



# Grand Field Group Holdings Limited

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

INTERIM REPORT **2016**

## CONTENTS

	Pages
Corporate Information	2
Independent Review Report	4
Condensed Consolidated Statement of Profit or Loss	6
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	7
Condensed Consolidated Statement of Financial Position	8
Condensed Consolidated Statement of Changes in Equity	10
Condensed Consolidated Statement of Cash Flows	11
Notes to the Financial Statements	12
Management Discussion and Analysis	27
Other Information	31

## CORPORATE INFORMATION

### Executive Directors

Mr. Ma Xuemian (*Chairman*)  
Mr. Kwok Siu Bun  
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  
Ms. Chui Wai Hung

### Company Secretary

Ms. Lam Yuen Ling Eva

### Audit Committee

Ms. Chui Wai Hung (*Chairman*)  
Mr. Hui Pui Wai Kimber  
Mr. Liu Chaodong

### Remuneration Committee

Mr. Hui Pui Wai Kimber (*Chairman*)  
Mr. Liu Chaodong  
Mr. Ma Xuemian  
Ms. Chui Wai Hung

### Nomination Committee

Mr. Liu Chaodong (*Chairman*)  
Mr. Ma Xuemian  
Ms. Chui Wai Hung

### Corporate Governance Committee

Mr. Ma Xuemian (*Chairman*)  
Mr. Liu Chaodong  
Ms. Chui Wai Hung

### 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

### **Property Valuer**

ROMA APPRAISALS LIMITED  
Unit 3806,  
38/F, China Resources Building,  
26 Harbour Road,  
Wan Chai, Hong Kong

### **Share Registrar and Transfer Office in Bermuda**

Codan Services 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 汇**  
**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 26 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 2016 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, 29 August 2016

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

	Notes	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
<b>Revenue</b>		<b>2,347</b>	2,114
Cost of revenue		<b>(1,017)</b>	(925)
<b>Gross profit</b>		<b>1,330</b>	1,189
Other revenue		<b>16</b>	239
Selling and distribution costs		<b>(305)</b>	(11)
Administrative expenses		<b>(21,260)</b>	(18,652)
<b>Loss from operations</b>		<b>(20,219)</b>	(17,235)
Finance cost		<b>(710)</b>	(1,871)
Gain on settlement of convertible bonds		<b>–</b>	393
<b>Loss before tax</b>		<b>(20,929)</b>	(18,713)
Income tax credit	5	<b>749</b>	–
<b>Loss for the period</b>	6	<b>(20,180)</b>	(18,713)
<b>Attributable to:</b>			
Owners of the Company		<b>(18,367)</b>	(15,606)
Non-controlling interests		<b>(1,813)</b>	(3,107)
		<b>(20,180)</b>	(18,713)
<b>Loss per share</b>			
Basic (HK cents per share)	7	<b>(1.91)</b>	(1.83)
Diluted (HK cents per share)	7	<b>N/A</b>	N/A

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

For the six months ended 30 June 2016

	Notes	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Loss for the period	6	(20,180)	(18,713)
<b>Other comprehensive loss:</b> <i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		(33,809)	(1,095)
<b>Total comprehensive loss for the period</b>		<b>(53,989)</b>	<b>(19,808)</b>
<b>Attributable to:</b>			
Owners of the Company		(36,126)	(16,068)
Non-controlling interests		(17,863)	(3,740)
		<b>(53,989)</b>	<b>(19,808)</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	<i>Notes</i>	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	15,368	15,855
Investment properties		1,366,571	1,404,349
Prepaid premium for land leases		13,281	13,648
Properties for sale under development		580	597
Deferred tax assets		8,400	7,821
		<b>1,404,200</b>	1,442,270
<b>Current assets</b>			
Inventories		3,772	3,567
Properties for sale under development		125,149	126,432
Properties for sale		29,523	31,092
Other receivables, deposits and prepayments		13,112	11,449
Amount due from a director		1,004	145
Tax recoverable		89	91
Cash and cash equivalents		6,618	11,625
		<b>179,267</b>	184,401
<b>Current liabilities</b>			
Trade and other payables	10	36,995	37,838
Interest-bearing borrowings		11,581	5,443
Obligation under finance lease due within one year		151	178
Amounts due to directors	11	677	261
Tax payable		329	316
		<b>49,733</b>	44,036

	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
<i>Notes</i>		
<b>Net current assets</b>	<b>129,534</b>	140,365
<b>Total assets less current liabilities</b>	<b>1,533,734</b>	1,582,635
<b>Non-current liabilities</b>		
Obligation under finance lease due after one year	–	61
Deferred tax liabilities	<b>294,016</b>	302,143
	<b>294,016</b>	302,204
<b>NET ASSETS</b>	<b>1,239,718</b>	1,280,431
<b>Capital and reserves</b>		
Share capital	12 <b>96,990</b>	95,707
Reserves	<b>557,084</b>	581,217
Equity attributable to owners of the Company	<b>654,074</b>	676,924
Non-controlling interests	<b>585,644</b>	603,507
<b>TOTAL EQUITY</b>	<b>1,239,718</b>	1,280,431

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Share premium account	Share option reserve	Special reserve	Capital reserve	Exchange reserve	Accumulated losses/retained earning	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2015 (audited)	76,589	288,796	7,963	(2,215)	7,859	86,820	(274,573)	191,239	167,438	358,677
Total comprehensive loss for the period (unaudited)	-	-	-	-	-	(462)	(15,606)	(16,068)	(3,740)	(19,808)
Issue of shares for settlement of professional fee (unaudited)	931	2,048	-	-	-	-	-	2,979	-	2,979
Issue of new shares (unaudited)	5,868	16,430	-	-	-	-	-	22,298	-	22,298
Share option exercised (unaudited)	782	4,144	(1,249)	-	-	-	-	3,677	-	3,677
Issue of shares for settlement of convertible bond (unaudited)	8,519	20,870	-	-	(5,823)	-	-	23,566	-	23,566
At 30 June 2015 (unaudited)	92,689	332,288	6,714	(2,215)	2,036	86,358	(290,179)	227,691	163,698	391,389
At 1 January 2016 (audited)	95,707	338,336	6,714	(2,215)	-	53,238	185,144	676,924	603,507	1,280,431
Total comprehensive loss for the period (unaudited)	-	-	-	-	-	(17,759)	(18,367)	(36,126)	(17,863)	(53,989)
Equity-settled share option arrangements (unaudited)	-	-	8,914	-	-	-	-	8,914	-	8,914
Issue of shares for settlement of professional fee (unaudited)	1,283	3,079	-	-	-	-	-	4,362	-	4,362
At 30 June 2016 (unaudited)	96,990	341,415	15,628	(2,215)	-	35,479	166,777	654,074	585,644	1,239,718

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
<b>Net cash flows generated from/(used in) operating activities</b>	<b>5,269</b>	(5,125)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(500)	(3,094)
Proceeds from disposal of property, plant and equipment	–	12
<b>Net cash flows used in investing activities</b>	<b>(500)</b>	(3,082)
<b>Cash flows from financing activities</b>		
Interest paid	(705)	(1,135)
New interest-bearing borrowings raised	6,096	–
Repayment of obligation under a finance lease	(93)	(84)
Placing of shares	–	22,298
Share option exercised	–	3,677
<b>Net cash flows generated from financing activities</b>	<b>5,298</b>	24,756
<b>Net increase in cash and cash equivalents</b>	<b>10,067</b>	16,549
Effect of foreign exchange rate changes	(15,074)	(873)
Cash and cash equivalents at 1 January	11,625	9,274
<b>Cash and cash equivalents at 30 June</b>	<b>6,618</b>	24,950
<b>Analysis of cash and cash equivalents</b>		
Bank and cash balances	6,618	24,950

## NOTES TO THE FINANCIAL STATEMENTS

*For the six months ended 30 June 2016*

### 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

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2016 (“Interim Financial Statements”) have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

These unaudited condensed financial statements should be read in conjunction with the Group’s 2015 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 2015.

### 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 Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting period beginning on 1 January 2016. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; 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 and prior periods.

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. SEGMENT REPORTING

#### (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	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
<b>Revenue</b>								
External sales	110	939	1,434	-	803	1,175	2,347	2,114
Segment result	24	14	619	-	657	1,164	1,300	1,178
Unallocated income and gains, net							16	239
Unallocated expenses							(21,535)	(18,652)
Loss from operations							(20,219)	(17,235)
Finance cost							(710)	(1,871)
Gain on settlement of convertible bonds							-	393
Loss before tax							(20,929)	(18,713)
Income tax credit							749	-
Loss for the period							(20,180)	(18,713)

#### 4. SEGMENT REPORTING (Continued)

##### (b) Segment assets and liabilities

	General trading		Property development		Property investment		Total	
	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)						
Segment assets	3,772	3,567	176,933	179,590	1,366,571	1,404,349	1,547,276	1,587,506
Segment liabilities	-	-	(1,244)	(1,256)	(294,016)	(302,143)	(295,260)	(303,399)

#### 5. INCOME TAX CREDIT

	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Current tax		
Land Appreciation Tax in the PRC	(57)	-
Deferred tax	806	-
	<b>749</b>	-

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 2015: 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.

## 6. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Staff costs (including Directors' remuneration):		
– salaries, bonuses and allowances	4,023	2,685
– equity-settled share option arrangements	8,914	–
– retirement benefits scheme contributions	130	123
	<b>13,067</b>	2,808
Loss on disposal of property, plant and equipment	–	40

## 7. 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 2016 of approximately HK\$18,367,000 (six months ended 30 June 2015: HK\$15,606,000) and on the weighted average number of approximately 961,015,000 ordinary shares in issue during the six months ended 30 June 2016 (six months ended 30 June 2015: 852,525,000 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 2016 and 30 June 2015.

## 8. DIVIDENDS

No dividend was paid, declared or proposed during the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, property, plant and equipment approximately of HK\$500,000 was acquired by the Group (during six months ended 30 June 2015: HK\$3,094,000) and approximately of HK\$nil was transferred from investment properties (during six months ended 30 June 2015: HK\$15,053,000).

During the six months ended 30 June 2016, property, plant and equipment with carrying value approximately of HK\$nil (six months ended 30 June 2015: HK\$52,000) was disposed by the Group.

## 10. TRADE AND OTHER PAYABLES

	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
Trade payables to building contractors	<b>1,127</b>	1,159
Accrued salaries and other operating expenses	<b>6,801</b>	6,909
Deposits received from the sale of properties	<b>7,721</b>	8,233
Rental deposits received from investment properties	<b>35</b>	36
Amounts payable on return of properties	<b>5,927</b>	6,091
Provision for compensation of a legal case	<b>8,662</b>	10,154
Other payables	<b>6,722</b>	5,256
	<b>36,995</b>	37,838

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 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
Over 360 days past due	<b>1,127</b>	1,159

## 11. AMOUNT DUE TO DIRECTORS

Included in the amounts due to directors in the current period are interest bearing loans of the amount of HK\$464,000, which carries interest rate of 2.5% per month and repayable within 1 year from 30 June 2016.

## 12. SHARE CAPITAL

	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
<b>Authorised:</b>		
5,000,000,000 Ordinary shares of HK\$0.1 each (31 December 2015: 5,000,000,000 Ordinary shares of HK\$0.1 each)	<b>500,000</b>	500,000
<b>Issued and fully paid:</b>		
969,896,452 Ordinary shares of HK\$0.1 each (31 December 2015: 957,068,327 Ordinary shares of HK\$0.1 each)	<b>96,990</b>	95,707

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 2016	957,069	95,707
Issue of shares for professional fee ( <i>Note</i> )	12,828	1,283
As at 30 June 2016	969,897	96,990

*Note:* On 6 May 2016, the Company issued and allotted 12,828,125 ordinary shares of HK\$0.1 each 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\$3,079,000 was credited to the Company's share premium account.

### 13. LITIGATIONS AND CONTINGENT LIABILITIES

- (i) An Originating Summons was issued on 4 June, 2008 under High Court Miscellaneous Proceedings No.1059 of 2008 (“HCMP 1059/2008”) by Mr. Tsang Wai Lun, Wayland (“Tsang”), a former director and shareholder of the Company, as the plaintiff and the Company as the defendant under section 168BC of the Companies Ordinance (the old Cap.32 of the Law of Hong Kong), details of which please refer to Paragraph 34(i) of the Company’s Annual Report 2013.
- (ii) Pursuant to the statutory leave granted under H.C.M.P. 1059/2008, Tsang suing as a shareholder for and on behalf of the Company as the plaintiff issued a writ of summons against the aforesaid 8 then directors as 1st to 8th defendants in the High Court of Hong Kong on 18 March 2009 under High Court No.771 of 2009 (“the Action”). The title of the plaintiff was subsequently amended as the name of the Company by a court order dated 29 March, 2011.

In brief, the case was in relation to the alleged breaches by the 8 then directors (comprising the then board of directors of the Company) of their fiduciary duties and duties of care owed to the Company as directors in respect of certain resolutions and transactions and the Company claimed against the aforesaid 8 then directors for damages, etc.

Before the conclusion of the trial, the Company reached settlement with 3rd, 4th, 5th, 6th and 8th Defendant. The hearing of the Action was completed on 24 October, 2012 and Judgment was delivered on 17th June, 2014 in which, all the claims by the Company were dismissed and costs be granted to the 1st, 2nd and 7th Defendant with certificate of two counsel (“the Judgment”).

For details of the case please refer to Paragraph 34(ii) of the Company’s Annual Report 2013.

### 13. LITIGATIONS AND CONTINGENT LIABILITIES (Continued)

(ii) (Continued)

After the Judgment, the Company had been claimed by Tsang for re-imbursement of the legal costs pre-paid by Tsang in respect of HCMP 1059/2008 and the Action. According to the independent legal advices sought by the Company, the Company has reimbursed Tsang for the said legal costs.

Furthermore, the Company has to bear the legal costs of the 1st, 2nd and 7th Defendant in the Action.

In the opinion of the Directors, the legal costs incurred in the Action and HCMP which the Company has to bear are estimated to be HK\$20 million and provision thereof has been made accordingly. Please refer to the Profit Warning of the Company made on 29th July, 2014.

\* Upon the application of the Company, the court granted an order as amended on 5th June, 2014 for prohibition of disposal of the shares of the Company by Hong Kong Zhongxing Group Co., Limited ("HKZX") and/or Li Yi, the sole shareholder thereof to the amount of HK\$40,000,000. The said Injunction order was discharged by the Court on 12th November, 2014.

\*\* Pursuant to the leave granted by High Court on 23rd August, 2013, the Company has instituted an originating summons against Huang Binghuang and/or Li Yi for contempt of court as a result of their alleged breach of the Injunctions orders granted under the Action. This originating Summons has yet to be tried. As a result of the HCA 771/2009 Judgment, there will be no point to proceed with this originating summons for the sake of costs saving. In the opinion of the Directors, has no material impact on the operation of the Group since neither does Huang Binghuang nor Li Yi hold any office in the Group. The Directors cannot reliably measure the financial impact until the conclusion of these proceedings.

### 13. LITIGATIONS AND CONTINGENT LIABILITIES (Continued)

- (iii) Having sought legal advice, the Company has lodged an appeal to the Court of Appeal on 11th July, 2014 against the Judgment under CACV 140/2014 (“the Appeal”). The Appeal was heard on 9th December, 2015 and was dismissed on 20th January, 2016 and 1st Defendant’s costs of the Appeal and the 7th Defendant’s costs up to the date of the Company’s withdrawal of the Appeal against the 7th Defendant be paid by the Company and there being no order as to costs between the Company and the 2nd Defendant.

The costs orders against the Company in the Action and the Appeal respectively are still subject to taxation and the Company’s own costs in the Action and the Appeal had been wholly settled. The Directors after having sought legal advice opine that the said costs orders will have no material impact on the financial position and since none of the Defendants are in the management of the Company, the Directors opine that the Action and the Appeal will have no material impact on the operations of the Group.

- (iv) In 2006, the Group’s wholly owned subsidiary, Shing Fat Hong Limited (“Shing Fat Hong”), signed a tenancy agreement with a karaoke operator for a ten-year period, whereby Shing Fat Hong was required to renovate and combine two entire floors of its commercial properties in Dongguan. The karaoke operator failed to apply for an operating license due to non-compliance of the building structure with fire safety regulations. Since 2007, the tenant initiated several legal proceedings against Shing Fat Hong in Local PRC courts for validation of the tenancy agreement and for compensation of decoration fees and other economic losses of RMB4,500,000. However, Shing Fat Hong appealed and further sued the tenant in local PRC courts for compensation of renovation and restoration of the properties, loss of rental income and other economic losses of RMB2,056,000. In 2009, Shing Fat Hong has lost in a court case to claim against the tenant for compensation of restoration of the properties but Shing Fat Hong appealed to the Intermediate People’s Court of Dongguan City, Guangdong Province. On 10th April, 2013, the Intermediate People’s Court of Dongguan City, Guangdong Province issued a civil judgment, under which such cases were ordered to remand back to the Third People’s Court of Dongguan City, Guangdong Province for retrial. On 8th January, 2016, the Third People’s Court of Dongguan City, Guangdong Province had delivered judgments but the parties have lodge relevant appeals and still pending hearing. Therefore, legal proceedings between Shing Fat Hong and the tenant are still ongoing.

In the opinion of the Directors, these proceedings will have no material impact on the operations of the Group. The Directors cannot reliably measure the financial impact of the said proceedings until the conclusion thereof.

### 13. LITIGATIONS AND CONTINGENT LIABILITIES (Continued)

- (v) On 5th December, 2013, an originating summons was instituted by HKZX, a then substantial shareholder of the Company as plaintiff and the Company as defendant under High Court Miscellaneous Proceedings No.3278 of 2013 in which the said plaintiff seeks leave from the High Court under section 168BC of the Companies Ordinance (the old Cap.32 of the Law of Hong Kong) to claim on behalf of the Company against Tsang Wai Lun Wayland and Kwok Wai Man Nancy (hereinafter collectively referred to as "Tsangs"), the former Chairman and executive directors of the Company respectively for their alleged breach of fiduciary duties and claims costs to be paid by the Company on an indemnity basis.

After hearing of the said Originating Summons, upon the Company's undertaking to pursue the High Court Action No.HCA2471/2008, details of which are prescribed in paragraph (ix) hereinafter and to keep the plaintiff informed of the progress thereof, the Court ordered that the originating summons be adjourned sine dine with liberty to apply. By an order dated 20th November, 2014, the Company should pay the costs of the said originating summons to HKZX, the amount of which had been agreed and paid by the Company.

- (vi) On 14th January, 2014, the Company as plaintiff has instituted a Writ of Summons under High Court Action HCA 85/2014 against 1st Defendant Li Yi, the then sole shareholder of HKZX, 2nd Defendant, Huang Binghuang, a former executive director of the Company and 3rd Defendant the HKZX. Please refer to Paragraph 33(ix) of the Company's 2014 Annual Report for details thereof.

The writ of summons had been served upon HKZX on 15th January, 2014. The Defence and the Reply thereto have been filed by the HKZX and the Company respectively. The Company is seeking legal advice as to whether or not to proceed with this action after the dismissal of the Appeal.

As the 2nd Defendant has resigned from the Company and the 1st and 3rd Defendant have not been involved in the Company's management, the Directors are of the opinion that the said action will have no material impact on the operations of the Group. The Directors cannot reliably measure the financial impact of the said writ of summons until the conclusion thereof.

### 13. LITIGATIONS AND CONTINGENT LIABILITIES (Continued)

- (vii) The Case no.(2013) Shen Luo Fa Min Er Chu Zi Di No.602(2013) under which Shenzhen City Yizhou Hotel Management Co., Limited (“Shenzhen YiZhou”) as plaintiff initiated proceedings against, among others, four companies, namely GF Land Development (Shenzhen), Hong Kong Grand Field Group Limited, Shenzhen City Liangzi Jingshun Investment Management Co., Limited (“Shenzhen Liangzi”), and Huilai County Haoyuan Industrial Co., Limited for the alleged jeopardizing the plaintiff’s right. This case was heard and judgment was delivered on 10th July, 2014 in favour of the Defendants. However, the plaintiff appealed but the appeal was dismissed on 16th February, 2016.

The Directors are of the opinion that the case has no material impact on the operations of the group but are unable to assess the impact on the financial position of the Group relating to this case.

- (viii) A summons was issued and filed with Lo Hu Court against GF Land Development (Shenzhen) in which Shenzhen YiZhou as plaintiff claims against GF Land Development (Shenzhen) as defendant for a total sum of RMB13,380,000 and interest. By a civil judgment of Lo Hu Court dated 21st October, 2014, it was ordered, inter alia, that the interest of GF Land Development (Shenzhen) in Shenzhen Land was distrained up to the amount of RMB12,717,600 pending the outcome of the Summons. The substantial issues of this summons have not been tried yet.

By a civil judgment of Lo Hu Court dated 5th December, 2014 the Shenzhen Land formerly distrained had been released after the provision of the properties owned by Shing Fat Hong as guaranty. The amount to be distrained remains RMB12,717,600 pending the outcome of the Summons. After the said release, the registered title of the Shenzhen Land has been successfully transferred into Shenzhen Zongke.

In the opinion of the Directors, the summons has no material impact on the operations of the Group. However, the Directors cannot reliably measure the financial impact of the summons until the summons has been finally concluded.

### 13. LITIGATIONS AND CONTINGENT LIABILITIES (Continued)

- (ix) Pursuant to Order granted in HCMP 3278/2013 as mentioned in paragraph (v) hereinbefore, the Company instructed Counsel to amend the statement of claim of High Court Action No.HCA2471/2008 which was instituted in 2008 by the Company as Plaintiff against its former executive directors and current substantial shareholders Mr. Tsang Wai Lun Wayland and Madam Kwok Wai Man Nancy as 1st and 2nd Defendants and discontinued the claims against the remaining Defendants. The 1st and 2nd Defendants have filed their defence and the Company has filed its Reply. The parties will shortly go through the mediation procedure to attempt for an amicable settlement, if possible.

In the opinion of the Directors, this High Court Action will have no material impact on the operations of the Group as Tsangs have resigned from the Company and they have given undertakings not to be involved in the management of the Company. The Directors are of the opinion that this Action shall have no financial impact upon the Company at this stage.

- (x) (a) On 19th February, 2014 the Company received a writ of summons (the “China Writ of Summons”) issued and filed with the Luo Hu People’s Court, Shenzhen City, PRC (“the Court”) by SZ Computer (“the Plaintiff”) claiming against GF Land Development (Shenzhen) (the “1st Defendant”), a wholly-owned subsidiary of GF Group, GF Group (the 2nd Defendant”) and a Shenzhen City Liangzi Jingshun Investment Management Co., Ltd. (“Shenzhen Liangzi”) (the “3rd Defendant”), (the 1st, 2nd and 3rd Defendants are hereinafter collectively referred to as “the Defendants”) and an Independent Third Party for repayment of a sum of RMB5,000,000 plus accrued interest calculated up to 2nd December, 2013 for RMB3,500,000 and costs. For details please refer to paragraph 33 (xii)(a) of the Company’s Annual Report 2014.

The Writ of Summons was heard and the Plaintiff’s claims were dismissed by the judgment dated 30th October, 2014. However, the Plaintiff appealed against the said judgment and the appeal has been heard on 4th November, 2015 but judgment thereof has not been delivered.

### 13. LITIGATIONS AND CONTINGENT LIABILITIES (Continued)

(x) (Continued)

- (b) In order to protect the interest of the Company and Shareholders as a whole, the Group has consulted its Hong Kong legal adviser and was advised, as an alternative, GF Group instituted legal proceedings under H.C.A. 294/2014 against HKZX as the recipient of the Re-paid Sum for recovery of the same and interest accrued thereon and costs (“the Hong Kong Writ of Summons”). The hearing date of the Hong Kong Writ of Summons has not been fixed. After having sought legal opinion, this action will not proceed until the conclusion of the China Writ of Summons.

In the opinion of the Directors, the China Writ of Summons and the Hong Kong Writ of Summons will have no material impact on the operations of the Group. However, the Directors cannot reliably measure the financial impact of the said China and Hong Kong Writ of Summons until its final judgment shall have been delivered.

- (xi) Under the case no.(2015) Shen Long Fa Xing Chu Zi Di No.143, HKZX initiated an administrative action to Shenzhen Longgang District People’s Court against Shenzhen Real Estate Ownership Registration Centre with Grand Field Group Limited and Grand Field Land Development (Shenzhen) Company Limited as the third parties in these proceedings. By a judgment dated 30th December, 2015, HKZX’s claims were dismissed.

In the opinion of the Directors, the said proceedings have no material impact on the operations of the Group.

- (xii) Under the case No.(2014) Shen Luo Fa Min Er Chu Zi De No.5103, Shenzhen YiZhou as the plaintiff claims against Grand Field Land Development (Shenzhen) Company Limited (“GF Land”) as the defendant for the right of replacement of Shenzhen Liangzi to claim against GF Land for the sum allegedly owed to Shenzhen Liangzi by GF Land in order to satisfy a judgment granted by a Court in China in favour of Shenzhen YiZhou as the plaintiff therein against Shenzhen Liangzi as the defendant therein which ordered Shenzhen Liangzi to pay Shenzhen YiZhou a sum of RMB10,280,000.00. This action has been tried on 23rd November, 2015 and the judgment thereof has yet to be delivered.

In the opinion of the Directors, the said proceedings have no material impact on the operations of the Group.

### 13. LITIGATIONS AND CONTINGENT LIABILITIES (Continued)

- (xiii) Under the case no.(2015) Shen Long Fa Xing Chu Zi Di No. 238, Shenzhen Liangzi initiated an administrative action to Shenzhen Longgang District People's Court against Shenzhen Real Estate Ownership Registration Centre with Grand Field Group Limited and Grand Field Land Development (Shenzhen) Company Limited as the third parties in these proceedings. These proceedings were tried and by the Administrative Judgment dated 23rd February, 2016 Shenzhen Liangzi's claims were dismissed.

In the opinion of the Directors, the said proceedings have no material impact on the operations of the Group.

- (xiv) Under the case no.(2015) Shen Long Fa Xing Chu Zi Di No. 239, Shenzhen Liangzi initiated an administrative action to Shenzhen Longgang District People's Court against Shenzhen Real Estate Ownership Registration Centre with Grand Field Group Limited, Grand Field Land Development (Shenzhen) Company Limited and Shenzhen Zongke as the third parties in these proceedings. These proceedings were tried and by the Administrative Judgment dated 23rd February, 2016 Shenzhen Liangzi's claims were dismissed.

- (xv) On 19 April, 2016, the Company received a civil writ of summons issued at the Intermediate People's Court of Shenzhen City, P.R.C., in which, Shenzhen City Liangzi Jingshun Investment Management Co., Limited ("Liangzi") as plaintiff claims against Shenzhen Hongteng Technology Company Limited (formerly known as Shenzhen Grand Field Computer Software Development Limited ("Grand Field Computer")), Shenzhen Zongke, Grand Field Group Limited, Grand Field Land Development (Shenzhen), Guangdong Province Hongling Group Company Limited as defendants and Shenzhen Real Estate Ownership Registration Centre and Shenzhen City Urban Planning, Land and Resources Commission of Shenzhen Municipality as third parties for, inter alia, confirmation that the part of the Shenzhen Land now under the name of Grand Field Computer belongs to the old Grand Field Computer which was registered on 8th December, 1998 of which the plaintiff alleged holding a total 11% of its shareholdings.

### 13. LITIGATIONS AND CONTINGENT LIABILITIES (Continued)

(xv) (Continued)

The Company has sought legal opinion from its legal advisor in China and was advised that the said writ of summons only affected the interest of the Grand Field Computer which is an independent third party to the Company and therefore does not affect the Company's interest in Shenzhen Land in all aspects and that notwithstanding any outstanding litigations against the relevant party, the development of and the erection on the Shenzhen Land will not be affected and can still be carried out without any obstruction.

In the opinion of the Directors, the said proceedings have no material impact on the operations of the Group.

In the opinion of the Directors, the aforesaid legal proceedings will have no material impact on the financial position and operations of the Group.

### 14. MATERIAL RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2016, the emoluments paid or payable to directors and chief executives of the Company were approximately HK\$1,276,000 (six months ended 30 June 2015: HK\$1,011,500).

### 15. CAPITAL COMMITMENTS

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

	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
Contracted but not provided for:		
Capital contribution to PRC subsidiaries	<b>192,187</b>	193,436

### 16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 29 August 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Business Review

We are experiencing a surge in “real estate everything”, from land price down to apartment sales, with auction prices hitting all time high throughout the city of Shenzhen in the first half of 2016. For the first time in many years, the Board has put together a collectively effort in raising capitals by means of utilising the bond channel. Deal pricing, timing, terms, financing and structure are all markedly competitively to the market. The game is now on – it’s an exciting time to be part of this real estate booming cycle.

### 2. Financial Review

During the six months ended 30 June 2016, the Group’s revenue amounted to approximately HK\$2,347,000, representing a 11% increase when compared with that of the same period last year. The Group’s revenue were mainly generated from properties rental income and sales of properties.

During the period under review, the Group recorded a loss attributable to owners of the Company of approximately HK\$18,367,000 (six months ended 30 June 2015: HK\$15,606,000). The increase in loss as compared to the same period in 2015 was mainly due to the recognition of share-based payment expenses of approximately HK\$8,914,000 in connection with the share options granted by the Company to the Directors and certain employees on 6 May 2016. The Board would like to emphasis that the above-mentioned share-based payment expenses are one-off expenses and are non-cash in nature which have no impact to the cash flow of the Group. For illustrative purposes only, if excluding the above-mentioned share-based payment expenses, the loss-making position of the Group would be reduced by approximately 39% from approximately HK\$15,606,000 for the six months ended 30 June 2015 to approximately HK\$9,453,000 for the six months ended 30 June 2016.

### 3. Prospects

The economic growth in the second half of 2016 will look a lot like the last few years. Housing in major cities will remain bullish despite the cutbacks on spending in other business sectors. As an established developer, we understand the importance to maintain a sound growth in the housing sector, and we expect the property market to continue its steady and healthy development thanks to the enormous housing demand.

In recognition of the structural pressures that China's economy is currently facing, Chinese authorities launched a series of policies and initiatives meant to facilitate the country's transition into a high value-added economy. The current emphasis in all things Internet will continue to fuel the economic expansion. More importantly, rather than focusing on the speed of growth, these initiatives place importance on the quality of growth in order to achieve a more balanced level of development that is conducive to long-term prosperity with a touch on stimulating entrepreneurial and innovation capabilities. The Board has worked hard to become part of this startup initiatives in the southern China region. We have a strong commitment to expand our business scope to cover new services or markets in order to meet China's evolving consumption trends.

### 4. Liquidity and Financial Resources

As at 30 June 2016, the Group's cash and cash equivalents were approximately HK\$6,618,000 (31 December 2015: HK\$11,625,000) of which most were denominated in Hong Kong dollar ("HK\$") and Renminbi ("RMB").

As at 30 June 2016, the Group recorded total current assets of approximately HK\$179,267,000 (31 December 2015: HK\$184,401,000) and total current liabilities of approximately HK\$49,733,000 (31 December 2015: HK\$44,036,000). The Group recorded total assets of approximately HK\$1,583,467,000 (31 December 2015: HK\$1,626,671,000) and the Group's total interest-bearing borrowings amounted to approximately HK\$11,581,000 (31 December 2015: HK\$5,443,000), all of them are repayable within one year.

All of the Group's borrowings for the period under review were denominated in HK\$ and RMB and such borrowings carried interest rates ranging from 1.5% per month to 2.5% per month (31 December 2015: 1.5% per month).

The Group's gearing ratio for the period ended 30 June 2016, which was defined to be current liabilities over shareholders' equity, was 8% (31 December 2015: 7%).

## 5. Issue of Remuneration Shares

On 6 May 2016, 12,828,125 shares were allotted and issued to Mr. Wong Vai Nang, sole proprietor of Simon Ho & Co., Solicitors, at an issue price of HK\$0.320 per share for settlement of the legal advisory services provided by Simon Ho & Co., Solicitors.

## 6. Share Capital

	Number of shares	Amount <i>HK\$'000</i>
<i>Authorised:</i>		
Ordinary shares of HK\$0.10 each		
At the end of period	5,000,000,000	500,000
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.10 each		
At the end of period	969,896,452	96,990

## 7. Exchange Risk

Borrowings and sales and purchases of the Group are generally transacted in HK\$ and RMB. For the six months ended 30 June 2016, the Group was not subject to any significant exposure to foreign exchange rate risk. Hence, no financial instrument for hedging was employed.

## **8. Charge on Group Assets**

At 30 June 2016, the Group has pledged the completed properties held for sale with the carrying amounts of approximately HK\$4,530,000 of its wholly-owned subsidiary for a loan with principal amount of RMB4,500,000 (equivalent to approximately HK\$5,485,000) from an independent third party.

## **9. Employees**

For the six months ended 30 June 2016, the Group employed 40 employees (six months ended 30 June 2015: 25) and appointed 8 directors (six months ended 30 June 2015: 8) and the related staff costs amounted to approximately HK\$13,067,000 (six months ended 30 June 2015: HK\$2,808,000). 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 base salary and statutory provident fund scheme, employees will also be offered discretionary bonus based on the results of the Group and their individual performance.

## **10. Material Acquisitions and Disposals**

There was no material acquisition or disposal of subsidiaries or associates during the six months ended 30 June 2016.

## OTHER INFORMATION

### INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

### DIRECTORS' INTERESTS IN SHARES

As at 30 June 2016, 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"), 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 issued share capital
Ma Xuemian	Beneficial Owner	–	13,335,736 (L)	13,335,736 (L)	1.37%
Kwok Siu Bun	Beneficial Owner	1,000,000 (L)	10,442,035 (L)	11,442,035 (L)	1.18%
Chow Kwai Wa Anne	Beneficial Owner	1,300,000 (L)	10,142,035 (L)	11,442,035 (L)	1.18%

<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 issued share capital</b>
Kwok Siu Wa Alison	Beneficial Owner	2,000,000 (L)	9,442,035 (L)	11,442,035 (L)	1.18%
Tsang Tsz Tung Debbie	Beneficial Owner	–	10,011,781 (L)	10,011,781 (L)	1.03%
Hui Pui Wai Kimber	Beneficial Owner	–	4,290,763 (L)	4,290,763 (L)	0.44%
Liu Chaodong	Beneficial Owner	–	4,290,763 (L)	4,290,763 (L)	0.44%
Chui Wai Hung	Beneficial Owner	–	4,290,763 (L)	4,290,763 (L)	0.44%

(L): Long position

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 2016, 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 issued share capital 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>Total interests as percentage of the issued share capital</b>
Rhenfield Development Corp. <i>(Note 1)</i>	Beneficial Owner	165,564,529	17.30%
Tsang Yee	Interest of Controlled Corporation <i>(Note)</i>	165,564,529	17.30%

*Note:* Rhenfield Development Corp. is 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.

Save as disclosed above, the Company has not been notified of any other interests representing 5% or more of the Company's issued share capital as at 30 June 2016.

## SHARE OPTION SCHEME

On 23 June 2006, the Company adopted a share option scheme (the “Old Scheme”), pursuant to which the Board may, at its discretion, grant options to (i) any director, employee, consultant, customer, supplier, business introduction agent, or legal, financial or marketing adviser or contractor to any company in the Group or any affiliate; (ii) any discretionary trust the discretionary objects of which include any of the foregoing parties in (i) above. The subscription price for the shares of the Company under the Old Scheme will be a price determined by the Board in its absolute discretion but shall be not less than the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange’s daily quotation sheet on the date of offer of the grant, which must be a business day; and (ii) the average closing prices of the shares of the Company as stated in the Stock Exchange’s daily quotation sheets for the 5 business days immediately preceding the date of offer of the grant; and (iii) the nominal value of a share of the Company.

The maximum number of shares of the Company in respect of which options may be granted under the Old Scheme and any other share option schemes of the Company shall not exceed 30% of the nominal amount of the issued share capital of the Company from time to time and the maximum number of shares of the Company in respect of which options may be granted to each eligible participant shall not exceed 1% of the issued share capital of the Company for the time being in any 12-month period up to and including the date of offer of the grant.

The Old Scheme was expired on 22 June 2016 and the Company adopted a new share option scheme on 21 June 2016. The new share option scheme will remain in force for a period of 10 years.

The following shows the outstanding position of the Directors and the other employees of the Company as at 30 June 2016 with respect to their share options granted under the Old Scheme.

Name or category of grantees	Date of grant of share options	Exercise Price (HK\$)	Exercise Period	Balance as at 01.01.2016	Number of share options				Balance as at 30.06.2016
					Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	
<b>Directors</b>									
Ma Xuemian	02/05/2014 (Note 1)	0.470	02/05/2014 – 01/05/2017	4,530,258	-	-	-	-	4,530,258
	06/05/2016 (Note 2)	0.363	06/05/2016 – 05/05/2019	-	8,805,478	-	-	-	8,805,478
Kwok Siu Bun	02/05/2014 (Note 1)	0.470	02/05/2014 – 01/05/2017	3,026,896	-	-	-	-	3,026,896
	06/05/2016 (Note 2)	0.363	06/05/2016 – 05/05/2019	-	7,415,139	-	-	-	7,415,139
Chow Kwai Wa Anne	02/05/2014 (Note 1)	0.470	02/05/2014 – 01/05/2017	2,726,896	-	-	-	-	2,726,896
	06/05/2016 (Note 2)	0.363	06/05/2016 – 05/05/2019	-	7,415,139	-	-	-	7,415,139
Kwok Siu Wa Alison	02/05/2014 (Note 1)	0.470	02/05/2014 – 01/05/2017	2,026,896	-	-	-	-	2,026,896
	06/05/2016 (Note 2)	0.363	06/05/2016 – 05/05/2019	-	7,415,139	-	-	-	7,415,139
Tsang Tsz Tung Debbie	02/05/2014 (Note 1)	0.470	02/05/2014 – 01/05/2017	3,523,534	-	-	-	-	3,523,534
	06/05/2016 (Note 2)	0.363	06/05/2016 – 05/05/2019	-	6,488,247	-	-	-	6,488,247
Hui Pui Wai Kimber	02/05/2014 (Note 1)	0.470	02/05/2014 – 01/05/2017	1,510,086	-	-	-	-	1,510,086
	06/05/2016 (Note 2)	0.363	06/05/2016 – 05/05/2019	-	2,780,677	-	-	-	2,780,677
Liu Chaodong	02/05/2014 (Note 1)	0.470	02/05/2014 – 01/05/2017	1,510,086	-	-	-	-	1,510,086
	06/05/2016 (Note 2)	0.363	06/05/2016 – 05/05/2019	-	2,780,677	-	-	-	2,780,677

Name or category of grantees	Date of grant of share options	Exercise Price (HK\$)	Exercise Period	Balance as at 01.01.2016	Number of share options				Balance as at 30.06.2016
					Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	
Chui Wai Hung	02/05/2014 (Note 1)	0.470	02/05/2014 – 01/05/2017	1,510,086	–	–	–	–	1,510,086
	06/05/2016 (Note 2)	0.363	06/05/2016 – 05/05/2019	–	2,780,677	–	–	–	2,780,677
Subtotal				20,364,738	45,881,173	–	–	–	66,245,911
<b>Other Employees</b>									
In aggregate	02/05/2014 (Note 1)	0.470	02/05/2014 – 01/05/2017	22,147,928	–	–	–	–	22,147,928
	06/05/2016 (Note 2)	0.363	06/05/2016 – 05/05/2019	–	46,808,066	–	–	–	46,808,066
<b>Total</b>				42,512,666	92,689,239	–	–	–	135,201,905

*Note 1:* The closing price of the shares immediately before 2 May 2014, on which those options were granted, was HK\$0.47.

*Note 2:* The closing price of the shares immediately before 6 May 2016, on which those options were granted, was HK\$0.33.

## **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 six months ended 30 June 2016.

## **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 of the Listing Rules (the "CG Code") during the six months ended 30 June 2016 except the code provisions A.2.1 of the CG Code as disclosed below:

### **Chairman and Chief Executive**

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 six months ended 30 June 2016, the role of the chairman of the Company (the "Chairman") 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.

## **CODE FOR DEALING IN COMPANY'S SECURITIES BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules (the "Model Code").

All Directors, after specific enquiries by the Company, confirmed they have complied with the required standard set out in the Model Code and the said code of conduct during the six months ended 30 June 2016.

## AUDIT COMMITTEE

As at 30 June 2016, the audit committee of the Company (the “Audit Committee”) currently comprises three independent non-executive Directors, namely Ms. Chui Wai Hung (chairman of the Audit Committee), Mr. Hui Pui Wai Kimber and Mr. Liu Chaodong.

The Board has adopted a set of written terms of reference, which described the authority and duties of the Audit Committee, and the contents of which were revised on 28 March 2012 and 31 December 2015 in compliance with the CG Code.

The Audit Committee is accountable to the Board and the principal duties of the Audit Committee include the review and supervision of the Group’s financial control, internal control and risk management systems of the Group with particular regard to their effectiveness and to make recommendations to the Board. The Audit Committee is also provided with other resources enabling it to discharge its duties fully.

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and has discussed the risk management, internal controls and financial reporting matters including the review of the unaudited interim financial results for the six months ended 30 June 2016.

## REMUNERATION COMMITTEE

As at 30 June 2016, the remuneration committee of the Company (the “Remuneration Committee”) comprises 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.

The Board has adopted a set of written terms of reference, which described the authority and duties of the Remuneration Committee, and the contents of which were revised on 28 March 2012 in compliance with the CG Code.

The main responsibilities of Remuneration Committee include reviewing and making recommendation to the Board on the Company's policies, structure and remuneration packages of Directors and senior management of the Group.

## **NOMINATION COMMITTEE**

As at 30 June 2016, the nomination committee of the Company (the "Nomination Committee") comprises 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.

The Board has adopted a set of written terms of reference, which described the authorities and duties of the Nomination Committee, and on 28 August 2013 the contents of which were resolved to be revised with effect from 1 September 2013 in compliance with the CG Code.

The current main responsibilities of the Nomination Committee include reviewing the structure, size and composition of the Board (including the skills, knowledge and experience) on a regular basis and making recommendations on any proposed changes to the Board, identifying individuals suitably qualified to become Board members and select or make 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; reviewing and monitoring the implementation of board diversity policy.

## CORPORATE GOVERNANCE COMMITTEE

As at 30 June 2016, the corporate governance committee of the Company (the “Corporate Governance Committee”) comprises 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.

The Board has adopted a set of written terms of reference, which described the authorities and duties of the Corporate Governance Committee, and the contents of which are in compliance with the CG Code.

The main responsibilities of the Corporate Governance Committee include formulating and reviewing corporate governance policies and practices of the Group and providing recommendations.

## PUBLICATION OF REPORT AND INTERIM REPORT

This report is published on the Company’s website (<http://www.gfghl.com>) and the Stock Exchange’s website (<http://www.hkex.com.hk>). The interim report containing all the information required by the Listing Rules will be dispatched to the shareholders and available on the same websites in due course.

By order of the Board

**GRAND FIELD GROUP HOLDINGS LIMITED**

**MA XUEMIAN**

*Chairman*

Hong Kong, 29 August 2016