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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the “Board”) of directors (the “Directors”) of Grand Field Group Holdings Limited (the “Company”) hereby announces the audited consolidated annual results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2024, together with the comparative figures for year 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Revenue	3	236,371	264,515
Cost of revenue		<u>(219,978)</u>	<u>(204,591)</u>
Gross profit		16,393	59,924
Interest revenue		789	492
Other (losses)/income		(288,040)	50,381
Selling and distribution costs		(23,286)	(22,194)
Administrative expenses		<u>(47,034)</u>	<u>(49,126)</u>
(Loss)/profit from operations		(341,178)	39,477
Finance costs	4	(42,198)	(46,885)
Share of loss of associates		(1,283)	(573)
Fair value loss on convertible bonds through profit or loss		<u>(15,966)</u>	<u>(6,659)</u>

* *For identification purpose only*

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before tax		(400,625)	(14,640)
Income tax credit/(expense)	5	<u>14,020</u>	<u>(58,580)</u>
Loss for the year	7	<u>(386,605)</u>	<u>(73,220)</u>
Attributable to:			
Owners of the Company		(251,341)	(47,026)
Non-controlling interests		<u>(135,264)</u>	<u>(26,194)</u>
		<u>(386,605)</u>	<u>(73,220)</u>
Loss per share	8		(Restated)
Basic (<i>HK dollars per share</i>)		<u>(20.5)</u>	<u>(3.8)</u>
Diluted (<i>HK dollars per share</i>)		<u>(20.5)</u>	<u>(3.8)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

		2024	2023
	Notes	HK\$'000	HK\$'000
Loss for the year	7	<u>(386,605)</u>	<u>(73,220)</u>
Other comprehensive loss			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value gain on financial liabilities designated at fair value through profit or loss attributable to change in credit risk		<u>415</u>	<u>2,293</u>
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Release of exchange reserve upon disposal of a subsidiary		–	(4)
Exchange differences on translation of foreign operations		<u>(36,431)</u>	<u>(36,227)</u>
Total comprehensive loss for the year		<u>(422,621)</u>	<u>(107,158)</u>
Attributable to:			
Owners of the Company		(268,365)	(62,433)
Non-controlling interests		<u>(154,256)</u>	<u>(44,725)</u>
		<u>(422,621)</u>	<u>(107,158)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		2024	2023
	Notes	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		159,807	177,601
Investment properties	9	1,435,229	1,718,898
Intangible asset		8,727	9,776
Right-of-use assets		7,411	8,257
Investment in associates		881	1,969
		<u>1,612,055</u>	<u>1,916,501</u>
Current assets			
Trade receivables		5,638	5,871
Properties for sale under development		424	429,961
Properties for sale		426,311	190,905
Other receivables, deposits and prepayments		50,809	46,406
Amount due from a director		1,592	1,014
Amount due from an associate		530	548
Tax recoverable		209	217
Cash and cash equivalents		43,969	40,925
		<u>529,482</u>	<u>715,847</u>
Current liabilities			
Trade and other payables	10	307,999	293,625
Interest-bearing borrowings	11	291,235	180,682
Lease liabilities		546	493
Amounts due to directors		12	179
Amount due to an associate		886	1,436
Convertible bonds		113,566	92,397
Tax payable		170,479	159,893
		<u>884,723</u>	<u>728,705</u>
Net current liabilities		<u>(355,241)</u>	<u>(12,858)</u>
Total assets less current liabilities		<u>1,256,814</u>	<u>1,903,643</u>

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Deferred tax liabilities		240,854	289,986
Interest-bearing borrowings	11	286,093	460,623
Lease liabilities		192	738
		<u>527,139</u>	<u>751,347</u>
NET ASSETS		<u>729,675</u>	<u>1,152,296</u>
Capital and reserves			
Share capital	14	2,449	2,449
Reserves		235,896	504,261
		<u>238,345</u>	<u>506,710</u>
Equity attributable to owners of the Company		238,345	506,710
Non-controlling interests		491,330	645,586
		<u>729,675</u>	<u>1,152,296</u>
TOTAL EQUITY		<u>729,675</u>	<u>1,152,296</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 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, hotel operation and general trading.

2. 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 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 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.

3. REVENUE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Sales of properties	201,405	185,076
General trading	2,285	37,506
Properties management services	5,505	6,247
Hotel operation	7,180	7,710
Others	243	4,918
	<hr/>	<hr/>
Revenue from contracts with customers	216,618	241,457
Rental income	19,753	23,058
	<hr/>	<hr/>
Total revenue	<u>236,371</u>	<u>264,515</u>
Timing of revenue recognition		
– At a point in time	203,933	227,500
– Over time	12,685	13,957
	<hr/>	<hr/>
Revenue from contracts with customers	<u>216,618</u>	<u>241,457</u>

The Group primarily operates in 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.

General trading

The Group sells goods and commodities to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms ranged from 0 to 30 days.

Properties management services

For properties management services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis.

Hotel operation

Revenue from hotel operation is recognised over time during the period of stay for the hotel guests.

4. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest expenses on lease liabilities	57	77
Interest expenses on borrowings		
– Interest expenses on loans from third parties	6,764	9,389
– Interest expenses on bank loans	35,377	37,419
	<hr/>	<hr/>
Finance costs expensed	<u>42,198</u>	<u>46,885</u>

5. INCOME TAX (CREDIT)/EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax		
– Enterprise Income Tax in the PRC	–	–
– LAT in the PRC	26,405	48,168
Deferred tax	<u>(40,425)</u>	<u>10,412</u>
	<u>(14,020)</u>	<u>58,580</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 2024 (2023: 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 (credit)/charge and loss before tax multiplied by the tax rate applicable to loss in the countries concerned is as follows:

	2024 HK\$'000	2023 HK\$'000
Loss before tax	<u>(400,625)</u>	<u>(14,640)</u>
Notional tax credit on loss before income tax, calculated at the rates applicable to profits in the countries concerned	(97,348)	(2,274)
Tax effect on share of loss of an associate	321	143
Tax effect on non-deductible expenses	14,837	13,641
Tax effect on non-taxable income	(618)	(532)
Tax effect on temporary difference not recognised	24,983	–
Tax effect on tax losses not recognised	24,482	12,436
Tax effect on utilization of tax losses previously recognised	(481)	(960)
LAT deductible for calculation of income tax	(6,601)	(12,042)
LAT	<u>26,405</u>	<u>48,168</u>
Income tax (credit)/charge	<u>(14,020)</u>	<u>58,580</u>

6. 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.

(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>	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>
Year ended 31 December						
2024						
Revenue						
External sales	<u>201,405</u>	<u>25,258</u>	<u>7,180</u>	<u>2,285</u>	<u>243</u>	<u>236,371</u>
Segment result	<u>(88,494)</u>	<u>(163,194)</u>	<u>(1,058)</u>	<u>554</u>	<u>(417)</u>	<u>(252,609)</u>
Year ended 31 December						
2023						
Revenue						
External sales	<u>185,076</u>	<u>29,305</u>	<u>7,710</u>	<u>37,506</u>	<u>4,918</u>	<u>264,515</u>
Segment result	<u>43,051</u>	<u>45,171</u>	<u>1,211</u>	<u>3,193</u>	<u>(136)</u>	<u>92,490</u>
				2024	2023	
				<i>HK\$'000</i>	<i>HK\$'000</i>	
Segment result				(252,609)	92,490	
Interest revenue				789	492	
Unallocated income, gains and losses				(36,111)	841	
Unallocated expenses				<u>(53,247)</u>	<u>(54,346)</u>	
(Loss)/profit from operations				(341,178)	39,477	
Finance costs				(42,198)	(46,885)	
Share of loss of associates				(1,283)	(573)	
Fair value loss on convertible bonds through profit or loss				<u>(15,966)</u>	<u>(6,659)</u>	
Loss before tax				(400,625)	(14,640)	
Income tax credit/(expense)				<u>14,020</u>	<u>(58,580)</u>	
Loss for the year				<u>(386,605)</u>	<u>(73,220)</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, depreciation, central administration costs, directors' and chief executives' salaries, finance costs, share of loss of an associate and fair value gain/(loss) 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 <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 31 December 2024						
Segment assets	421,208	1,420,502	76,884	14	26	1,918,634
Unallocated assets						222,903
						<u>2,141,537</u>
Segment liabilities	(216,707)	(240,854)	–	–	–	(457,561)
Unallocated liabilities						(954,301)
						<u>(1,411,862)</u>
As at 31 December 2023						
Segment assets	624,756	1,718,898	85,428	–	–	2,429,082
Unallocated assets						203,266
						<u>2,632,348</u>
Segment liabilities	(203,825)	(289,986)	–	–	–	(493,811)
Unallocated liabilities						(986,241)
						<u>(1,480,052)</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 certain 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 other payables, interest-bearing borrowings, lease liabilities, convertible bonds and amounts due to directors).

(c) Other segment information

	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>
Year ended 31 December 2024						
Amounts included in the measure of segment profit or loss or segment assets:						
Provision of impairment for trade receivables	-	(2,442)	-	-	-	(2,442)
Fair value loss on investment properties	-	(158,808)	-	-	-	(158,808)
Impairment loss of properties for sale	(90,840)	-	-	-	-	(90,840)
Capital expenditure	<u>-</u>	<u>35</u>	<u>27</u>	<u>-</u>	<u>20</u>	<u>82</u>
Year ended 31 December 2023						
Amounts included in the measure of segment profit or loss or segment assets:						
Provision of impairment for other receivables	-	-	-	(2,539)	-	(2,539)
Fair value gain on investment properties	-	42,403	-	-	-	42,403
Reversal of impairment loss of properties for sale under development	9,789	-	-	-	-	9,789
Capital expenditure	<u>1,410</u>	<u>11</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>1,431</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

No single customer contributes 10% or more of total revenue of the Group during the year ended 31 December 2024 (2023: Nil).

7. LOSS FOR THE YEAR

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Amortisation of intangible assets	743	757
Auditor's remuneration	800	800
Depreciation	12,854	13,566
Staff costs (including directors' remuneration):		
– salaries, bonuses and allowances	12,180	12,576
– retirement benefits scheme contributions	744	917
	<u>12,924</u>	<u>13,493</u>

8. LOSS PER SHARE

Basic loss per share

Basic loss per share is calculated based on the loss for the year attributable to the owners of the Company of approximately HK\$251,341,000 (2023: HK\$47,026,000) and on the weighted average number of approximately 12,248,000 ordinary shares (2023: 12,248,000 ordinary shares (restated, refer to 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 loss per share

The diluted loss per share is the same as basic loss per share for the years ended 31 December 2024 and 2023, as the effect of convertible bond is anti-dilutive.

9. INVESTMENT PROPERTIES

	Completed <i>HK\$'000</i>
Fair value	
At 1 January 2023	1,765,736
Disposals	(41,123)
Fair value gain on investment properties	42,403
Exchange differences	<u>(48,118)</u>
At 31 December 2023 and 1 January 2024	1,718,898
Disposals	(25,129)
Transfer to properties for sale	(46,843)
Fair value loss on investment properties	(158,808)
Exchange differences	<u>(52,889)</u>
At 31 December 2024	<u><u>1,435,229</u></u>

The fair value of the Group's investment properties at 31 December 2024 has been arrived at on the basis of a valuation carried out on that date by Ravia Global Appraisal Advisory Limited (2023: 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 2024, certain investment properties with the fair value of approximately HK\$1,172,407,000 (2023: HK\$1,356,548,000) were pledged to secure for the interest-bearing borrowings (note 11).

10. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables to building contractors	67,687	1,165
Accruals of cost for contract works	3,942	74,545
Deferred income	15,872	17,780
Accrued salaries and other operating expenses	12,281	12,869
Accrued interest expense	17,357	20,253
Contract liabilities	47,916	43,959
Rental deposits received from tenants	3,870	4,562
Amounts payable on return of properties	5,859	5,669
Other tax payables	2,433	1,491
Provision for litigations (<i>note 15(ii)&(iv)</i>)	79,174	48,522
Other payables	51,608	62,810
	<u>307,999</u>	<u>293,625</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 90 days	66,758	—
Over 360 days	929	1,165
	<u>67,687</u>	<u>1,165</u>

Disclosures of contract liabilities are set out as follows:

	As at 31 December 2024 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>	As at 1 January 2023 <i>HK\$'000</i>
Contract liabilities	<u>47,916</u>	<u>43,959</u>	<u>68,809</u>

Transaction prices allocated to
performance obligations unsatisfied
at end of year and expected to be
recognised as revenue:

Within one year	<u>47,916</u>	<u>43,959</u>
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Year ended 31 December

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue recognised in the year that was included in contract liabilities at beginning of year	<u>39,098</u>	<u>12,247</u>
Significant changes in contract liabilities during the year:		
– Increase due to operations in the year	160,693	95,558
– Transfer of contract liabilities to revenue	<u>156,736</u>	<u>117,171</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.

11. INTEREST-BEARING BORROWINGS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loans from independent third parties payable within one year		
– secured (<i>Note (i)</i>)	30,769	39,272
– unsecured (<i>Note (ii)</i>)	<u>60,956</u>	<u>46,183</u>
	91,725	85,455
Loans from independent third parties payable in the second to fifth years inclusive		
– secured (<i>Note (i)</i>)	–	3,727
– unsecured (<i>Note (ii)</i>)	–	18,416
Loans from a non-controlling shareholder payable within one year		
– unsecured (<i>Note (iii)</i>)	13,992	8,441
Loans from a non-controlling shareholder payable in the second to fifth year inclusive		
– unsecured (<i>Note (iii)</i>)	–	5,481
Secured bank loans (<i>Note (iv)</i>)		
– on demand or within one year	185,518	86,786
– in the second to fifth years inclusive	<u>286,093</u>	<u>432,999</u>
	<u>577,328</u>	<u>641,305</u>
– Non-current	286,093	460,623
– Current	<u>291,235</u>	<u>180,682</u>
	<u>577,328</u>	<u>641,305</u>

Notes:

- (i) At 31 December 2024, loans with principal amount of RMB28,600,000 (2023: RMB39,000,000), equivalent to approximately HK\$30,769,000 (2023: HK\$42,999,000) from independent third parties are guaranteed by a wholly owned subsidiary of the Group or secured by certain properties of the Group. Interests are charged at 6.5 to 12% (2023: 6.5 to 12%) per annum. The loans are repayable in 2025 (2023: repayable in 2024).
- (ii) The unsecured borrowings bear interest at 10% to 12% (2023: 10% to 12%) per annum.
- (iii) The unsecured borrowings bear interest at 9% to 12% (2023: 9% to 12%) per annum.
- (iv) At 31 December 2024 and 2023, loans from banks which are bearing interest at 4.35% to 7% (2023: 5.15% to 8%) per annum with fixed repayment terms. The interest expenses are calculated using the effective interest method by applying the weighted average effective rate at 7.0% (2023: 7.2%) per annum. The loans were secured by:
 - a) certain buildings, investment properties, properties for sale under development and properties for sale owned by the Group as disclosed in note 9;
 - b) 50% (2023: 50%) of the share capital of Shenzhen Zongke owned by the Group;
 - c) 50% (2023: 50%) of the share capital of Shenzhen Zongke owned by a non-controlling shareholder;
 - d) corporate guarantee from a non-controlling shareholder; and/or
 - e) personal guarantees from Mr. Tsang Yee (a substantial shareholder of the Company), Mr. Tsang Wai Lun Wayland who is the father of Mr. Tsang Yee and Ms. Kwok Wai Man Nancy who is a close family member of Mr. Tsang Yee (2023: personal guarantees from Mr. Tsang Yee, Mr. Tsang Wai Lun Wayland and Ms. Kwok Wai Man Nancy)

As at 31 December 2024 and 2023, all interest-bearing borrowings are denominated in RMB.

12. COMMITMENTS

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted but not provided for investment properties and properties for sale under development	<u>34,983</u>	<u>71,116</u>

- (b) As lessor

Property rental income earned during the year was approximately HK\$19,753,000 (2023: HK\$23,058,000).

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	22,947	22,912
In the second to fifth years inclusive	34,305	36,013
Over fifth years	<u>24,910</u>	<u>14,049</u>
	<u>82,162</u>	<u>72,974</u>

The Group leases its investment properties (note 9) under operating lease arrangements which run for an initial period of one to twelve years (2023: 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.

13. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2024 (2023: Nil).

14. SHARE CAPITAL

	Number of Shares (in thousand)	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.20 (at 31 December 2023: HK\$0.01) each		
At 1 January and 31 December 2023	50,000,000	500,000
Share consolidation	(47,500,000)	—
At 31 December 2024	2,500,000	500,000
Ordinary shares of HK\$0.20 (at 31 December 2023: HK\$0.01) each		
At 1 January and 31 December 2023	244,955	2,449
Share consolidation	(232,707)	—
At 31 December 2024	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.

15. LITIGATIONS AND CONTINGENT LIABILITIES

Save as disclosed below, as at the date of this announcement, 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) 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 and Ka Fong Company Limited (“Ka Fong”), the subsidiaries of the Company and other Defendants over the construction agreements. The Higher People’s Court of Guangdong Province had on 24 December 2024 dismissed Ka Fong’s application. The Group had made provision of approximately RMB651,000 to the consolidated statement of profit or loss for the year ended 31 December 2024 for the judgment debt and interest thereon.

In the opinion of the Directors, the said proceedings have no material operational and financial impacts on the Group.

- 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”), Ningbo Heshan Industrial Company Limited (“Ningbo Heshan”) and other defendants arising from the dispute over a loan agreement for the sum of approximately RMB30 million and interest thereon was withdrawn. The right of debt owed to Xingfu Jiari by Zhejiang Beishen for approximately RMB34,708,000 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. Xingfu Jiari had claimed its debt and had on 27 January 2025 received the first distribution of insolvent assets for approximately RMB2,777,000.

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.

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. On 7 March 2025, the Higher People's Court of Zhejiang Province dismissed the application for re-trial. The Company has made a provision of RMB31,053,867 (equivalent to HK\$33,620,987) to the consolidated statement of profit or loss for the year ended 31 December 2024 for the Judgment debt and interest thereon.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the year ended 31 December 2024 (the “Year”), there was a significant decrease in revenue from last year of approximately HK\$264,515,000 to approximately HK\$236,371,000. The revenue for the Year was mainly attributed to the rental income and sale of commercial apartments and offices in Shenzhen, which were accounted for 8% and 85% respectively of the total revenue for the Year. In contrast, contributions from general trading income, properties management services and hotel operation income were minimal, which represented approximately 1%, 2% and 3% respectively of the total revenue.

The loss for the Year was approximately HK\$386,605,000 (2023: loss of approximately HK\$73,220,000).

The substantial increase in loss of the Year was mainly attributed to the following reasons:

- (i) the decrease in revenue by approximately 10.6% mainly caused by the decrease in revenue from general trading business of the Group;
- (ii) the decrease in gross profit margin caused by the sale of some properties with lower gross profit margin during the Year;
- (iii) the recognition of one-off fair value loss on investment properties and impairment loss of properties for sale of the Group amounted of approximately HK\$158.8 million and HK\$90.8 million respectively for the year ended 31 December 2024 as opposed to the one-off fair value gain on investment properties of the Group of approximately HK\$42.4 million and the absence of one-off fair value loss on properties for sale for the year ended 31 December 2023;
- (iv) the increase in recognition of fair value loss on convertible bonds through profit or loss from approximately HK\$6.7 million for the year ended 31 December 2023 to approximately HK\$16 million for the year ended 31 December 2024;

- (v) the increase in provision made for losses on litigation from approximately HK\$0.7 million for the year ended 31 December 2023 to approximately HK\$34.3 million for the year ended 31 December 2024; and
- (vi) the above mentioned loss effect was partially set-off by the recognition of an income tax credit of approximately HK\$14 million for the year ended 31 December 2024 when comparing with the income tax expense of approximately HK\$58.6 million for the year ended 31 December 2023.

Due to the aforesaid reasons, the loss attributable to owners of the Company was approximately HK\$251,341,000 (2023: loss of approximately HK\$47,026,000).

BUSINESS REVIEW AND PROSPECT

In 2024, the landed properties market in China was relatively weak. The Group is facing challenges in the landed properties either in the market demand or the value of the properties. However, the Group has been continuing to develop steadily. Our sales and renting of the properties are above the average of the properties market. It shows that the Group is competitive and has its clear market positioning.

In sales, the Group has been continuing to execute its optimizing sales strategy. Through its clear marketing positioning and excellent customer services, the Group has kept a strong sales performance. In the meantime, our renting business has also developed steadily, especially in its commercial premises of the core areas. The rental income has been increasing steadily to show the Group's professional ability in commercial properties.

Apart from the steady development in the operations, the Group has also been actively adjusting its financial structure to lower its financial costs. Through the precise capital operation and management, the Group effectively decreased the financial expenses and improved the efficiency of financial operation. The Group has actively disposed of non-core assets and concentrated its capital to increase its cash flows in order to further improve the steadiness of the Group's finance.

Looking to the future, the Group plans to make use of advanced technology such as Artificial Intelligence (AI) to seek for further lowering of operational costs and an increase in the working efficiency. With the rapid development of science and technology, it is expected that adopting AI and other automatic tools will become an important driving force for improving our management efficiency and will assist the Group to operate more efficiently. On the business side, our properties in Shenzhen are operating well. The income from these assets can bring stable income and returns to the Group. Following the steady operation of the said programs, we will further strengthen managing and optimizing the capitals to ensure they can achieve long-term stable returns.

Generally speaking, despite the difficult market environment, the Group is still maintaining steady development in many aspects and responding to market changes through effective adjustments so as to lay a solid foundation for future growth of the Group. In future, we will continuously keep a prudent and steady development strategy to respond to the market changes flexibly to ensure the Group maintains its advantage in a highly competitive market and achieve sustainable growth.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group's cash and cash equivalents were approximately HK\$43,969,000 (31 December 2023: approximately HK\$40,925,000) of which most were denominated in Hong Kong Dollar ("HK\$") and Renminbi ("RMB").

As at 31 December 2024, the Group had total current assets of approximately HK\$529,482,000 (31 December 2023: approximately HK\$715,847,000), and total current liabilities of approximately HK\$884,723,000 (31 December 2023: approximately HK\$728,705,000). The Group recorded total assets of approximately HK\$2,141,537,000 (31 December 2023: approximately HK\$2,632,348,000). As at 31 December 2024, the Group's total interest-bearing borrowings amounted to approximately HK\$577,328,000 (31 December 2023: approximately HK\$641,305,000), of which approximately HK\$291,235,000 was repayable within 1 year (31 December 2023: approximately HK\$180,682,000), approximately HK\$57,076,000 (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\$229,017,000 (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 31 December 2024, interest-bearing borrowings of the Group amounted to approximately HK\$577,328,000 (31 December 2023: approximately HK\$641,305,000) are denominated in RMB and such borrowings carried interest at fixed rates of 4.35% to 12% per annum (2023: 5.15% to 12% per annum).

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

The gearing ratio as at 31 December 2024, which was defined to be total interest-bearing borrowings over shareholders' equity, was approximately 242% (31 December 2023: approximately 127%).

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 2024, the Group has no material liability denominated in foreign currencies other than RMB. There was also no hedging transaction contracted for by the Group during the Year.

CAPITAL STRUCTURE

On 26 April 2024, the Company held an 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.

As at 31 December 2024, the Company's issued share capital was HK\$2,449,554 and the total number of its issued ordinary shares was 12,247,770 shares of HK\$0.2 each in issue.

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.

CAPITAL COMMITMENTS

The Group had the following material commitments as at 31 December 2024 and 31 December 2023:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Investment properties and properties for sale under development	<u>34,983</u>	<u>71,116</u>

CHARGE ON GROUP ASSETS

As at 31 December 2024, certain properties (2023: properties) situated in Shenzhen owned by Shenzhen Zongke Real Estate Co., Ltd (“Shenzhen Zongke”), Shenzhen Grand Field Commercial Management Company Limited, G&H International Supply Chain (Shenzhen) Limited and Xingfu Jiari Hotel Management (Shenzhen) Company Limited with carrying amount of approximately HK\$1,450,807,000 were pledged for several bank loans and other borrowing with principal amounts of approximately RMB473,899,000 (2023: RMB513,170,000), which equivalent to approximately HK\$502,380,000 (2023: HK\$562,784,000).

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

There were neither significant investments held as at 31 December 2024 nor material acquisitions and disposals of subsidiaries during the Year.

In 2025, 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 2025 and is cautiously optimistic about the Group’s further prospects.

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 2024. 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.

CONTINGENT LIABILITIES

The Group's contingent liabilities are disclosed in note 15 to the consolidated financial statements.

SEGMENT INFORMATION

The details of the segment information of the Group are set out in note 6 to the consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group employed 111 employees (31 December 2023: 125) and had 7 Directors (31 December 2023: 7). The total staff costs (including Directors' remuneration) for the Year amounted to approximately HK\$12,924,000 (2023: approximately HK\$13,493,000). No equity-settled share option arrangement was included in staff cost for the Year (2023: 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.

SIGNIFICANT EVENT DURING THE YEAR

On 3 December 2024, 徐州國金房地產開發有限公司 (Xuzhou Guojin Property Development Co., Ltd.*), an indirect wholly-owned subsidiary of the Company, (as vendor) (“Xuzhou Guojin”) and Mr. Zong Heng, an independent third party, (as purchaser) (“Mr. Zong”) entered into the conditional sale and purchase agreement in relation to the disposal of the target units by Xuzhou Guojin (the “Disposal Agreement”) pursuant to which, among other things and subject to the terms and condition set out in the Disposal Agreement, Xuzhou Guojin conditionally agreed to sell, and Mr. Zong conditionally agreed to purchase, the target units, on “as is” basis, at an aggregate consideration of RMB25,681,182.50.

Details were set out in the announcements of the Company dated 3 December 2024, 6 December 2024, 23 December 2024 and 24 December 2024 and the circular of the Company dated 14 January 2025.

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 (2023: Nil). No interim dividend was declared for the six months ended 30 June 2024 (2023: Nil).

* *For identification purposes only*

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 to the Appendix C1 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 C.2.1

According to the code provision C.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. 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 a code of conduct regarding securities transactions by Directors on terms as set out in Appendix C3 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 2024. 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.

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 and consequently no opinion or assurance conclusion has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the consolidated financial statements of the Group for the year ended 31 December 2024.

Material Uncertainty Related to Going Concern

We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss attributable to owners of the Company of approximately HK\$251.3 million for the year ended 31 December 2024 and as at 31 December 2024 the Group had net current liabilities of approximately HK\$355.2 million. These conditions indicate a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

EVENT AFTER THE REPORTING PERIOD

The Group does not have any material subsequent event after the Year and up to the date of this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the Company's website (<https://www.gfghl.com>) and the Stock Exchange's website (<https://www.hkexnews.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, 28 March 2025

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. Tsui Matthew Mo Kan.