24,637) | (24,611) |
| Share of loss of an associate | | (250) | (247) |
| Fair value loss on convertible bonds through profit or loss | 16 | (1,963) | (8,876) |
| Loss before tax | | (34,155) | (44,761) |
| Income tax expenses | 8 | (2,658) | (4,493) |
| Loss for the period | 9 | (36,813) | (49,254) |
| Attributable to: | | | |
| Owners of the Company | | (25,808) | (31,068) |
| Non-controlling interests | | (11,005) | (18,186) |
| | | (36,813) | (49,254) |
| | | | (Restated) |
| Loss per share | 10 | | |
| Basic (HK cents per share) | | (210.7) | (253.7) |
| Diluted (HK cents per share) | | (210.7) | (253.7) |

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

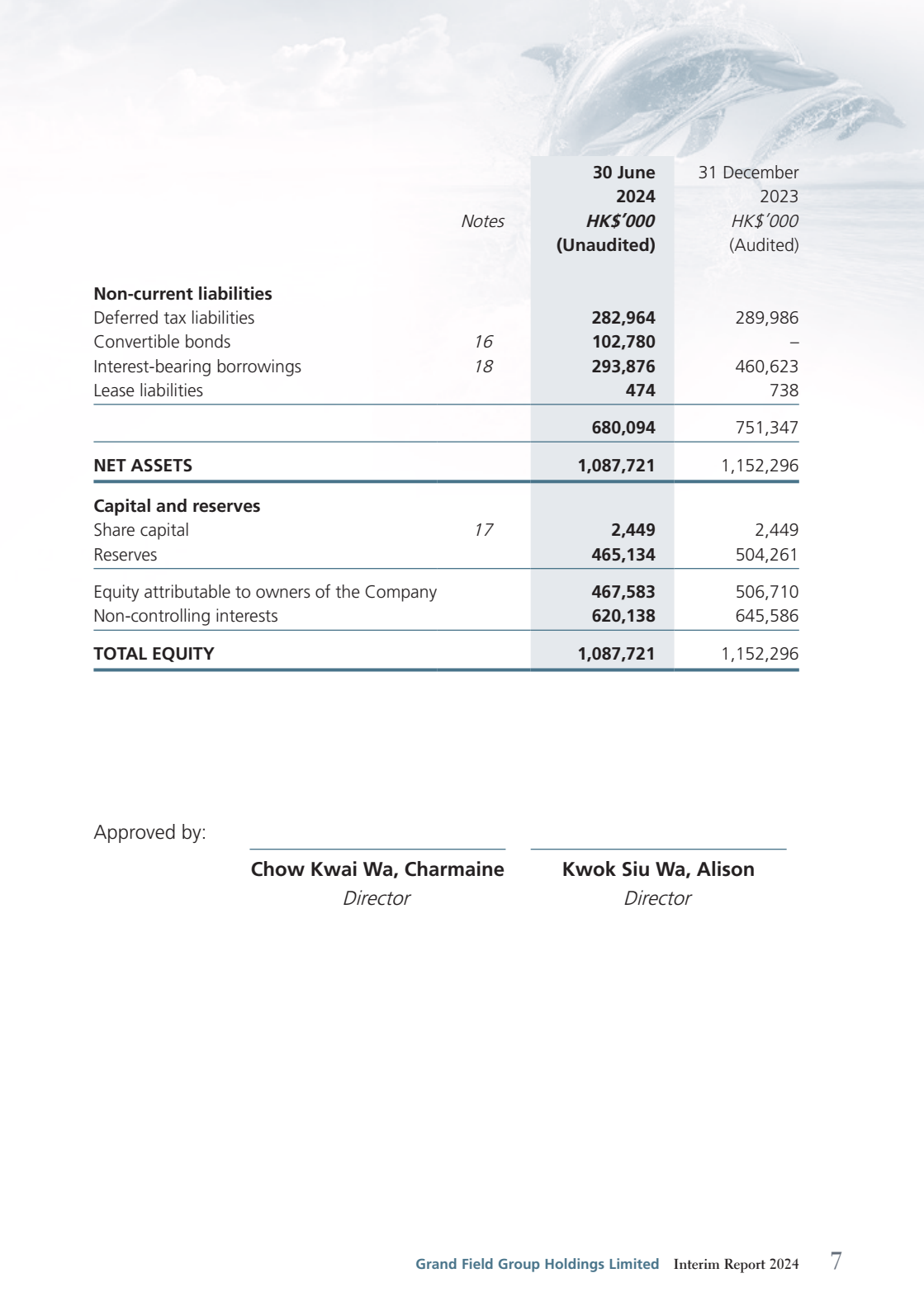
For the six months ended 30 June 2024

| | Notes | Six months ended 30 June | |
|--|-------|---------------------------------|---------------------------------|
| | | 2024 HK\$'000 (Unaudited) | 2023 HK\$'000 (Unaudited) |
| Loss for the period | 9 | (36,813) | (49,254) |
| Other comprehensive expense | | | |
| <i>Item that will not be reclassified to profit or loss:</i> | | | |
| Fair value gain on financial liabilities designated at fair value through profit or loss attributable to change in credit risk | | 152 | 2,129 |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences on translation of foreign operations | | (27,914) | (57,057) |
| Total comprehensive expense for the period | | (64,575) | (104,182) |
| Attributable to: | | | |
| Owners of the Company | | (39,127) | (57,665) |
| Non-controlling interests | | (25,448) | (46,517) |
| | | (64,575) | (104,182) |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

| | Notes | 30 June 2024 HK\$'000 (Unaudited) | 31 December 2023 HK\$'000 (Audited) |
|--|-------|--|--|
| Non-current assets | | | |
| Property, plant and equipment | 12 | 170,877 | 177,601 |
| Investment properties | | 1,675,701 | 1,718,898 |
| Intangible asset | | 9,175 | 9,776 |
| Right-of-use assets | | 7,780 | 8,257 |
| Investment in an associate | | 1,423 | 1,969 |
| | | 1,864,956 | 1,916,501 |
| Current assets | | | |
| Trade receivables | 13 | 5,103 | 5,871 |
| Properties for sale under development | | 375,447 | 429,961 |
| Properties for sale | | 173,641 | 190,905 |
| Other receivables, deposits and prepayments | | 55,274 | 46,406 |
| Amount due from a director | | 1,204 | 1,014 |
| Amount due from an associate | | 535 | 548 |
| Tax recoverable | | 82 | 217 |
| Cash and cash equivalents | | 35,369 | 40,925 |
| | | 646,655 | 715,847 |
| Current liabilities | | | |
| Trade and other payables | 14 | 259,709 | 293,625 |
| Interest-bearing borrowings | 18 | 325,492 | 180,682 |
| Lease liabilities | | 517 | 493 |
| Amounts due to directors | 15 | 179 | 179 |
| Amount due to associates | | 1,181 | 1,436 |
| Convertible bonds | 16 | – | 92,397 |
| Tax payable | | 156,718 | 159,893 |
| | | 743,796 | 728,705 |
| Net current liabilities | | (97,141) | (12,858) |
| Total assets less current liabilities | | 1,767,815 | 1,903,643 |



| | 30 June 2024 | 31 December 2023 |
|--|---------------------------------|-------------------------------|
| <i>Notes</i> | HK\$'000 (Unaudited) | <i>HK\$'000 (Audited)</i> |
| Non-current liabilities | | |
| Deferred tax liabilities | 282,964 | 289,986 |
| Convertible bonds | 102,780 | – |
| Interest-bearing borrowings | 293,876 | 460,623 |
| Lease liabilities | 474 | 738 |
| | 680,094 | 751,347 |
| NET ASSETS | 1,087,721 | 1,152,296 |
| Capital and reserves | | |
| Share capital | 2,449 | 2,449 |
| Reserves | 465,134 | 504,261 |
| Equity attributable to owners of the Company | 467,583 | 506,710 |
| Non-controlling interests | 620,138 | 645,586 |
| TOTAL EQUITY | 1,087,721 | 1,152,296 |

Approved by:

Chow Kwai Wa, Charmaine
Director

Kwok Siu Wa, Alison
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

| | Attributable to owners of the Company | | | | | | Total | Non-controlling interests | Total equity |
|--|---------------------------------------|-----------------------|-----------------|-----------------|------------------|------------------|----------|---------------------------|--------------|
| | Share capital | Share premium account | Special reserve | Capital reserve | Exchange reserve | Retained profits | | | |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | |
| At 1 January 2023 (audited) | 2,449 | 435,694 | (2,215) | 309 | 24,187 | 108,719 | 569,143 | 690,013 | 1,259,156 |
| Loss for the period (unaudited) | - | - | - | - | - | (31,068) | (31,068) | (18,186) | (49,254) |
| Other comprehensive income/(expenses) for the period (unaudited) | - | - | - | 2,129 | (28,726) | - | (26,597) | (28,331) | (54,928) |
| Total comprehensive income/(expenses) for the period (unaudited) | - | - | - | 2,129 | (28,726) | (31,068) | (57,665) | (46,517) | (104,182) |
| Withdrawal of non-controlling interests by a shareholder of a subsidiary (unaudited) | - | - | - | - | - | - | - | (197) | (197) |
| At 30 June 2023 (unaudited) | 2,449 | 435,694 | (2,215) | 2,438 | (4,539) | 77,651 | 511,478 | 643,299 | 1,154,777 |
| At 1 January 2024 (audited) | 2,449 | 435,694 | (2,215) | 2,602 | 6,487 | 61,693 | 506,710 | 645,586 | 1,152,296 |
| Loss for the period (unaudited) | - | - | - | - | - | (25,808) | (25,808) | (11,005) | (36,813) |
| Other comprehensive income/(expenses) for the period (unaudited) | - | - | - | 152 | (13,471) | - | (13,319) | (14,443) | (27,762) |
| Total comprehensive income/(expenses) for the period (unaudited) | - | - | - | 152 | (13,471) | (25,808) | (39,127) | (25,448) | (64,575) |
| Transfer of retained profit (unaudited) | - | - | - | (2,602) | - | 2,602 | - | - | - |
| At 30 June 2024 (unaudited) | 2,449 | 435,694 | (2,215) | 152 | (6,984) | 38,487 | 467,583 | 620,138 | 1,087,721 |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

| | Six months ended 30 June | |
|--|---------------------------------|---|
| | 2024 HK\$'000 (Unaudited) | 2023 HK\$'000 (Unaudited & restated) |
| Net cash flows generated from operating activities | 31,555 | 81 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (11) | (794) |
| Proceeds from disposal of investment properties | 1,769 | 17,119 |
| Advances to associates | (242) | – |
| Net cash flows generated from investing activities | 1,516 | 16,325 |
| Cash flows from financing activities | | |
| Interests paid | (24,417) | (20,088) |
| New interest-bearing borrowings raised | 80,963 | 67,422 |
| Repayment of interest-bearing borrowings | (87,636) | (14,046) |
| Repayment of lease interests and liabilities | (272) | (282) |
| Withdrawal of non-controlling interests by a shareholder of a subsidiary | – | (197) |
| Net cash flows (used in)/generated from financing activities | (31,362) | 32,809 |
| Net increase in cash and cash equivalents | 1,709 | 49,215 |
| Effect of foreign exchange rate changes | (7,265) | (8,151) |
| Cash and cash equivalents at beginning of period | 40,925 | 25,418 |
| Cash and cash equivalents at end of period | 35,369 | 66,482 |
| Analysis of cash and cash equivalents | | |
| Bank and cash balances | 35,369 | 66,482 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. GENERAL INFORMATION

Grand Field Group Holdings Limited (the “Company”) is a company incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company in Hong Kong is located at Office A, 19/F., Kings Wing Plaza 1, 3 On Kwan Street, Shek Mun, Shatin, New Territories, Hong Kong.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are investment holding, property development, property investment and general trading.

2. GOING CONCERN

The Group incurred a loss attributable to owners of the Company of HK\$25,808,000 for the six months ended 30 June 2024 and as at 30 June 2024 the Group had net current liabilities of HK\$97,141,000. 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. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

For the purpose of assessing going concern, the directors have prepared a cash flow forecast of the Group covering a period of twelve months from the end of the reporting period (the “Cash Flow Forecast”) with plans and measures to mitigate the liquidity pressure and to improve its financial position, including bank loans raised or to be raised by the Group subsequent to 30 June 2024 and accelerating the pre-sales of its major property development projects during the period of the Cash Flow Forecast. Based on the Cash Flow Forecast assuming the plans and measures can be successfully implemented as scheduled, the directors are of the opinion that the Group is able to continue as a going concern and would have sufficient financial resources to finance the Group’s operations and meet its financial obligations as and when they fall due. Accordingly, it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

A background image showing two dolphins leaping from the water, creating a splash. The dolphins are in the upper right quadrant, with their bodies arched and tails visible. The water is white with foam from the splash. The sky is light blue with some clouds.

3. BASIS OF PREPARATION

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

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

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2024. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s condensed consolidated financial statements and amounts reported for the current period and prior years.

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

5. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

5. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy:

As at 30 June 2024

| | Level 1 <i>HK\$'000</i> (Unaudited) | Level 2 <i>HK\$'000</i> (Unaudited) | Level 3 <i>HK\$'000</i> (Unaudited) | Total <i>HK\$'000</i> (Unaudited) |
|--|---|---|---|---|
| Recurring fair value measurements: | | | | |
| Assets | | | | |
| Investment properties (completed - PRC) | – | 1,675,701 | – | 1,675,701 |
| Liabilities | | | | |
| Financial liabilities at fair value through profit or loss | | | | |
| – Convertible bonds | – | 102,780 | – | 102,780 |

As at 31 December 2023

| | Level 1 <i>HK\$'000</i> (Audited) | Level 2 <i>HK\$'000</i> (Audited) | Level 3 <i>HK\$'000</i> (Audited) | Total <i>HK\$'000</i> (Audited) |
|--|---|---|---|---------------------------------------|
| Recurring fair value measurements: | | | | |
| Assets | | | | |
| Investment properties (completed - PRC) | – | 1,718,898 | – | 1,718,898 |
| Liabilities | | | | |
| Financial liabilities at fair value through profit or loss | | | | |
| – Convertible bonds | – | 92,397 | – | 92,397 |

5. FAIR VALUE MEASUREMENTS (Continued)

- (b) One of the Group's executive directors is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The executive director reports directly to the board of directors for these fair value measurements. Discussions of valuation processes and results are held between the executive director and the board of directors at least twice a year.

Level 2 fair value measurements

| Description | Valuation technique | Inputs | Fair value | Fair value |
|---|----------------------------|---|--------------------------|------------------------------|
| | | | as at 30 June 2024 | as at 31 December 2023 |
| | | | HK\$'000 (Unaudited) | HK\$'000 (Audited) |
| Assets | | | | |
| Completed investment properties (the PRC) | Market comparable approach | Price per square metre | 1,675,701 | 1,718,898 |
| Liabilities | | | | |
| Convertible bonds | Binomial model | Share price, discount rate, volatility and conversion price | 102,780 | 92,397 |

6. REVENUE

| | Six months ended 30 June | |
|---------------------------------------|--------------------------|-------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Sales of properties | 76,007 | 82,269 |
| General trading | 1,145 | 3,139 |
| Properties management services | 2,459 | 3,004 |
| Hotel operation | 3,591 | 3,689 |
| Others | 118 | 8,332 |
| Revenue from contracts with customers | 83,320 | 100,433 |
| Rental income | 10,378 | 9,916 |
| Total revenue | 93,698 | 110,349 |

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 property development, property investment, hotel operation and general trading.

7. SEGMENT REPORTING (Continued)

(a) Segment revenue and results

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

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

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

7. SEGMENT REPORTING (Continued)

(b) Segment assets and liabilities

| | Property development <i>HK\$'000</i> | Property investment <i>HK\$'000</i> | Hotel operation <i>HK\$'000</i> | General trading <i>HK\$'000</i> | Others <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---------------------------------|--|---|---------------------------------------|---------------------------------------|---------------------------|--------------------------|
| As at 30 June 2024 | | | | | | |
| Segment assets (unaudited) | 552,497 | 1,675,701 | 80,369 | – | 28 | 2,308,595 |
| Segment liabilities (unaudited) | (220,805) | (282,964) | – | – | – | (503,769) |
| As at 31 December 2023 | | | | | | |
| Segment assets (audited) | 624,756 | 1,718,898 | 85,428 | – | – | 2,429,082 |
| Segment liabilities (audited) | (203,825) | (289,986) | – | – | – | (493,811) |

8. INCOME TAX EXPENSES

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

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

8. INCOME TAX EXPENSES (Continued)

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

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group's income neither arises, nor is derived, from Hong Kong in both interim periods. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

9. LOSS FOR THE PERIOD

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

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

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



10. LOSS PER SHARE

Basic loss per share

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

Note:

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

Diluted earnings per share

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

11. DIVIDENDS

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

12. PROPERTY, PLANT AND EQUIPMENT

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

13. TRADE RECEIVABLES

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

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

14. TRADE AND OTHER PAYABLES

| | 30 June 2024 HK\$'000 (Unaudited) | 31 December 2023 HK\$'000 (Audited) |
|---|--|--|
| Trade payables to building contractors | 938 | 1,165 |
| Accruals of cost for contract works | 36,982 | 74,545 |
| Deferred income | 16,687 | 17,780 |
| Accrued salaries and other operating expenses | 8,716 | 12,869 |
| Accrued interest expense | 19,169 | 20,253 |
| Contract liabilities | 64,112 | 43,959 |
| Rental deposits received from tenants | 4,428 | 4,562 |
| Amounts payable on return of properties | 5,533 | 5,669 |
| Provision for compensation of legal cases (Note 22 (ii)) | 46,382 | 48,522 |
| Other tax payables | 1,805 | 1,491 |
| Other payables | 54,957 | 62,810 |
| | 259,709 | 293,625 |

14. TRADE AND OTHER PAYABLES (Continued)

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

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

15. AMOUNTS DUE TO DIRECTORS

Amounts due to directors are unsecured, interest free and repayable on demand.

16. CONVERTIBLE BONDS

References are made to the Company's circular (the "Circular") dated 10 April 2024 and the Company's announcements dated 30 April 2024 and 6 May 2024. Capitalised terms used herein shall have the same meanings as those defined in the Circular. On 6 May 2024, New Convertible Bond with the principal amount of HK\$100,969,093 were issued to settle the Existing Convertible Bond based on (i) the outstanding principal amount of Existing Bond of HK\$95,896,475 as at 30 April 2024; (ii) the outstanding interests of the Existing Bond of approximately HK\$4,973,130; and (iii) the additional interest accrued pursuant to the Standstill Agreement of approximately HK\$99,488. The New Convertible Bond are denominated in HK\$, carry interest rate of 6% per annum and will be matured in 36 months from date of issue. The conversion price of the New Convertible Bond is HK\$2.6 per New Share of the Company and approximately 38,834,000 new Shares will be issued upon full conversion of the New Convertible Bond.

The convertible bonds are measured as financial liabilities at fair value through profit or loss and are subsequently measured at fair value. Gains or losses arising from changes in fair value of these financial liabilities are recognised in profit or loss.

16. CONVERTIBLE BONDS (Continued)

The movements of the Group's convertible bonds are as follows:

| | <i>HK\$'000</i> |
|---|-----------------|
| Fair value as at 1 January 2024 (audited) | 92,397 |
| Settlement of the principal of Existing Convertible Bond (unaudited) | (95,896) |
| Loss on settlement of Existing Convertible Bond (unaudited) | 3,499 |
| <hr/> | |
| Fair value as at 30 April 2024 (unaudited) | – |
| <hr/> | |
| At inception date (unaudited) | 100,969 |
| Fair value loss on the New Convertible Bond through profit or loss (unaudited) | 1,963 |
| Fair value gain on financial liabilities designated at fair value through profit or loss attributable to change in credit risk (unaudited) | (152) |
| <hr/> | |
| Fair value as at 30 June 2024 (unaudited) | 102,780 |
| <hr/> | |

The amount of change in the fair value of the financial liability that was attributable to changes in the credit risk of that liability is recognised in other comprehensive income.

17. SHARE CAPITAL

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

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

18. INTEREST-BEARING BORROWINGS

At 31 December 2023, a secured bank loan with a carrying amount of approximately HK\$64,862,000 was classified as repayment on demand because of the failure to fulfil certain financial covenants stated in the loan agreement. Such bank loan was fully repaid during the six months ended 30 June 2024.

19. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with its related parties during six months ended 30 June 2024.

- (a) During the six months ended 30 June 2024, salaries and allowance of HK\$338,000 (six months ended 30 June 2023: HK\$330,000) and HK\$308,000 (six months ended 30 June 2023: HK\$300,000) were paid to two substantial shareholders, Mr. Tsang Yee and Ms. Tsang Tsz Nok, respectively.
- (b) During the six months ended 30 June 2024, the remuneration of the directors of the Group amounted to HK\$1,028,000 (six months ended 30 June 2023: HK\$1,022,000).
- (c) During the six months ended 30 June 2024, rental expenses of HK\$276,000 (six months ended 30 June 2023: nil) was paid to a company controlled by a substantial shareholder, Ms. Tsang Tsz Nok Aleen.
- (d) During the six months ended 30 June 2024, the Company entered into a convertible bond renewal transaction with a substantial shareholder, Ms. Tsang Tsz Nok Aleen. Detail of the transaction is disclosed in note 16.

20. COMMITMENTS

| | 30 June 2024 <i>HK\$'000</i> (Unaudited) | 31 December 2023 <i>HK\$'000</i> (Audited) |
|---|--|---|
| Contracted but not provided for investment properties and properties for sale under development | 71,914 | 71,116 |

21. EVENTS AFTER THE REPORTING PERIOD

The Group does not have any material subsequent event after the six months ended 30 June 2024 and up to the date of this report.



22. 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.

22. LITIGATIONS AND CONTINGENT LIABILITIES (Continued)

- ii) Under the case no.(2023) Yue Min Xin 3255 regarding the application on the part of Ka Fong Company Limited for re-trial of the case in which Chen Huan Chi claimed, inter alia, against Grand Field Group Limited Ka Fong Company Limited, the subsidiaries of the Company and other Defendants over the construction agreements. The Higher People's Court of Guangdong Province accepted this application on 4 July 2023 but the Group has not received any further information.

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

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



22. LITIGATIONS AND CONTINGENT LIABILITIES (Continued)

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

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

- iv) Under the case No.(2023) Zhe 0111 Min Chu No.910, the administrators of Zhejiang Beishen mentioned in paragraph iii) hereinbefore sued against Grand Field Property Development (Shenzhen) Limited (“GF Property Shenzhen”), a subsidiary of the Company and others for collateral liabilities of the unpaid share capital by Ningbo Heshan (RMB29,981,200 being registered capital plus the interest incurred thereon). The case has been heard and it was held that (“GF Property Shenzhen”) was collaterally liable for the said unpaid share capital. (“GF Property Shenzhen”) and another appealed against this decision to Hangzhou City intermediate People’s Court. On 5 March 2024 Hangzhou City Intermediate People’s Court dismissed the appeal of GF Property Shenzhen and the other party and upheld the original decision.

22. LITIGATIONS AND CONTINGENT LIABILITIES (Continued)

iv) (Continued)

Zhejiang Beishen applied to the People's Court of Fu Yang District of Hangzhou City for compulsory execution of the said judgment. It was held that the amount for RMB30,194,804 under the name of Grand Field Property Development (Shenzhen) Limited was executed compulsorily.

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

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

- v) G & H International Supply Chain (Shenzhen) Limited, a wholly subsidiary of the Company (the "Subsidiary") was alleged to have been defrauded by the Business Partner through a series of fictitious transactions. Report has been made to the PRC Police who has accepted for criminal investigation but no further information and/or legal documents in respect thereof has been received by the Company. The Company may also seek damages against the Business Partner and/or the relevant persons by civil action in due course.

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

23. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Group's condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 30 August 2024.



MANAGEMENT DISCUSSION AND ANALYSIS

1. Business Review and Prospect

Business Review

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

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

Prospect

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

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

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

3. To search new opportunities

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

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



2. Financial Review

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

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

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

3. Liquidity and Financial Resources

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

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

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

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

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

4. Share Capital

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

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

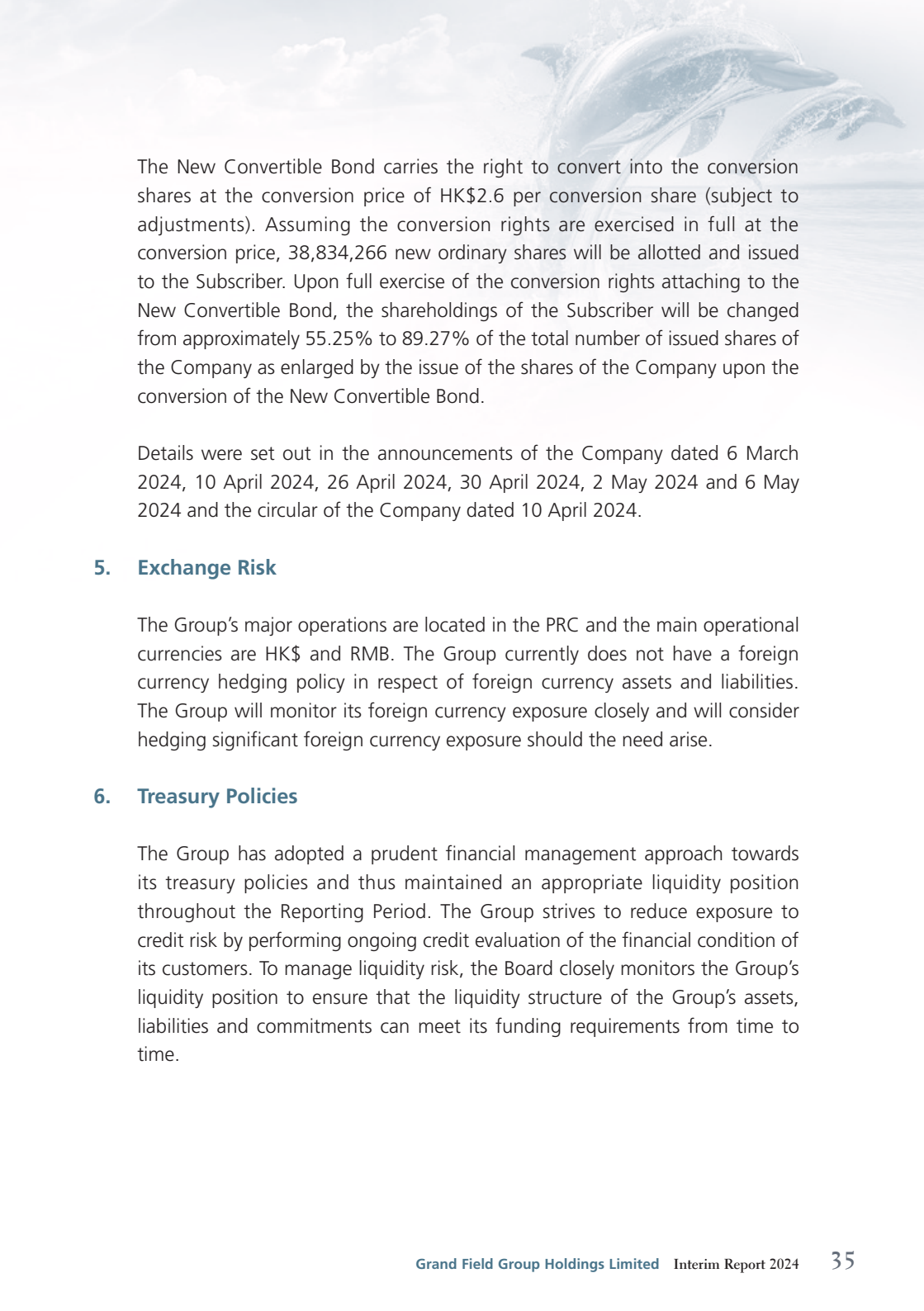
For details of the share consolidation, please refer to the announcements of the Company dated 6 March 2024, 10 April 2024 and 26 April 2024 and the circular of the Company dated 10 April 2024.

References are made to the announcements of the Company dated 12 August 2022, 5 September 2022, 5 October 2022, 10 October 2022, 26 October 2022 and 31 October 2022 and the circular of the Company dated 10 October 2022. The Company has issued convertible bonds in an aggregate principal amount of HK\$95,896,475.43 to Ms. Tsang Tsz Nok Aleen, a substantial shareholder of the Company (the "Subscriber"), on 31 October 2022 in accordance with the conditional subscription agreement dated 5 September 2022 (the "Old Convertible Bond"). Pursuant to the terms of the Old Convertible Bond, the Old Convertible Bond has been matured on 30 April 2024.

On 6 March 2024 (after trading hours of the Stock Exchange), the Company entered into the conditional subscription agreement dated 6 March 2024 (the "Subscription Agreement") with the Subscriber, pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for the 6% convertible bond with a 36 months term to be subscribed by the Subscriber under the Subscription Agreement with a principal amount of not less than HK\$100,869,000 and not more than HK\$101,912,000 (the "New Convertible Bond") (the "Subscription").

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

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



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

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

5. Exchange Risk

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

6. Treasury Policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained an appropriate liquidity position throughout the Reporting Period. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial condition of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements from time to time.

7. Charge on Group Assets

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

8. Segment Information

The details of segment information are set out in note 7 of notes to the condensed consolidated financial statements of this report.

9. Capital Commitment

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

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



10. Employees

As at 30 June 2024, the Group employed 134 employees (31 December 2023: 125) and appointed 7 Directors (31 December 2023: 7) and the related staff costs for the Reporting Period amounted to approximately HK\$9,691,000 (six months ended 30 June 2023: approximately HK\$9,229,000) representing a 5.0% increase when compared with that of the same period last year. The increase in staff costs was mainly due to an increase in administrative activities in relation to the Shenzhen Buji Zongke YunDuan project and the business development of the Group during the Reporting Period. The Group's emolument policies are formulated such that the emoluments are made by reference to the performance of individual employees and will be reviewed every year. Apart from basic salary and statutory provident fund scheme, employees will also be offered discretionary bonus based on the results of the Group and their individual performance.

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

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

In 2024, the Company will continue to make intensive efforts to expand its existing business and explore other business opportunities and try to seek opportunities actively to promote diversified business development. The Company will be continuing its effort in mergers and acquisitions deals as a way to expand into new markets and gain additional revenue streams apart from the real estate development. Bearing any further unforeseen material adverse external developments, the Company will continue to adhere to these principles in 2024 and is cautiously optimistic about the Group's further prospects.

12. Contingent Liabilities

The details of the information of the Group's contingent liabilities are set out in note 22 of notes to the condensed consolidated financial statements of this report.

OTHER INFORMATION

INTERIM DIVIDEND

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

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2024, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

| Name of Directors | Capacity/ Nature of interests | Number of ordinary share(s) held | Number of underlying shares held pursuant to share options | Total | Total interests as percentage of the total number of issued shares |
|------------------------|----------------------------------|---|---|-----------|--|
| Kwok Siu Bun | Beneficial Owner | 7,500(L) | – | 7,500(L) | 0.06% |
| Chow Kwai Wa Charmaine | Beneficial Owner | 9,750(L) | – | 9,750(L) | 0.08% |
| Kwok Siu Wa Alison | Beneficial Owner | 15,000(L) | – | 15,000(L) | 0.12% |

(L): Long position

Save as disclosed above, as at 30 June 2024, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2024, so far as is known to the Directors, the following parties (other than the Directors and chief executives of the Company) had interests of 5% or more in the total number of issued shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

| Name of Shareholders | Capacity/ Nature of interests | Number of ordinary share(s) held | Number of underlying shares held | Total interests as percentage of the total number of issued shares |
|--|---|--|--|--|
| Rhenfield Development Corp. <i>(Note 1)</i> | Beneficial Owner | 6,743,433 | – | 55.06% |
| Tsang Yee | Interest in Controlled Corporation <i>(Note 1)</i> | 6,743,433 | – | 55.06% |
| Tsang Tsz Nok Aleen | Beneficial Owner | 23,726 | 38,834,266 <i>(Note 2)</i> | 317.27% |
| | Interest in Controlled Corporation <i>(Note 1)</i> | 6,743,433 | – | 55.06% |
| Lui Kin Chung <i>(Note 3)</i> | Interest of spouse | 6,767,159 | 38,834,266 | 372.32% |
| 周偉康 | Beneficial Owner | 743,475 | – | 6.07% |

Notes:

1. Rhenfield Development Corp. is owned as to 50% by Mr. Tsang Yee and 50% by Ms. Tsang Tsz Nok Aleen, who are deemed to be interested in 6,743,433 shares of the Company pursuant to the Part XV of the SFO.
2. Ms. Tsang Tsz Nok Aleen personally owns 38,857,992 shares, among which 38,834,266 shares are the underlying shares of the Company of the aggregate principal amount of convertible bonds of HK\$100,969,093.34 issued by the Company at the conversion price of HK\$2.6 per share on 6 May 2024. Details were set out in the announcements of the Company dated 6 March 2024, 10 April 2024, 26 April 2024, 30 April 2024, 2 May 2024 and 6 May 2024 and the circular of the Company dated 10 April 2024.
3. Mr. Lui Kin Chung is the spouse of Ms. Tsang Tsz Nok Aleen. Under the SFO, Mr. Lui Kin Chung is deemed to be interested in the same number of shares in which Ms. Tsang Tsz Nok Aleen is interested.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the issued shares carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.



SHARE OPTION SCHEME

The Company has conditionally adopted the share option scheme on 21 June 2016 and remains in force until 20 June 2026 (the “Share Option Scheme”) under which the eligible persons may be granted options to subscribe for the Company’s shares.

At the beginning of the Reporting Period, the total number of share options available for grant under the Share Option Scheme is 24,495,541 shares. At the end of the Reporting Period, the total number of share options available for grant under the Share Option Scheme is 1,224,777 shares. As at the date of this report, the number of share available for issue upon exercise of the share options to be granted under the Share Option Scheme is 1,224,777 shares, representing approximately 10% of the total number of issued shares of the Company. No share option has been granted by the Company during the Reporting Period and up to the date of this report.

DIRECTORS’ RIGHTS TO ACQUIRE SHARE OR DEBENTURES

Apart from as disclosed under the heading “DIRECTORS’ INTERESTS IN SHARES”, at no time during the Reporting Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

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

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

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures. The Company has complied with all the code provisions as set out in part 2 of the Corporate Governance Code to the Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “CG Code”) (the “Listing Rules”) during the Reporting Period except for the deviation as disclosed below:

Code Provision C.2.1

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

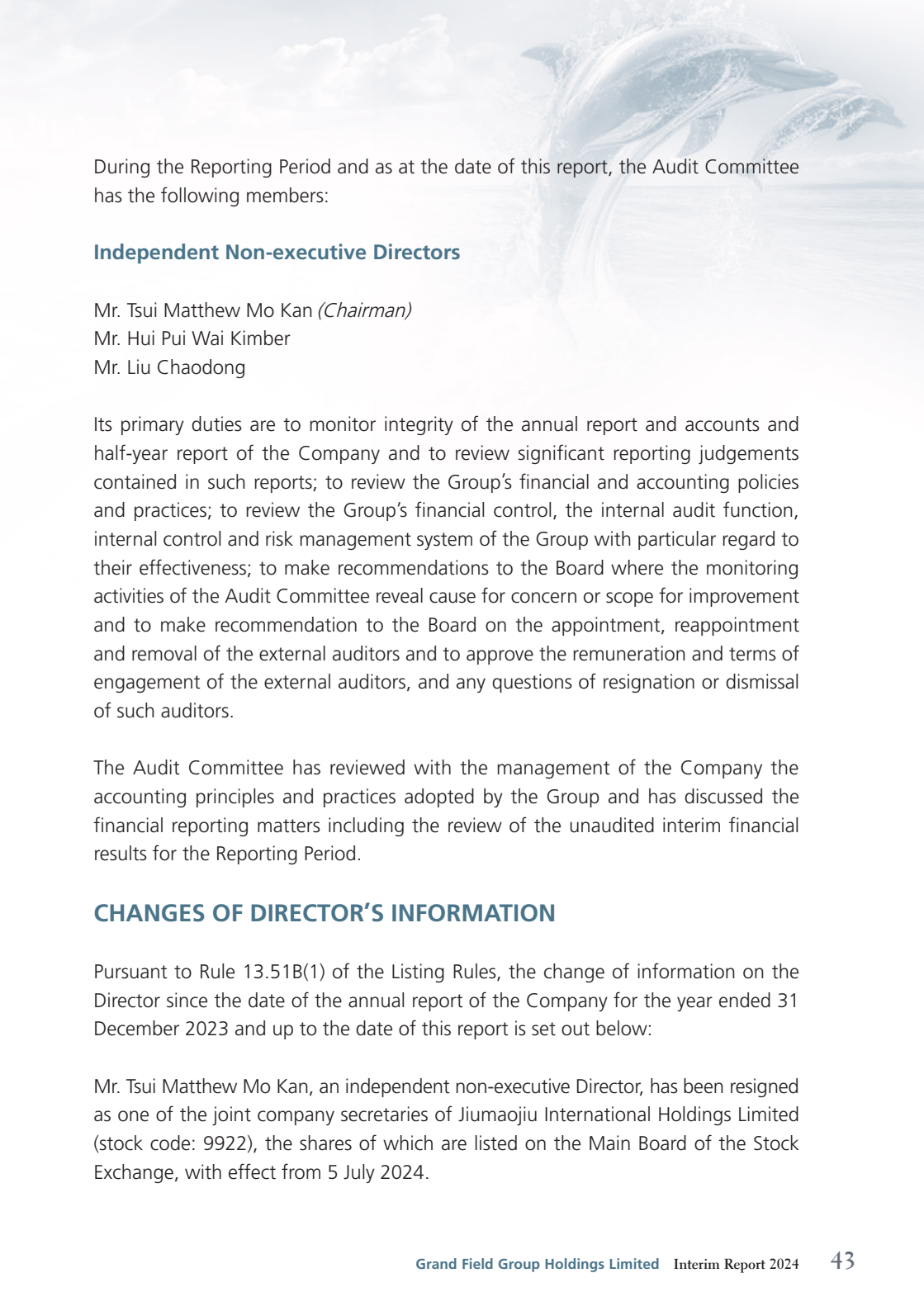
During the Reporting Period, the role of the chairman of the Company was performed by Mr. Ma Xuemian but the office of the chief executive officer of the Company has been vacated. Given all major decisions are reserved to the Board, the Company considers that there is an adequate balance of power and authority in place between the Board and the management of the Company. However, the Board will keep reviewing the current structure of the Board from time to time and should candidate with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post as appropriate.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code. Having made specific enquiry to all Directors, the Company was not aware of any non-compliance with the required standard in the Model Code for dealing in securities of the Company during the Reporting Period.

AUDIT COMMITTEE

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



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

Independent Non-executive Directors

Mr. Tsui Matthew Mo Kan (*Chairman*)

Mr. Hui Pui Wai Kimber

Mr. Liu Chaodong

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

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

CHANGES OF DIRECTOR'S INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the change of information on the Director since the date of the annual report of the Company for the year ended 31 December 2023 and up to the date of this report is set out below:

Mr. Tsui Matthew Mo Kan, an independent non-executive Director, has been resigned as one of the joint company secretaries of Jiumaojiu International Holdings Limited (stock code: 9922), the shares of which are listed on the Main Board of the Stock Exchange, with effect from 5 July 2024.

EVENTS AFTER THE REPORTING PERIOD

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

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

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

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

By order of the Board

GRAND FIELD GROUP HOLDINGS LIMITED

MA XUEMIAN

Chairman

Hong Kong, 30 August 2024