



# Grand Field Group Holdings Limited

(Incorporated in Bermuda with limited liability)  
(Stock Code: 115)

*INTERIM REPORT*  
**2018**

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## CORPORATE INFORMATION

### Executive Directors

Mr. Ma Xuemian (*Chairman*)  
Mr. Kwok Siu Bun (alternate to  
Ms. Tsang Tsz Tung Debbie)  
Ms. Chow Kwai Wa Anne  
Ms. Kwok Siu Wa Alison

### Non-executive Director

Ms. Tsang Tsz Tung Debbie

### Independent Non-executive Directors

Mr. Hui Pui Wai Kimber  
Mr. Liu Chaodong  
Mr. Wong Sze Lok

### Company Secretary

Ms. Lam Yuen Ling Eva

### Audit Committee

Mr. Wong Sze Lok (*Chairman*)  
Mr. Hui Pui Wai Kimber  
Mr. Liu Chaodong

### Remuneration Committee

Mr. Hui Pui Wai Kimber (*Chairman*)  
Mr. Liu Chaodong  
Mr. Ma Xuemian  
Mr. Wong Sze Lok

### Nomination Committee

Mr. Liu Chaodong (*Chairman*)  
Mr. Ma Xuemian  
Mr. Wong Sze Lok

### Corporate Governance Committee

Mr. Ma Xuemian (*Chairman*)  
Mr. Liu Chaodong  
Mr. Wong Sze Lok

### Authorised Representatives

Ms. Chow Kwai Wa Anne  
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

Unit 1004B, 10/F,  
Tower 5, China Hong Kong City,  
33 Canton Road, Tsim Sha Tsui,  
Kowloon, 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  
Unit 701, 7/F., Citicorp Centre,  
18 Whitfield Road,  
Causeway Bay, 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  
Level 22, Hopewell Centre,  
183 Queen's Road East,  
Hong Kong

### **Principal Banker**

The Bank of East Asia, Limited

### **Website**

<http://www.gfghl.com>



中匯  
ZHONGHUI

**INDEPENDENT REVIEW REPORT  
TO THE BOARD OF DIRECTORS OF  
GRAND FIELD GROUP HOLDINGS LIMITED**

鈞濠集團有限公司

*(Incorporated in Bermuda with limited liability)*

**Introduction**

We have reviewed the interim financial information set out on pages 6 to 28 which comprises the condensed consolidated statement of financial position of Grand Field Group Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at 30 June 2018 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit and loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



## Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

### **ZHONGHUI ANDA CPA Limited**

*Certified Public Accountants*

### **Ngan Hing Hon**

Practising Certificate Number P05294

Hong Kong, 28 August 2018

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period ended 30 June 2018

		Six months ended 30 June	
	Notes	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
<b>Revenue</b>	5	<b>1,149</b>	1,095
Cost of revenue		<b>(6)</b>	(5)
<b>Gross profit</b>		<b>1,143</b>	1,090
Other revenue		<b>29</b>	23
Other gains and losses		–	17
Selling and distribution costs		<b>(68)</b>	(276)
Administrative expenses		<b>(10,763)</b>	(11,678)
<b>Loss from operations</b>		<b>(9,659)</b>	(10,824)
Finance cost		<b>(817)</b>	(846)
Fair value (loss)/gain on convertible bonds	13	<b>(5,130)</b>	5,058
<b>Loss before tax</b>		<b>(15,606)</b>	(6,612)
Income tax credit	6	<b>2,406</b>	433
<b>Loss for the period</b>	7	<b>(13,200)</b>	(6,179)
<b>Attributable to:</b>			
Owners of the Company		<b>(12,478)</b>	(5,276)
Non-controlling interests		<b>(722)</b>	(903)
		<b>(13,200)</b>	(6,179)
<b>Loss per share</b>			
Basic (HK cents per share)	8	<b>(0.79)</b>	(0.44)
Diluted (HK cents per share)	8	<b>N/A</b>	N/A

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 30 June 2018

		Six months ended 30 June	
	Notes	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Loss for the period	7	(13,200)	(6,179)
<b>Other comprehensive income/(loss):</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		(22,191)	76,148
Total comprehensive (loss)/income for the period		(35,391)	69,969
<b>Attributable to:</b>			
Owners of the Company		(25,360)	36,520
Non-controlling interests		(10,031)	33,449
		(35,391)	69,969

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	<i>Notes</i>	<b>30 June 2018 HK\$'000 (Unaudited)</b>	31 December 2017 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	14,589	14,832
Investment properties		2,339,817	2,266,233
Prepaid premium for land leases		13,411	13,627
Properties for sale under development		474	480
Intangible assets		14,635	15,626
Deferred tax assets		13,136	11,150
Goodwill		36,773	36,773
		<b>2,432,835</b>	2,358,721
<b>Current assets</b>			
Trade receivables		49	4,134
Properties for sale under development		252,640	142,301
Properties for sale		31,960	32,342
Other receivables, deposits and prepayments		62,571	65,249
Amount due from a director		481	522
Tax recoverable		90	91
Cash and cash equivalents		19,488	5,902
		<b>367,279</b>	250,541
<b>Current liabilities</b>			
Trade and other payables	11	222,816	141,092
Interest-bearing borrowings		47,816	48,420
Convertible bonds	13	138,563	133,433
Amounts due to directors	12	687	859
Amount due to a shareholder		119	120
Tax payable		204	206
		<b>410,205</b>	324,130

	<i>Notes</i>	<b>30 June 2018 HK\$'000 (Unaudited)</b>	31 December 2017 HK\$'000 (Audited)
<b>Net current liabilities</b>		<b>(42,926)</b>	(73,589)
<b>Total assets less current liabilities</b>		<b>2,389,909</b>	2,285,132
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>464,830</b>	470,418
<b>NET ASSETS</b>		<b>1,925,079</b>	1,814,714
<b>Capital and reserves</b>			
Share capital	<i>14</i>	<b>163,304</b>	151,905
Reserves		<b>830,883</b>	848,678
Equity attributable to owners of the Company		<b>994,187</b>	1,000,583
Non-controlling interests		<b>930,892</b>	814,131
<b>TOTAL EQUITY</b>		<b>1,925,079</b>	1,814,714

Approved by:

\_\_\_\_\_  
**Ma Xuemian**  
*Director*

\_\_\_\_\_  
**Kwok Siu Wa, Alison**  
*Director*

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2018

	Attributable to owners of the Company								Total equity HK\$'000
	Share capital HK\$'000	Share premium account HK\$'000	Share option reserve HK\$'000	Special reserve HK\$'000	Exchange reserve HK\$'000	(Accumulated losses)/ retained profit HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
At 1 January 2017 (audited)	103,285	348,680	25,784	(2,215)	4,468	204,310	684,312	611,935	1,296,247
Total comprehensive income for the period (unaudited)	-	-	-	-	41,796	(5,276)	36,520	33,449	69,969
Acquisition of subsidiaries (unaudited)	21,000	28,350	-	-	-	-	49,350	-	49,350
Issue of shares for settlement of professional fee (unaudited)	2,755	4,163	-	-	-	-	6,918	-	6,918
Issue of new shares (unaudited)	9,047	15,380	-	-	-	-	24,427	-	24,427
At 30 June 2017 (unaudited)	136,087	396,573	25,784	(2,215)	46,264	199,034	801,527	645,384	1,446,911
At 1 January 2018 (audited)	151,905	415,555	19,007	(2,215)	77,265	339,066	1,000,583	814,131	1,814,714
Total comprehensive loss for the period (unaudited)	-	-	-	-	(12,882)	(12,478)	(25,360)	(10,031)	(35,391)
Capital injection by non-controlling shareholder (unaudited)	-	-	-	-	-	-	-	126,792	126,792
Issue of new shares (unaudited)	11,399	7,565	-	-	-	-	18,964	-	18,964
Share option lapsed	-	-	(155)	-	-	155	-	-	-
At 30 June 2018 (unaudited)	163,304	423,120	18,852	(2,215)	64,383	326,743	994,187	930,892	1,925,079

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2018

	For the six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
<b>Net cash flows (used in)/generated from operating activities</b>	<b>(52,326)</b>	37,763
<b>Cash flows from investing activities</b>		
Net cash outflow from acquisition of subsidiaries	–	(22,145)
Additional costs on properties	<b>(78,816)</b>	(56,783)
Purchases of property, plant and equipment	<b>(14)</b>	(139)
<b>Net cash flows used in investing activities</b>	<b>(78,830)</b>	(79,067)
<b>Cash flows from financing activities</b>		
Issue of new shares	<b>18,964</b>	24,427
Interest paid	<b>(817)</b>	(846)
New interest-bearing borrowings raised	<b>59</b>	1,700
Repayment of interest-bearing borrowings	<b>(191)</b>	(113)
Capital injection from non-controlling interest of a subsidiary	<b>126,792</b>	–
Others	<b>(119)</b>	(437)
<b>Net cash flows generated from financing activities</b>	<b>144,688</b>	24,731
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>13,532</b>	(16,573)
Effect of foreign exchange rate changes	<b>54</b>	13,403
Cash and cash equivalents at beginning of period	<b>5,902</b>	13,439
<b>Cash and cash equivalents at end of period</b>	<b>19,488</b>	10,269
<b>Analysis of cash and cash equivalents</b>		
Bank and cash balances	<b>19,488</b>	10,269



## NOTES TO THE FINANCIAL STATEMENTS

*For the period ended 30 June 2018*

### 1. GENERAL INFORMATION

Grand Field Group Holdings Limited (the “Company”) is a company incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company in Hong Kong is located at Unit 1004B, 10th Floor, Tower 5, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

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

### 2. BASIS OF PREPARATION

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

These condensed financial statements should be read in conjunction with the 2017 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2017 except as stated below.

## 2. BASIS OF PREPARATION (Continued)

### (a) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified as financial assets at amortised cost.

#### *Financial assets at amortised cost*

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.



## 2. BASIS OF PREPARATION (Continued)

### (b) Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument (“lifetime expected credit losses”) for trade receivables, contract assets and lease receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables, contract assets and lease receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

## 2. BASIS OF PREPARATION (Continued)

### (c) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.



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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2018. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years.

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

### 4. FAIR VALUE MEASUREMENTS

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.

#### 4. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy:

##### As at 30 June 2018

	<b>Level 1</b> <i>HK\$'000</i> (unaudited)	<b>Level 2</b> <i>HK\$'000</i> (unaudited)	<b>Level 3</b> <i>HK\$'000</i> (unaudited)	<b>Total</b> <i>HK\$'000</i> (unaudited)
Recurring fair value measurements:				
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
– Convertible bonds	–	138,563	–	138,563

##### As at 31 December 2017

	<b>Level 1</b> <i>HK\$'000</i> (audited)	<b>Level 2</b> <i>HK\$'000</i> (audited)	<b>Level 3</b> <i>HK\$'000</i> (audited)	<b>Total</b> <i>HK\$'000</i> (audited)
Recurring fair value measurements:				
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
– Convertible bonds	–	133,433	–	133,433

#### 4. 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
			as at 30 June 2018 <i>HK\$'000</i>
Convertible bonds	Binomial model	Share price Discount rate Volatility Conversion price	138,563

Description	Valuation technique	Inputs	Fair value
			as at 31 December 2017 <i>HK\$'000</i>
Convertible bonds	Binomial model	Share price Discount rate Volatility Conversion price	133,433

## 5. SEGMENT REPORTING

The Group's geographical market is at PRC only. The major services are properties letting and the revenue is recognised at a point in time.

### (a) Segment revenue and results

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

#### Six months ended 30 June

	General trading		Property development		Property investment		Total	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
<b>Revenue</b>								
External sales	-	1	-	-	1,149	1,094	1,149	1,095
Segment result	-	-	-	-	1,143	1,090	1,143	1,090
Unallocated income and gains, net							29	40
Unallocated expenses							(10,831)	(11,954)
Loss from operations							(9,659)	(10,824)
Finance costs							(817)	(846)
Fair value (loss)/gain on convertible bond							(5,130)	5,058
Loss before tax							(15,606)	(6,612)
Income tax credit							2,406	433
Loss for the period							(13,200)	(6,179)

### (b) Segment assets and liabilities

	General trading		Property development		Property investment		Total	
	30 June 2018 HK\$'000 (unaudited)	31 December 2017 HK\$'000 (audited)						
Segment assets	-	-	311,621	193,176	2,339,817	2,266,233	2,651,438	2,459,409
Segment liabilities	-	-	(169)	(171)	(464,830)	(470,418)	(464,999)	(470,589)

## 6. INCOME TAX CREDIT

	Six months ended 30 June	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Current tax		
Income tax expenses	–	(26)
Deferred tax	<b>2,406</b>	459
	<b>2,406</b>	433

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Under a notice issued on 6 September 2010 by Local Tax Bureau of Longgang District, Shenzhen, PRC Land Appreciation Tax for a subsidiary incorporated in Shenzhen, the PRC, in which property development projects in Shenzhen, is calculated at rates ranging from 5% to 10% (six months ended 30 June 2017: 5% to 10%) of the sales revenue on the respective property development projects.

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

## 7. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Amortisation of prepaid premium for land leases	185	206
Amortisation of intangible assets	844	–
Depreciation	90	193
Staff costs (including Directors' remuneration):		
– salaries, bonuses and allowances	3,424	3,020
– retirement benefits scheme contributions	207	124
	3,631	3,144
Operating lease charges on land and buildings	454	434

## 8. LOSS PER SHARE

### Basic loss per share

Basic loss per share is calculated based on the loss for the period attributable to owners of the Company for the six months ended 30 June 2018 of approximately HK\$12,478,000 (six months ended 30 June 2017: HK\$5,276,000) and on the weighted average number of approximately 1,588,322,000 ordinary shares in issue during the six months ended 30 June 2018 (six months ended 30 June 2017: 1,204,519,000 ordinary shares).

### Diluted loss per share

Diluted loss per share is not presented as there was no dilutive potential ordinary shares during the six months ended 30 June 2017 and 30 June 2018.

## 9. DIVIDENDS

No dividend was paid, declared or proposed during the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, property, plant and equipment approximately of HK\$14,000 was acquired by the Group (during six months ended 30 June 2017: HK\$139,000).

## 11. TRADE AND OTHER PAYABLES

	<b>30 June 2018 HK\$'000 (Unaudited)</b>	31 December 2017 HK\$'000 (Audited)
Trade payables to building contractors	<b>85,674</b>	2,102
Deferred income	<b>28,095</b>	28,420
Accrued salaries and other operating expenses	<b>14,242</b>	15,189
Accrued interest expense	<b>1,138</b>	901
Contract liabilities	<b>39,218</b>	41,241
Rental deposits received from investment properties	<b>36</b>	36
Amounts payable on return of properties	<b>6,050</b>	6,120
Other payables	<b>48,363</b>	47,083
	<b>222,816</b>	141,092

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

	<b>30 June 2018 HK\$'000 (Unaudited)</b>	31 December 2017 HK\$'000 (Audited)
Within 360 days past due	<b>84,457</b>	874
Over 360 days past due	<b>1,217</b>	1,228
	<b>85,674</b>	2,102

## 12. AMOUNTS DUE TO DIRECTORS

Included in the amounts due to directors of the amount of RMB400,000 (equivalent to approximately HK\$474,000) are unsecured, bear interest at 10% per annum.

## 13. CONVERTIBLE BONDS

On 28 April 2017, the Company issued convertible bonds with principal amount of HK\$137,000,000 (the "Convertible Bonds") in connection with the acquisition of the entire equity interest of Intra Asia Limited (the "Acquisition"). The Convertible Bonds are denominated in HK\$, carry interest rate of 3% per annum and will be matured on 27 October 2018. The conversion price of the Convertible Bonds is at HK\$0.226 per ordinary share of the Company and a total of 606,194,690 new ordinary shares of the Company will be issued upon conversion of the Convertible Bonds.

For details of the Acquisition, please refer to the announcements of the Company dated 24 February 2017, 24 March 2017, 30 March 2017 and 28 April 2017.

The Convertible Bonds are measured as financial liabilities at fair value through profit or loss. These Convertible Bonds are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in profit or loss.

The movements of the Group's Convertible Bonds during the six months ended 30 June 2018 are as follows:

	<i>HK\$'000</i>
Fair value of Convertible Bonds as at 28 April 2017	137,000
Fair value changes for the period	(3,567)
Fair value of Convertible Bonds as at 31 December 2017 and 1 January 2018	133,433
Fair value changes for the period	5,130
Fair value of Convertible Bonds as at 30 June 2018	138,563

## 14. SHARE CAPITAL

	<b>30 June 2018 HK\$'000 (Unaudited)</b>	31 December 2017 HK\$'000 (Audited)
Authorised:		
5,000,000,000 Ordinary shares of HK\$0.1 each (31 December 2017: 5,000,000,000 Ordinary shares of HK\$0.1 each)	<b>500,000</b>	500,000
Issued and fully paid:		
1,633,036,088 Ordinary shares of HK\$0.1 each (31 December 2017: 1,519,046,088 Ordinary shares of HK\$0.1 each)	<b>163,304</b>	151,905

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

	<b>Number of shares '000</b>	<b>Amount HK\$'000</b>
As at 1 January 2017	1,032,849	103,285
Placing of shares (Note (i))	248,651	24,865
Issue of shares for settlement of professional fee (Note(ii))	27,546	2,755
Issue of share for the Acquisition (Note(iii))	210,000	21,000
As at 31 December 2017	1,519,046	151,905
Placing of shares (Note (i))	113,990	11,399
As at 30 June 2018	1,633,036	163,304

## 14. SHARE CAPITAL (Continued)

*Note:*

### (i) Placing of shares

On 19 January 2017 and 21 August 2017, the Company issued and allotted 90,468,877 and 158,181,818 ordinary shares of HK\$0.1 each to the subscribers at a price of HK\$0.27 and HK\$0.22 per share and the premium on the issue of shares, amounting to approximately HK\$15,380,000 and HK\$18,982,000 were credited to the Company's share premium account respectively.

On 13 March 2018, the Company issued and allotted 113,990,000 ordinary shares of HK\$0.1 each to the subscribers at a price of HK\$0.170 per share. The premium on the issue of shares amounting to approximately HK\$7,565,000, after net of share issue expenses of approximately HK\$414,000, were credited to the Company's share premium account.

### (ii) Issue of shares for settlement of professional fee

On 19 January 2017 and 9 May 2017, the Company issued and allotted 12,962,963 and 14,583,333 ordinary shares as to Mr. Wong Vai Nang, sole proprietor of Simon Ho & Co., Solicitors for settlement of the fee for legal advisory services provided. The premium on the issue of the above mentioned number of shares amounting to approximately HK\$4,163,000 was credited to the Company's share premium account.

### (iii) Issue of shares for the Acquisition

On 28 April 2017, the Company issued and allotted 210,000,000 shares as to settle part of the consideration of the acquisition. The premium on the issue for shares amounting to approximately HK\$28,350,000 was credited to the Company's share premium account. Please refer to Note (36(a)) of the 2017 annual report for more information.



## 15. LITIGATIONS AND CONTINGENT LIABILITIES

Save as disclosed below, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any material litigation or claims and, so far as the Directors were aware, no material litigation or claims were pending or threatened by or against any companies of the Group:

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

The Company upon legal advice opposes the plaintiff's application and has filed its affirmation in opposition. The trial date of these proceedings has not been fixed yet.

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

## 15. LITIGATIONS AND CONTINGENT LIABILITIES (Continued)

- ii) A writ was issued under the case no.(2018) Su 0302 Min Chu No.599, Hsu Zhou Chiang Chu Constructions Limited as Plaintiff claims against Xuzhou Guojin Property Development Limited, a subsidiary company wholly owned by the Company as Defendant for an alleged outstanding sum for RMB20,000,000 being unpaid constructions fee. Pursuant to the Property Distraint (retention) Notice by the People's Court of Gu Liu District of Hsu Zhou City, total 52 units of Jin Gong Wan Plaza situate at Gu Liu District, Hsu Zhou City have been retained by the said court by way of distraint.

The hearing date of the substantial issues of the said proceedings has not yet fixed. According to the Agreement between the Company and the vendor(s) of Xuzhou Property dated 24th February, 2017, all outstanding constructions fee and the accrued interest thereon should be born by the vendors thereof no matter what the results of the trial of the said writ are.

In the opinion of the Directors, these proceedings will have no material impact on the operations of the Group and financial impact upon the Company.

Save as disclosed above, in the opinion of the Directors, the aforesaid legal proceedings will have no material impact on the financial position and operations of the Group.

## 16. MATERIAL RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2018, the emoluments paid or payable to directors and chief executives of the Company were approximately HK\$1,302,000 (six months ended 30 June 2017: HK\$1,302,000).

## 17. CAPITAL COMMITMENTS

The Group had the following material commitments at the end of the period:

	<b>30 June 2018 HK\$'000 (Unaudited)</b>	31 December 2017 HK\$'000 (Audited)
Contracted but not provided for:		
Investment properties under development and properties for sale under development	<b>483,849</b>	647,853
Capital contribution to a PRC company	<b>192,119</b>	194,344
	<b>675,968</b>	842,197

## 18. EVENTS AFTER THE REPORTING PERIOD

On 27 June 2018, the Company proposed to raise not less than approximately HK\$97,980,000 before expenses by issuing not less than 816,518,044 Offer Shares to Qualifying Shareholders on the basis of one Offer Share for every two existing Shares held on the Record Date. All relevant procedures of issuing of Offer Shares had been completed before the report date. Detail information please refer to announcements published on 27 June 2018, 11 July 2018, 13 August 2018 and the Company's prospectus dated 23 July 2018 respectively.

## 19. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 28 August 2018.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Business Review and Prospect

Grand Field Group Holdings Limited (the “Company”) has been benefited from the thriving economy of the People’s Republic of the China (the “PRC”). Shenzhen’s property market continues to gain momentum in the second half of 2018 with average prices for new and second-hand properties hitting historical high. For the Company and its subsidiaries (collectively, the “Group”), this means further opportunities in presales with a potential of higher sales volume. The Shenzhen Zongke Yunduan Building Project has obtained all the required development licenses in April 2016 and the construction works hereof are now in full swing. The said construction works are estimated to complete in first quarter of 2020. Shenzhen Zongke will apply for pre-sale permit as soon as the construction works complete up to the 22th storey. It can be expected that it will greatly enhance the Group’s cash flow and profitability.

While part of our projects is planned to be sold for some quick cash turnover, we also plan to build and hold on some commercial space for long-term leasing income and also as an investment to our own work, and therefore bringing value to our shareholders. At present, since our land reserve is limited to the Shenzhen Zongke Yunduan Building Project, the Group is actively seeking to expand the business to different provinces and other second-tier cities in China for better bargains on land and other real estate assets.

In 2017, the Company has also expanded its business operation out of Guangdong Province into another province. As of 30 June 2018, the Company acquired Xuzhou Property Project, which, has been entirely completed and apart from the commercial tower thereof have been sold out, the Group has retained one commercial tower for renting out for the use of arcade, hotel or other commercial uses. It will greatly enhance the Group’s cash flow and profitability.

As aforesaid, we believe an expected growth in the second half of the year of 2018.



Besides, we are continuing our effort to mergers and acquisitions (the “M & A”) deals as a way to expand into new markets and gain additional revenue streams apart from the real estate development. At the time when we witness a slowdown in the macro market, successful M & A deals will offer the Group the opportunities for sustainable growth. By bringing in additional product lines and expanding into new markets, these possible deals would allow the Group to grow without having to build out the entire new portion of the business on our own. Business integration is a top of priority for us in the years to come.

## 2. Financial Review

During the six months ended 30 June 2018 (the “Reporting Period”), the Group’s revenue amounted to approximately HK\$1,149,000, representing a 5% increase when compared with that of the same period last year. The Group’s revenue were mainly generated from properties rental income.

During the Reporting Period, the Group recorded a loss attributable to owners of the Company of approximately HK\$12,478,000 (six months ended 30 June 2017: HK\$5,276,000), representing an increase of HK\$7,202,000 when compared with that of the same period last year. The increase in loss was mainly due to the fair value loss on convertible bonds of approximately HK\$5,130,000 (six months ended 30 June 2017: fair value gain of approximately HK\$5,058,000) incurred during the Reporting Period.

### 3. Liquidity and Financial Resources

As at 30 June 2018, the Group's cash and cash equivalents were approximately HK\$19,488,000 (31 December 2017: HK\$5,902,000) of which most were denominated in Hong Kong dollar ("HK\$") and Renminbi ("RMB").

As at 30 June 2018, the Group recorded total current assets of approximately HK\$367,279,000 (31 December 2017: HK\$250,541,000) and total current liabilities of approximately HK\$410,205,000 (31 December 2017: HK\$324,130,000). As at 30 June 2018, the Group recorded total assets of approximately HK\$2,800,114,000 (31 December 2017: HK\$2,609,262,000) and the Group's total interest-bearing borrowings amounted to approximately HK\$47,816,000 (31 December 2017: HK\$48,420,000), all of them are repayable within one year.

As at 30 June 2018, all of the Group's borrowings were denominated in HK\$ and RMB with principal amount of approximately RMB40,345,000 (equivalent to approximately HK\$47,816,000) (31 December 2017: HK\$48,420,000) and such borrowings carried interest rates ranging from 1.5% per month to 2.5% per month and 10% per annum (31 December 2017: 1.5% to 2.5% per month and 10% per annum).

As at 30 June 2018, the Group's gearing ratio was defined to be current liabilities over shareholders' equity, was approximately 41% (31 December 2017: 32%).



On 28 April 2017, the Company issued convertible bonds with principal amount of HK\$137,000,000 (the “Convertible Bonds”) to Ms. Tsang Tsz Nok Aleen (the “Bondholder”), a substantial shareholder of the Company, in connection with the acquisition of the entire equity interest of Intra Asia Limited (the “Acquisition”). The Convertible Bonds carry interest rate of 3% per annum and will be mature on 27 October 2018. The conversion price of the Convertible Bonds is at HK\$0.226 per ordinary share of the Company and a total of 606,194,690 new ordinary shares of the Company will be issued upon full conversion of the Convertible Bonds. Upon full exercise of the conversion rights attaching to the outstanding Convertible Bonds, the shareholdings of Rhenfield Development Corp. and Ms. Tsang Tsz Nok Aleen, the substantial shareholders of the Company, will be changed from 10.14% and 13.05% respectively to 7.39% and 36.59% respectively of the total number of issued shares of the Company as enlarged by the issue of the shares of the Company upon the conversion of all the outstanding Convertible Bonds.

The Directors note that the Convertible Bonds will become mature on 27 October 2018. Having considered the financial resources available of the Company, the Company may not have sufficient financial resources to redeem the Convertible Bonds when they fall due. Therefore, the Company has negotiated with the Bondholder thereof and have finally reached a mutual agreement that the Bondholder undertake and confirm that they will not demand repayment of the said debt or any part thereof on the said maturity date and will in due course negotiate with the Company for the new terms and conditions of repayment subject to the situation of the Company.

#### 4. Placing of New Shares

On 13 March 2018, 113,990,000 new ordinary shares of the Company (the “Placing Shares”) have been successfully placed by Taijin Securities and Futures Limited to not less than six placees who are not connected persons of the Company at the placing price of HK\$0.170 per Placing Share in accordance with the terms and conditions of the placing agreement. The aggregate nominal value of the Placing Shares was HK\$11,399,000. The net proceeds from the placing were approximately HK\$18,964,000. As a result, the net price per Placing Share was approximately HK\$0.166. The closing price was HK\$0.196 per share as quoted on the Stock Exchange on the date of the placing agreement.

The board (the “Board”) of directors (the “Directors”) of the Company considered that the placing provided additional funding for the Company to further develop existing real estate projects on hand and maintained the Group’s working capital requirement while broadening the capital base of the Company. The Directors considered that the terms of the placing agreement were fair and reasonable and the entering into of the placing agreement was in the interest of the Company and the shareholders of the Company as a whole.

The net proceeds, after deducting related placing commission, professional fees and all related expenses, arising from the placing amounted to approximately HK\$18,964,000. The Company has utilized most of the net proceeds as to approximately HK\$10,364,000, HK\$2,000,000, HK\$1,600,000, and HK\$3,000,000 in respect of costs on constructing the main structure, on building drainage system, on town plan design, and finance costs in relation to the Shenzhen Zongke Yunduan Building Project. The company has further utilized the remaining net proceeds as to approximately HK\$1,500,000 and HK\$500,000 in respect of legal & professional fees, and general administrative expense.

Details were set out in the Company’s announcements dated 13 February 2018 and 13 March 2018.

## 5. Share Capital

	Number of shares	Amount <i>HK\$'000</i>
<i>Authorised:</i>		
Ordinary shares of HK\$0.10 each		
At the end of Reporting Period	5,000,000,000	500,000
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.10 each		
At the end of Reporting Period	1,633,036,088	163,304

## 6. 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.

## 7. 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.

## 8. Charge on Group Assets

At 30 June 2018, the Group has pledged the completed properties held for sale with the carrying amounts of approximately HK\$4,624,000 (31 December 2017: HK\$4,677,000) of its wholly-owned subsidiary for a loan with principal amount of RMB4,238,000 (equivalent to approximately HK\$5,023,000) (31 December 2017: HK\$4,896,000) from an independent third party.

## 9. Segment Information

The details of segment information are set out in note 5 of notes to the condensed consolidated financial statements of this report.

## 10. Capital Commitment

The Group had the following material commitments as at 30 June 2018:

	<b>30 June 2018 HK\$'000 (Unaudited)</b>	31 December 2017 HK\$'000 (Audited)
Contracted but not provided for:		
Investment properties under development and properties for sale under development	483,849	647,853
Capital contribution to a PRC company	192,119	194,344
	<hr/> 675,968	<hr/> 842,197



## 11. Employees

As at 30 June 2018, the Group employed 54 employees (as at 30 June 2017: 49) and appointed 8 Directors (as at 30 June 2017: 8) and the related staff costs amounted to approximately HK\$3,631,000 (six months ended 30 June 2017: HK\$3,144,000) representing a 15% increase when compared with that of the same period last year. The increased actually in staff costs was mainly due to no equity-settled share option arrangements made 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.

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

Save as otherwise disclosed, there were neither significant investments held as at 30 June 2018 nor material acquisitions and disposals of subsidiaries during the Reporting Period. There is no plan for material investments or capital assets as at the date of this report.

## 13. Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June 2018 (31 December 2017: Nil).

## OTHER INFORMATION

### INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Reporting Period (six months ended 30 June 2017: Nil).

### DIRECTORS' INTERESTS IN SHARES

As at 30 June 2018, 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 10 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
Ma Xuemian	Beneficial Owner	–	9,698,964 (L) <i>(Note 1)</i>	9,698,964 (L)	0.59%
Kwok Siu Bun	Beneficial Owner	1,000,000 (L)	9,698,964 (L) <i>(Note 1)</i>	10,698,964 (L)	0.66%

<b>Name of Directors</b>	<b>Capacity/ Nature of interests</b>	<b>Number of ordinary share(s) held</b>	<b>Number of underlying shares held pursuant to share options</b>	<b>Total</b>	<b>Total interests as percentage of the total number of issued shares</b>
Chow Kwai Wa Anne	Beneficial Owner	1,300,000 (L)	9,698,964 (L) <i>(Note 1)</i>	10,998,964 (L)	0.67%
Kwok Siu Wa Alison	Beneficial Owner	2,000,000 (L)	9,698,964 (L) <i>(Note 1)</i>	11,698,964 (L)	0.72%
Tsang Tsz Tung Debbie	Beneficial Owner	–	9,698,964 (L) <i>(Note 1)</i>	9,698,964 (L)	0.59%
Hui Pui Wai Kimber	Beneficial Owner	–	3,780,677 (L) <i>(Note 1)</i>	3,780,677 (L)	0.23%
Liu Chaodong	Beneficial Owner	–	3,780,677 (L) <i>(Note 1)</i>	3,780,677 (L)	0.23%
Chui Wai Hung (Resigned on 12 July 2018)	Beneficial Owner	–	3,780,677 (L) <i>(Note 1)</i>	3,780,677 (L)	0.23%

(L): Long position

*Note:*

1. These shares represent the share options granted by the Company under the old share option scheme of the Company on 6 May 2016 and the Share Option Scheme on 16 November 2016, respectively.

Save as disclosed above, 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 2018, 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:

<b>Name of Shareholders</b>	<b>Capacity/ Nature of interests</b>	<b>Number of ordinary share(s) held</b>	<b>Number of underlying shares held</b>	<b>Total interests as percentage of the total number of issued shares</b>
Rhenfield Development Corp. <i>(Note 1)</i>	Beneficial Owner	165,564,529	–	10.14%
Tsang Yee	Beneficial Owner <i>(Note 2)</i>	–	9,698,964	0.59%
	Interest in Controlled Corporation <i>(Note 1)</i>	165,564,529	–	10.14%
Tsang Tsz Nok Aleen	Beneficial Owner <i>(Note 3)</i>	213,163,534	606,194,690	50.17%
Lui Kin Chung <i>(Note 4)</i>	Interest of spouse	213,163,534	606,194,690	50.17%
Xin Zailian	Beneficial Owner	148,695,140	–	9.11%



*Notes:*

1. Rhenfield Development Corp. is wholly-owned by Mr. Tsang Yee who is deemed to be interested in 165,564,529 shares of the Company pursuant to the Part XV of the SFO.
2. 7,415,139 shares and 2,283,825 shares represent the share options granted to Mr. Tsang Yee by the Company under the old share option scheme of the Company on 6 May 2016 and the Share Option Scheme on 16 November 2016 respectively.
3. The 606,194,690 shares that Tsang Tsz Nok Aleen are interested in represent the underlying shares of the Company of the aggregate principal amount of convertible bonds of HK\$137,000,000 issued by the Company at the conversion price of HK\$0.226 per share on 28 April 2017. Details were set out in the announcements dated 24 February 2017 and 28 April 2017.
4. 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 2018, 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 (the “Share Option Scheme”) under which the eligible persons may be granted options to subscribe for the Company’s shares.

Details of the share options movements during the Reporting Period under both the old share option scheme and the Share Option Scheme are as follows:

Name or category of grantees	Date of grant of share options	Exercise		Vesting period	Number of share options					
		Price (HK\$)	Exercise Period		Balance as at 01.01.2018	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Balance as at 30.06.2018
<b>Directors</b>										
Ma Xuemian	06/05/2016 (Note 1)	0.363	06/05/2016 – 05/05/2019	N/A	8,805,478	–	–	–	–	8,805,478
	16/11/2016 (Note 2)	0.255	16/11/2016 – 15/11/2019	N/A	893,486	–	–	–	–	893,486
Kwok Siu Bun	06/05/2016 (Note 1)	0.363	06/05/2016 – 05/05/2019	N/A	7,415,139	–	–	–	–	7,415,139
	16/11/2016 (Note 2)	0.255	16/11/2016 – 15/11/2019	N/A	2,283,825	–	–	–	–	2,283,825
Chow Kwai Wa Anne	06/05/2016 (Note 1)	0.363	06/05/2016 – 05/05/2019	N/A	7,415,139	–	–	–	–	7,415,139
	16/11/2016 (Note 2)	0.255	16/11/2016 – 15/11/2019	N/A	2,283,825	–	–	–	–	2,283,825
Kwok Siu Wa Alison	06/05/2016 (Note 1)	0.363	06/05/2016 – 05/05/2019	N/A	7,415,139	–	–	–	–	7,415,139
	16/11/2016 (Note 2)	0.255	16/11/2016 – 15/11/2019	N/A	2,283,825	–	–	–	–	2,283,825
Tsang Tsz Tung Debbie	06/05/2016 (Note 1)	0.363	06/05/2016 – 05/05/2019	N/A	6,488,247	–	–	–	–	6,488,247
	16/11/2016 (Note 2)	0.255	16/11/2016 – 15/11/2019	N/A	3,210,717	–	–	–	–	3,210,717
Hui Pui Wai Kimber	06/05/2016 (Note 1)	0.363	06/05/2016 – 05/05/2019	N/A	2,780,677	–	–	–	–	2,780,677
	16/11/2016 (Note 2)	0.255	16/11/2016 – 15/11/2019	N/A	1,000,000	–	–	–	–	1,000,000
Liu Chaocong	06/05/2016 (Note 1)	0.363	06/05/2016 – 05/05/2019	N/A	2,780,677	–	–	–	–	2,780,677
	16/11/2016 (Note 2)	0.255	16/11/2016 – 15/11/2019	N/A	1,000,000	–	–	–	–	1,000,000
Chui Wai Hung (resigned on 12 July 2018)	06/05/2016 (Note 1)	0.363	06/05/2016 – 05/05/2019	N/A	2,780,677	–	–	–	–	2,780,677
	16/11/2016 (Note 2)	0.255	16/11/2016 – 15/11/2019	N/A	1,000,000	–	–	–	–	1,000,000
Subtotal					59,836,851	–	–	–	–	59,836,851
<b>Beneficial Owner of the Substantial Shareholder</b>										
Tsang Yee	06/05/2016 (Note 1)	0.363	06/05/2016 – 05/05/2019	N/A	7,415,139	–	–	–	–	7,415,139
	16/11/2016 (Note 2)	0.255	16/11/2016 – 15/11/2019	N/A	2,283,825	–	–	–	–	2,283,825
<b>Other Employees</b>										
In aggregate	06/05/2016 (Note 1)	0.363	06/05/2016 – 05/05/2019	N/A	38,892,927	–	–	600,002	–	38,292,925
	16/11/2016 (Note 2)	0.255	16/11/2016 – 15/11/2019	N/A	80,550,142	–	–	1,000,000	–	79,550,142
Total					188,978,884	–	–	1,600,002	–	187,378,882



Notes:

1. The closing price of the shares immediately before 6 May 2016, on which those options were granted, was HK\$0.363.
2. The closing price of the shares immediately before 16 November 2016, on which those options were granted, was HK\$0.255.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARE OR DEBENTURES**

Apart from as disclosed under the heading "DIRECTORS' INTERESTS IN SHARES" and "SHARE OPTION SCHEME" above, 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 the Corporate Governance Code and Corporate Governance Report to the Appendix 14 to the Listing Rules (the “CG Code”) during the Reporting Period except for the deviation as disclosed below:

### Code Provision A.2.1

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

During the Reporting Period, the role of the chairman of the Company was performed by Mr. Ma Xuemian but the office of the chief executive officer of the Company has been vacated. However, the Board will keep reviewing the current structure of the Board from time to time and should candidate with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post as appropriate.

## DIRECTORS’ SECURITIES TRANSACTIONS

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



## AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) was established on 4 August 1999 with written terms of reference with the requirement stipulated in the CG Code. The latest terms of reference of the Audit Committee were adopted on 31 December 2015 and are available on the Stock Exchange’s and the Company’s websites.

As at 30 June 2018, the Audit Committee comprised three independent non-executive Directors, namely Ms. Chui Wai Hung (chairman of the Audit Committee), Mr. Hui Pui Wai Kimber and Mr. Liu Chaodong. After Ms. Chui Wai Hung’s resignation, Mr. Wong Sze Lok, an independent non-executive Director, has been appointed as the chairman of Audit Committee on 12 July 2018.

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

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and has discussed the financial reporting matters including the review of the unaudited interim financial results for the six months ended 30 June 2018.



## REMUNERATION COMMITTEE

The remuneration committee of the Company (the “Remuneration Committee”) was established on 26 September 2005 with the latest written terms of reference adopted on 28 March 2012 in compliance with the requirement stipulated in the CG Code. The full terms of reference of the Remuneration Committee is available on the Stock Exchange’s and the Company’s websites.

As at 30 June 2018, the Remuneration Committee comprised one executive Director, namely Mr. Ma Xuemian and three independent non-executive Directors, namely Mr. Hui Pui Wai Kimber (chairman of the Remuneration Committee), Mr. Liu Chaodong and Ms. Chui Wai Hung. After Ms. Chui Wai Hung’s resignation, Mr. Wong Sze Lok, the independent non-executive Director, has been appointed as a member of Remuneration Committee on 12 July 2018.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company’s policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy; reviewing the specific remuneration packages of all Directors and senior management by reference to corporate goals and objective resolved by the Board from time to time; ensuring no Director or any of his/her associates is involved in deciding his/her own remuneration.

The roles and functions of the Remuneration Committee include to make recommendation to the Board on the remuneration packages of individual executive Directors, which include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive Directors.



## NOMINATION COMMITTEE

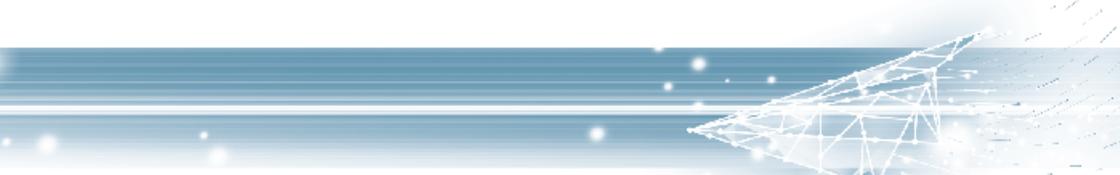
The nomination committee of the Company (the “Nomination Committee”) was established on 28 March 2012 with written terms of reference in compliance with the requirement stipulated in the CG Code. The full terms of reference of the Nomination Committee was revised on 1 September 2013 and is available on the Stock Exchange’s and the Company’s websites.

As at 30 June 2018, the Nomination Committee comprised one executive Director, namely Mr. Ma Xuemian and two independent non-executive Directors, namely Mr. Liu Chaodong (chairman of the Nomination Committee) and Ms. Chui Wai Hung. After Ms. Chui Wai Hung’s resignation, Mr. Wong Sze Lok, the independent non-executive Director, has been appointed as a member of Nomination Committee on 12 July 2018.

The principal responsibilities of the Nomination Committee include reviewing the structure, size and composition (including without limitation, gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service) of the Board at least annually and making recommendations to the Board regarding any proposed changes; identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of, individuals nominated for directorships; assessing the independence of independent non-executive Directors; making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors.

## CORPORATE GOVERNANCE COMMITTEE

The corporate governance committee of the Company (the “Corporate Governance Committee”) was established on 28 March 2012 with the latest written terms of reference adopted on 28 March 2012 in compliance with the requirement stipulated in the CG Code.



As at 30 June 2018, the Corporate Governance Committee comprised one executive Director, namely Mr. Ma Xuemian (chairman of the Corporate Governance Committee) and two independent non-executive Directors, namely Mr. Liu Chaodong and Ms. Chui Wai Hung. After Ms. Chui Wai Hung's resignation, Mr. Wong Sze Lok, the independent non-executive Director, has been appointed as a member of Corporate Governance Committee on 12 July 2018.

The principal responsibilities of the Corporate Governance Committee include developing and reviewing the policies and practices on corporate governance of the Group and making recommendations to the Board; reviewing and monitoring the training and continuous professional development of the Directors and senior management; reviewing and monitoring the Group's policies and practices on compliance with legal and regulatory requirements; developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and reviewing the Group's compliance with the CG Code and disclosure in the corporate governance report of the Company.

## EVENTS AFTER THE REPORTING PERIOD

- (i) On 12 July 2018, Ms. Chui Wai Hung has tendered her resignation as an independent non-executive Director, and ceased to be the chairman of the Audit Committee and the member of the Nomination Committee, Remuneration Committee and Corporate Governance Committee and Mr. Wong Sze Lok has been appointed as an independent non-executive Director and the chairman of the Audit Committee, member of the Nomination Committee, Remuneration Committee and Corporate Governance Committee.
- (ii) The Company raised approximately HK\$97,980,000 before expenses by way of open offer. The basis of the open offer was one (1) offer share for every two (2) existing shares held on the 20 July 2018. The number of offer shares was 816,518,044 offer shares. The subscription price was HK\$0.120 per offer share. The open offer has been completed on 13 August 2018. President Securities (Hong Kong) Limited, the underwriter, has underwritten 622,419,013 offer shares.



The net proceeds from the open offer after deducting all relevant expenses were HK\$94,228,769. The Company applied the net proceeds from the open offer as to (i) HK\$60,000,000 for partial settlement of the committed capital injection into Shenzhen Zongke Real Estate Co., Ltd. by the Group; (ii) HK\$24,680,000 for partial redemption of the convertible bonds; (iii) HK\$5,326,110 for settlement of all accrued interest expense of the convertible bonds as at the date of redemption; and (iv) the balance of approximately HK\$4,222,659 remain unutilised and will be reserved for general working capital of the Company.

As a result of the open offer, adjustments to the exercise prices and number of the shares of the Company falling to be issued upon exercise of the outstanding share options in accordance with the terms and conditions of the Share Option Scheme and the old share option scheme. Pursuant to the terms and conditions of the convertible bonds, as a result of the open offer, the conversion price of the convertible bonds has been adjusted from HK\$0.226 per conversion share to HK\$0.222 per conversion share. The maximum number of conversion shares to be allotted and issued upon the exercise of conversion rights attached to the outstanding convertible bonds has increased from 606,194,690 shares to 617,117,117 shares.

Details were set out in the Company's announcements dated 27 June 2018, 11 July 2018, 13 August 2018 and the Company's prospectus dated 23 July 2018.

Save as otherwise disclosed, 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, 28 August 2018