



Grand Field Group Holdings Limited

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

Interim Report

2017





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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,
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Hamilton HM 11,
Bermuda

Head Office and Principal Place of Business

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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>



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 27 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 2017 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, 30 August 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2017

	Notes	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	5	1,095	2,347
Cost of revenue		(5)	(1,017)
Gross profit		1,090	1,330
Other revenue		23	16
Other gains and losses		17	–
Selling and distribution costs		(276)	(305)
Administrative expenses		(11,678)	(21,260)
Loss from operations		(10,824)	(20,219)
Finance cost		(846)	(710)
Fair value gain on convertible bonds	13	5,058	–
Loss before tax		(6,612)	(20,929)
Income tax credit	6	433	749
Loss for the period	7	(6,179)	(20,180)
Attributable to:			
Owners of the Company		(5,276)	(18,367)
Non-controlling interests		(903)	(1,813)
		(6,179)	(20,180)
Loss per share			
Basic (HK cents per share)	8	(0.44)	(1.91)
Diluted (HK cents per share)	8	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 30 June 2017

	Notes	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Loss for the period	7	(6,179)	(20,180)
Other comprehensive income/(loss):			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		76,148	(33,809)
Total comprehensive income/(loss) for the period		69,969	(53,989)
Attributable to:			
Owners of the Company		36,520	(36,126)
Non-controlling interests		33,449	(17,863)
		69,969	(53,989)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	14,344	13,844
Investment properties		1,797,525	1,472,252
Prepaid premium for land leases		13,305	12,392
Properties for sale under development		576	556
Intangible assets		15,814	–
Deferred tax assets		8,932	7,414
Goodwill		36,773	–
		1,887,269	1,506,458
Current assets			
Inventories		526	501
Properties for sale under development		278,534	118,655
Properties for sale		29,494	28,361
Loan receivables		11,368	–
Other receivables, deposits and prepayments		39,169	13,250
Amount due from a director		227	81
Tax recoverable		88	85
Cash and cash equivalents		10,269	13,439
		369,675	174,372
Current liabilities			
Trade and other payables	11	290,808	55,294
Interest-bearing borrowings		12,610	10,913
Obligation under finance lease due within one year		–	61
Amounts due to directors	12	674	824
Amount due to a shareholder		115	111
Tax payable		223	217
		304,430	67,420

	<i>Notes</i>	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Net current assets		65,245	106,952
Total assets less current liabilities		1,952,514	1,613,410
Non-current liabilities			
Deferred tax liabilities		373,661	317,163
Convertible bonds	<i>13</i>	131,942	–
		505,603	317,163
NET ASSETS		1,446,911	1,296,247
Capital and reserves			
Share capital	<i>14</i>	136,087	103,285
Reserves		665,440	581,027
Equity attributable to owners of the Company		801,527	684,312
Non-controlling interests		645,384	611,935
TOTAL EQUITY		1,446,911	1,296,247

Approved by:

Ma Xuemian
Director

Kwok Siu Wa, Alison
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2017

	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 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
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 loss for the period (unaudited)	-	-	-	-	41,796	(5,276)	36,520	33,444	69,969
Acquisition of subsidiaries (unaudited)	21,000	28,350	-	-	-	-	49,350	-	49,350
Issue of new shares (unaudited)	9,047	15,380	-	-	-	-	24,427	-	24,427
Issue of shares for settlement of professional fee (unaudited)	2,755	4,163	-	-	-	-	6,918	-	6,918
At 30 June 2017 (unaudited)	136,087	396,573	25,784	(2,215)	46,264	199,034	801,527	645,384	1,446,911

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2017

	For the six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Net cash flows generated from operating activities	37,763	5,269
Cash flows from investing activities		
Net cash outflow from acquisition of subsidiaries	(22,145)	–
Additional costs on properties	(56,783)	–
Others	(139)	(500)
Net cash flows used in investing activities	(70,105)	(500)
Cash flows from financing activities		
Issue of new shares	24,427	–
Others	304	5,298
Net cash flows generated from financing activities	24,731	5,298
Net increase in cash and cash equivalents	(16,573)	10,067
Effect of foreign exchange rate changes	13,403	(15,074)
Cash and cash equivalents at beginning of year	13,439	11,625
Cash and cash equivalents at end of year	10,269	6,618
Analysis of cash and cash equivalents		
Bank and cash balances	10,269	6,618

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2017

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 (“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 2017 (“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 (the “Listing Rules”).

These unaudited condensed financial statements should be read in conjunction with the Group’s 2016 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 2016.

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 2017. 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. 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 2017

	Level 1 <i>HK\$'000</i> (unaudited)	Level 2 <i>HK\$'000</i> (unaudited)	Level 3 <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Recurring fair value measurements:				
Liabilities				
Financial liabilities at fair value through profit or loss				
– Convertible bonds	–	131,942	–	131,942

(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 2017 <i>HK\$'000</i>
Convertible bonds	Binomial model	Share price Discount rate Volatility Conversion price	131,942

5. 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	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue								
External sales	1	110	-	1,434	1,094	803	1,095	2,347
Segment result	-	24	-	619	1,090	657	1,090	1,300
Unallocated income and gains, net							40	16
Unallocated expenses							(11,954)	(21,535)
Loss from operations							(10,824)	(20,219)
Finance costs							(846)	(710)
Fair value gain on convertible bonds							5,058	-
Loss before tax							(6,612)	(20,929)
Income tax credit							433	749
Loss for the period							(6,179)	(20,180)

(b) Segment assets and liabilities

	General trading		Property development		Property investment		Total	
	30 June 2017 HK\$'000 (unaudited)	31 December 2016 HK\$'000 (audited)						
Segment assets	526	501	343,152	167,377	1,828,766	1,472,252	2,172,444	1,640,130
Segment liabilities	-	-	(199,120)	(181)	(375,100)	(317,163)	(547,220)	(317,344)

6. INCOME TAX CREDIT

	Six months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Current tax		
Land Appreciation Tax in the PRC	–	(57)
Income tax expenses	(26)	–
Deferred tax	459	806
	433	749

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 2016: 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	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Amortisation of prepaid premium for land leases	206	–
Depreciation	193	202
Staff costs (including Directors' remuneration):		
– salaries, bonuses and allowances	3,020	4,023
– equity-settled share option arrangements	–	8,914
– retirement benefits scheme contributions	124	130
	3,145	13,067
Operating lease charges on land and buildings	434	508

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 2017 of approximately HK\$5,276,000 (six months ended 30 June 2016: HK\$18,367,000) and on the weighted average number of approximately 1,204,519,000 ordinary shares in issue during the six months ended 30 June 2017 (six months ended 30 June 2016: 961,015,000 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 2016.

9. DIVIDENDS

No dividend was paid, declared or proposed during the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, property, plant and equipment approximately of HK\$139,000 was acquired by the Group (during six months ended 30 June 2016: HK\$500,000).

11. TRADE AND OTHER PAYABLES

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Trade payables to building contractors	8,765	4,853
Accrued salaries and other operating expenses	8,105	7,905
Accrued interest expense	336	324
Deposits received from the sale of properties	207,730	7,180
Deposits received from the disposal of 90% interest in a property project in China	33,732	–
Amounts payable on return of properties	5,884	5,672
Provision for compensation of a legal case	5,809	8,809
Other payables	20,447	20,551
	290,808	55,294

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

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Within 360 days past due	–	3,118
Over 360 days past due	8,765	1,735
	8,765	4,853

12. AMOUNTS DUE TO DIRECTORS

Included in the amounts due to Directors of the amount of RMB400,000 (equivalent to approximately HK\$461,000) 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 Hong Kong dollar, 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 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 note 18 and the announcements of the Company dated 24 February 2017, 24 March 2017, 30 March 2017 and 28 April 2017.

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

The movements of the Convertible Bonds during the six months ended 30 June 2017 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	(5,058)
<hr/>	
Fair value of Convertible Bonds as at 30 June 2017	<hr/> 131,942

14. SHARE CAPITAL

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Authorised:		
5,000,000,000 ordinary shares of HK\$0.1 each (31 December 2016: 5,000,000,000 ordinary shares of HK\$0.1 each)	500,000	500,000
Issued and fully paid:		
1,360,864,270 ordinary shares of HK\$0.1 each (31 December 2016: 1,032,849,097 ordinary shares of HK\$0.1 each)	136,087	103,285

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

	Number of shares '000	Amount HK\$'000
As at 1 January 2016	957,069	95,707
Issue of shares for settlement of professional fee	12,828	1,283
Issue of new shares	62,952	6,295
As at 31 December 2016	1,032,849	103,285
Issue of shares for settlement of professional fee (i)	27,546	2,755
Issue of new shares (Note (ii))	90,469	9,047
Issue of shares for the acquisition of subsidiaries (Note (iii))	210,000	21,000
As at 30 June 2017	1,360,864	136,087

14. SHARE CAPITAL (Continued)

Note:

(i) 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 respectively to Mr. Wong Vai Nang, sole proprietor of Simon Ho & Co., Solicitors for settlement of the fees 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.

(ii) Issue of new shares

On 19 January 2017, the Company issued and allotted 90,468,877 ordinary shares to the subscribers at a price of HK\$0.27 per share and the premium on the issue of the above mentioned number of shares, amounting to approximately HK\$15,380,000 was credited to the Company's share premium account.

(iii) Acquisition of subsidiaries

On 28 April 2017, the Company issued and allotted 210,000,000 shares as to settle part of the consideration of the acquisition of subsidiaries. The premium on the issue of the above mentioned number of shares amounting to approximately HK\$28,350,000 was credited to the Company's share premium account.

15. LITIGATIONS AND CONTINGENT LIABILITIES

- i) 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. This claim by the plaintiff has been dismissed on 10th October, 2016. The plaintiff appealed to the People’s Intermediate Court of Shenzhen. The appeal was heard on 8th July, 2017 but the result has yet to be delivered. The Directors cannot reasonable measure the financial impact of the Company before the conclusion of the said proceedings.

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

- ii) A summons was issued and filed with Lo Hu Court against GF Land Development (Shenzhen) in which Shenzhen City YiZhou Hotel Management Company Limited as plaintiff claims against GF Land Development (Shenzhen) as defendant for a total sum of RMB13,380,000 and interest. By a civil judgement 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 Limited, a subsidiary of the Company 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.

15. LITIGATIONS AND CONTINGENT LIABILITIES (Continued)

- iii) 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. Shenzhen Liangzi appealed and it was ordered by the Shenzhen City Intermediate People's Court that the said decision was dismissed and that there being a re-trial by the said Longgang Court. However, due to the administrative adjustment of Shenzhen City Court, it was adjudged that this case should be dealt with by the People's Court of Yantian District of Shenzhen City. The hearing date has yet to be fixed and therefore the Directors cannot reasonable measure the financial impact of the Company before the conclusion of the said proceedings.

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

- iv) 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. Shenzhen Liangzi appealed and it was ordered by the Shenzhen City Intermediate People's Court that the said decision was dismissed and that there being a re-trial by the said Longgang Court. However, due to the administrative adjustment of Shenzhen City Court, it was adjudged that this case should be dealt with by the People's Court of Yantian District of Shenzhen City. The hearing date has yet to be fixed and therefore the Directors cannot reasonable measure the financial impact of the Company before the conclusion of the said proceedings.

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

15. LITIGATIONS AND CONTINGENT LIABILITIES (Continued)

- v) A writ of summons was issued at the intermediate People's court of Shenzhen City on 19th April, 2016 in which Shenzhen 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 alias, 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. By the judgment dated 19th January, 2017, the court dismissed Shenzhen Liangzi's claims. Shenzhen Liangzi appealed and there is no hearing date fixed yet and therefore the Directors cannot reasonable measure the financial impact of the Company before the conclusion of the said proceedings.

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

- vi) Under the case no.(2016) Yuet 0391 Min Chu No.2252, Shenzhen YiZhou as the plaintiff claims against Grand Field Land Development (Shenzhen) Company Limited ("GF Land") as the defendant for the Shareholders' liability. The hearing date has been fixed on 20th October, 2017 and therefore the Directors cannot reasonable measure the financial impact of the Company before the conclusion of the said proceedings.

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

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 2017, the emoluments paid or payable to Directors and chief executives of the Company were approximately HK\$1,302,000 (six months ended 30 June 2016: HK\$1,276,000).

17. CAPITAL COMMITMENTS

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

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Contracted but not provided for:		
Investment properties under development and properties for sale under development	1,103,403	1,068,137
Capital contribution to a PRC company	192,187	180,144
	1,295,590	1,248,281

18. ACQUISITION OF SUBSIDIARY

On 28 April 2017, the Group acquired a business by way of acquisition of the entire equity interest of Intra Asia Limited ("Intra Asia") at a consideration of approximately HK\$207,000,000 which was settled by i) cash of HK\$22,540,000, ii) 210,000,000 new ordinary shares of the Company at the issue price of HK\$0.226 per share and iii) Convertible Bonds of the principal amount of HK\$137,000,000. Intra Asia and its subsidiaries (the "Intra Asia Group") is principally engaged in property development in the PRC.

Please refer to the announcements of the Company dated 24 February 2017, 24 March 2017, 30 March 2017 and 28 April 2017 for further details of the Acquisition.

18. ACQUISITION OF SUBSIDIARIES (Continued)

The fair value of the identifiable assets and liabilities of Intra Asia Group acquired as at the date of Acquisition are as follows:

	Intra Asia Group <i>HK\$'000</i>
Assets and liabilities acquired:	
Property, plant and equipment	21
Properties for sale under development	138,566
Investment properties	221,930
Intangible assets	15,456
Deferred tax assets	757
Prepayment, deposits and other receivables	24,169
Bank and cash equivalents	395
Loan receivables	11,111
Trade and other payables	(196,617)
Deferred tax liabilities	(43,671)
	<hr/>
	172,117
Goodwill	36,773
	<hr/>
	208,890
<hr/>	
Satisfied by:	
Cash	22,540
Consideration shares at fair value (<i>Note 14(iii)</i>)	49,350
Convertible bonds at fair value (<i>Note 13</i>)	137,000
	<hr/>
	208,890
<hr/>	
Net cash outflow arising on acquisition:	
Cash consideration paid	22,540
Cash and cash equivalents acquired	(395)
	<hr/>
	22,145
	<hr/>

18. ACQUISITION OF SUBSIDIARIES (Continued)

The goodwill arising on the Acquisition is attributable to the cash-generating units of property development and property investment.

If the Acquisition had been completed on 1 January 2017, total Group's revenue for the period would have been the same, and loss for the period would have been HK\$6,651,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the Acquisition been completed on 1 January 2017, nor is intended to be a projection of future results.

Acquisition related costs recognised as expenses include legal and professional fee of HK\$1,024,000.

19. EVENTS AFTER THE REPORTING PERIOD

Please refer to page 43 of this interim report for details of the events after the reporting period.

20. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 30 August 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Business Review

In light of the surging property price during last year, the Chinese government has implemented a series of policies against the Chinese property sector with an aim to stabilize the property market. Nevertheless, land transactions in first-tier city markets, especially at Shenzhen, remained vigorous, with numerous transactions at frenetic pricing being recorded, demonstrating the confidence in Chinese property market within the industry and in the market. For the first half of 2017, the Group's successful acquisition of the project located at the central business district in Gulou District, Xuzhou, Jiangsu Province has extended our business beyond Guangdong Province, laying a better foundation for future development. The project will become the Group's base for segment expansion in Eastern China with stable income of rental and cash flow contribution.

On the other hand, the foundation work of the Shenzhen Zongke Cloud Project in Xi Huan Lu of Buji Sub-district, Longgang District, Shenzhen was substantially completed and the basement work is undergoing, which is expected to be launched officially in a year and a half. Upon the pre-sale and completion of the project, a majority of commercial properties will be reserved for rental purpose as to strengthen the cash flow and profitability of the Group.

In addition, the Group is actively identifying feasible projects and expanding our land reserve in Southern and Eastern China to pave the way for sustainable future development of the Group following the development project at Shenzhen.

2. Financial Review

During the six months ended 30 June 2017, the Group's revenue amounted to approximately HK\$1,095,000, representing a 53% decrease when compared with that of the same period last year. The Group's revenue were mainly generated from properties rental income.

During the period under review, the Group recorded a loss attributable to owner of the Company of approximately HK\$5,276,000 (six months ended 30 June 2016: HK\$18,367,000), representing a 71% decrease when compared with that of the same period last year. The decrease in loss was mainly due to no share-based payment expenses incurred during the period.

3. Prospects

The successful acquisition of the Xuzhou Project by the Group during the first half of this year increased the capital level of the Group. Occupation of the Xuzhou Project is expected to commence by the end of this year, which will bring steady rental income and make significant contribution to the profitability of the Group in future.

At the fifth session of the 12th National People's Congress in early March this year, the State Council proposed further cooperation among the PRC, Hong Kong and Macau with research and formulation of the Guangdong-Hong Kong-Macau Greater Bay Area Cities Development Plan. As a Hong Kong-listed company with focus on real estate development in the PRC, the Group will continue to identify real estate projects in the PRC (in particular, in Guangdong province) and expand our land reserve. On the other hand, the Group will seize opportunities by actively seeking for promising innovation projects with a view to diversify its businesses.

The Group has full confidence in future economic conditions of the PRC and the prospect of the property market. In view of rapid development of second and third-tier cities in the PRC, the Group will focus more attention on those cities, and allocate resources properly for the purpose of pursuing quality business opportunities.

4. Liquidity and Financial Resources

As at 30 June 2017, the Group's cash and cash equivalents were approximately HK\$10,269,000 (31 December 2016: HK\$13,439,000) of which most were denominated in Hong Kong dollar ("HK\$") and Renminbi ("RMB").

As at 30 June 2017, the Group recorded total current assets of approximately HK\$369,675,000 (31 December 2016: HK\$174,372,000) and total current liabilities of approximately HK\$304,430,000 (31 December 2016: HK\$67,420,000). The Group recorded total assets of approximately HK\$2,256,944,000 (31 December 2016: HK\$1,680,830,000) and the Group's total interest-bearing borrowings amounted to approximately HK\$12,610,000 (31 December 2016: HK\$10,913,000), 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 and 10% per annum (31 December 2016: 1.5% to 2.5% per month and 10% per annum).

The Group's gearing ratio for the period ended 30 June 2017, which was defined to be current liabilities over shareholders' equity, was 38% (31 December 2016: 10%).

5. Issue of Subscription Shares and Remuneration Shares

On 19 January 2017, 65,513,322 subscription Shares and 24,955,555 subscription Shares were allotted and issued to Mr. Xin Zailian and Mr. Chen Guoqin, at the subscription price of HK\$0.27 per subscription Share in accordance with the terms and conditions of the subscription agreement I and subscription agreement II, respectively.

Details were set out in the announcements dated 13 January 2017 and 19 January 2017.

On 19 January 2017 and 9 May 2017, 12,962,963 and 14,585,333 Shares were allotted and issued to Mr. Wong Vai Nang, sole proprietor of Simon Ho & Co., Solicitors, at an issue price of HK\$0.270 and HK\$0.240 per Share for settlement of the fee for the legal advisory services provided by Simon Ho & Co., Solicitors.

Details were set out in the announcements dated 19 January 2017 and 9 May 2017.

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	1,360,864,270	136,086

7. 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.

8. Charge on Group Assets

At 30 June 2017, the Group has pledged the completed properties held for sale with the carrying amounts of approximately HK\$5,916,000 of its wholly-owned subsidiary for a loan with principal amount of RMB4,110,000 (equivalent to approximately HK\$4,575,000) from an independent third party.

9. Employees

For the six months ended 30 June 2017, the Group employed 49 employees (six months ended 30 June 2016: 40) and appointed 8 Directors (six months ended 30 June 2016: 8) and the related staff costs amounted to approximately HK\$3,145,000 (six months ended 30 June 2016: HK\$13,067,000) representing a 76% decrease when compared with that of the same period last year. The decrease in staff costs was mainly due to no equity-settled share option arrangements made during the 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 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

On 24 February 2017, the Company, Surplus Full Development Limited and Mr. Tsang Wai Lun Wayland and Ms. Tsang Tsz Nok Aleen, entered into the conditional sale and purchase agreement in relation to the acquisition of the entire share capital of Intra Asia Limited, pursuant to which Mr. Tsang Wai Lun Wayland and Ms. Tsang Tsz Nok Aleen have conditionally agreed to sell and Surplus Full Development Limited has conditionally agreed to purchase 100% of the issued share capital of Intra Asia Limited at the consideration of HK\$207,000,000.

All the conditions precedent to the conditional sale and purchase agreement dated 24 February 2017 has been fulfilled and completion took place on 28 April 2017. Accordingly, 210,000,000 consideration Shares at the issue price of HK\$0.226 per consideration Share and the Convertible Bonds in the principal amount of HK\$137,000,000 were issued in accordance with the terms and conditions of the agreement.

Following the completion, Intra Asia Limited has become an indirect wholly-owned subsidiary of the Company and accordingly, the financial results of which will be consolidated into the financial statements of the Company.

OTHER INFORMATION

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2017, 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	–	9,698,964 (L)	9,698,964 (L)	0.71%
Kwok Siu Bun	Beneficial Owner	1,000,000 (L)	9,698,964 (L)	10,698,964 (L)	0.79%
Chow Kwai Wa Anne	Beneficial Owner	1,300,000 (L)	9,698,964 (L)	10,998,964 (L)	0.81%
Kwok Siu Wa Alison	Beneficial Owner	2,000,000 (L)	9,698,964 (L)	11,698,964 (L)	0.86%

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
Tsang Tsz Tung Debbie	Beneficial Owner	–	9,698,964 (L)	9,698,964 (L)	0.71%
Hui Pui Wai Kimber	Beneficial Owner	–	3,780,677 (L)	3,780,677 (L)	0.28%
Liu Chaodong	Beneficial Owner	–	3,780,677 (L)	3,780,677 (L)	0.28%
Chui Wai Hung	Beneficial Owner	–	3,780,677 (L)	3,780,677 (L)	0.28%

(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 2017, 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:

Name of Shareholders	Capacity/ nature of interests	Number of ordinary share(s) held	Total interests as percentage of the issued share capital
Rhenfield Development Corp. <i>(Note)</i>	Beneficial Owner	165,564,529	12.17%
Tsang Yee	Interest of Controlled Corporation <i>(Note)</i>	165,564,529	12.17%
	Beneficial Owner	9,698,964	0.71%
Tsang Tsz Nok Aleen	Beneficial Owner	819,358,224	60.21%

Note: Rhenfield Development Corp. is owned by Mr. Tsang Yee who is deemed to be interested in 165,564,529 Shares 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 2017.

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 Shares. The purpose of the Share Option Scheme is to advance the interests of the Company and the Shareholders by enabling the Company to grant options to attract, retain and reward the eligible persons and to provide the eligible persons an incentive or reward for their contribution to the Group and by enabling such persons' contribution to further advance the interests of the Group.

Eligible person under the Share Option Scheme include (collectively "Eligible Persons"):

- (i) any directors (whether executive or non-executive and whether independent or not) and any employees (whether full time or part time) of the Group (collectively "Employees");
- (ii) any consultants or advisers (in the areas of legal, technical, financial or corporate managerial) of the Group or any invested entity (whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid); any provider of goods and/or services to the Group or any invested entity; any customer of the Group or any invested entity; or any holder of securities issued by any member of the Group or any invested entity (collectively "Business Associates"); and
- (iii) any other person, who at the sole discretion of the Board, has contributed to the Group (the assessment criteria of which are (1) such person's contribution to the development and performance of the Group; (2) the quality of work performed by such person for the Group; (3) the initiative and commitment of such person in performing his or her duties; (4) the length of service or contribution of such person to the Group; and (5) such other factors as considered to be applicable by the Board).

The principal terms of the Share Option Scheme are summarised as follows:

The Share Option Scheme was adopted for a period of 10 years commencing from 21 June 2016 and remains in force until 20 June 2026. The Company may, by resolution in general meeting or, such date as the Board determined, terminate the Share Option Scheme at any time without prejudice to the exercise of options granted prior to such termination.

The subscription price for the Shares under the Share Option 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 as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Shares on the date of grant.

Upon acceptance of the options, the grantee shall pay HK\$1.00 to the Company as consideration for the grant. The acceptance of an offer of the grant of the option must be made within 21 days from the date of grant. The exercise period of any option granted under the Share Option Scheme must not be more than 10 years commencing on the date of grant.

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not, in the absence of Shareholders' approval, in aggregate exceed 10% in nominal amount of the aggregate of Shares in issue as at the date of approval of the Share Option Scheme. The Board may seek approval by the Shareholders at general meeting to refresh the 10% limit. However, the total number of Shares available for issue under exercise of options which may be granted under the Share Option Scheme in these circumstances must not exceed 10% of the issued Shares as at the date of approval of the refreshment of the 10% limit.

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the nominal amount of the issued Shares from time to time and the maximum number of Shares in respect of which options may be granted to each eligible participant shall not exceed 1% of the issued Shares for the time being in any 12-month period up to and including the date of offer of the grant. The maximum number of Shares in respect of which options may be granted to each substantial Shareholder or independent non-executive Director shall not exceed an aggregate value (based on the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of each grant) of HK\$5 million and 0.1% of the issued Shares for the time being in any 12-month period up to and including the date of offer of the grant.

As at the date of this report, the total number of Shares available for issue upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme was 188,978,884, representing approximately 12.4% of the issued Shares.

The Share Option Scheme will remain in force for a period of 10 years commencing from the date of adoption of the Share Option Scheme from 21 June 2016.

Details of the share options movements during the six months ended 30 June 2017 (the "Period") under the Share Option Scheme are as follows:

Name or category of grantees	Date of grant of share options	Exercise Price (HK\$)	Exercise Period	Number of share options					
				Balance as at 01.01.2017	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	Balance as at 30.6.2017
Directors									
Ma Xuemian	02/05/2014 (Note 1)	0.470	02/05/2014 – 01/05/2017	4,530,258	-	-	4,530,258	-	0
	06/05/2016 (Note 2)	0.363	06/05/2016 – 05/05/2019	8,805,478	-	-	-	-	8,805,478
	16/11/2016 (Note 3)	0.255	16/11/2016 – 15/11/2019	893,486	-	-	-	-	893,486
Kwok Siu Bun	02/05/2014 (Note 1)	0.470	02/05/2014 – 01/05/2017	3,026,896	-	-	3,026,896	-	0
	06/05/2016 (Note 2)	0.363	06/05/2016 – 05/05/2019	7,415,139	-	-	-	-	7,415,139
	16/11/2016 (Note 3)	0.255	16/11/2016 – 15/11/2019	2,283,825	-	-	-	-	2,283,825
Chow Kwai Wa Anne	02/05/2014 (Note 1)	0.470	02/05/2014 – 01/05/2017	2,726,896	-	-	2,726,896	-	0
	06/05/2016 (Note 2)	0.363	06/05/2016 – 05/05/2019	7,415,139	-	-	-	-	7,415,139
	16/11/2016 (Note 3)	0.255	16/11/2016 – 15/11/2019	2,283,825	-	-	-	-	2,283,825
Kwok Siu Wa Alison	02/05/2014 (Note 1)	0.470	02/05/2014 – 01/05/2017	2,026,896	-	-	2,026,896	-	0
	06/05/2016 (Note 2)	0.363	06/05/2016 – 05/05/2019	7,415,139	-	-	-	-	7,415,139
	16/11/2016 (Note 3)	0.255	16/11/2016 – 15/11/2019	2,283,825	-	-	-	-	2,283,825
Tsang Tsz Tung Debbie	02/05/2014 (Note 1)	0.470	02/05/2014 – 01/05/2017	3,523,534	-	-	3,523,534	-	0
	06/05/2016 (Note 2)	0.363	06/05/2016 – 05/05/2019	6,488,247	-	-	-	-	6,488,247
	16/11/2016 (Note 3)	0.255	16/11/2016 – 15/11/2019	3,210,717	-	-	-	-	3,210,717
Hui Pui Wai Kimber	02/05/2014 (Note 1)	0.470	02/05/2014 – 01/05/2017	1,510,086	-	-	1,510,086	-	0
	06/05/2016 (Note 2)	0.363	06/05/2016 – 05/05/2019	2,780,677	-	-	-	-	2,780,677
	16/11/2016 (Note 3)	0.255	16/11/2016 – 15/11/2019	1,000,000	-	-	-	-	1,000,000
Liu Chaodong	02/05/2014 (Note 1)	0.470	02/05/2014 – 01/05/2017	1,510,086	-	-	1,510,086	-	0
	06/05/2016 (Note 2)	0.363	06/05/2016 – 05/05/2019	2,780,677	-	-	-	-	2,780,677
	16/11/2016 (Note 3)	0.255	16/11/2016 – 15/11/2019	1,000,000	-	-	-	-	1,000,000
Chui Wai Hung	02/05/2014 (Note 1)	0.470	02/05/2014 – 01/05/2017	1,510,086	-	-	1,510,086	-	0
	06/05/2016 (Note 2)	0.363	06/05/2016 – 05/05/2019	2,780,677	-	-	-	-	2,780,677
	16/11/2016 (Note 3)	0.255	16/11/2016 – 15/11/2019	1,000,000	-	-	-	-	1,000,000
Subtotal				84,501,589	-	-	24,664,738	-	59,836,851
Beneficial Owner of the Substantial Shareholder									
Tsang Yee	06/05/2016 (Note 2)	0.363	06/05/2016 – 05/05/2019	7,415,139	-	-	-	-	7,415,139
	16/11/2016 (Note 3)	0.255	16/11/2016 – 15/11/2019	2,283,825	-	-	-	-	2,283,825
Other Employees									
In aggregate	02/05/2014 (Note 1)	0.470	02/05/2014 – 01/05/2017	22,147,928	-	-	22,147,928	-	0
	06/05/2016 (Note 2)	0.363	06/05/2016 – 05/05/2019	39,392,927	-	-	500,000	-	38,892,927
	16/11/2016 (Note 3)	0.255	16/11/2016 – 15/11/2019	80,750,142	-	-	200,000	-	80,550,142
Total				236,491,550	-	-	47,512,666	-	188,978,884

Notes:

1. The closing price of the Shares immediately before 2 May 2014, on which those options were granted, was HK\$0.470.
2. The closing price of the Shares immediately before 6 May 2016, on which those options were granted, was HK\$0.330.
3. The closing price of the Shares immediately before 16 November 2016, on which those options were granted, was HK\$0.255.

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 2017.

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 2017 except for the deviations 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 six months ended 30 June 2017, 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 Provision A.6.7

Code Provision A.6.7 of the Code stipulates that independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

Code Provision E.1.2

Code Provision E.1.2 of the Code stipulates that the chairman of the board should attend the annual general meeting. He should also invite the chairman of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting.

The whole Board and the auditor of the Company attended the annual general meeting of the Company held on 18 May 2017 to answer questions of the shareholders of the Company except that Mr. Hui Pui Wai Kimber (the chairman of remuneration committee of the Company) and Mr. Liu Chaodong (the chairman of nomination committee of the Company) could not attend the annual general meeting due to their business engagements. In the future, the Company will try its best to encourage the independent non-executive Directors to attend the general meetings of the Company.

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 2017.

AUDIT COMMITTEE

As at 30 June 2017, 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 2017.

REMUNERATION COMMITTEE

As at 30 June 2017, 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 2017, 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 2017, 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.

EVENTS AFTER THE REPORTING PERIOD

1. An Originating Summons was issued and filed with the High Court of Hong Kong on 11th August, 2017 pursuant to Sections 732 and 733 of the Companies Ordinance, Cap. 622 by a Shareholder of the Company, Fourseasons Hong Kong Trading Limited as the plaintiff 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, Chui Wai Hung, the Directors, Surplus Full Development Limited (a BVI company) and Intra Asia Limited, both now the subsidiaries of the Company and the interested parties in the Property Project and for costs of the proceedings.

The Company has instructed its legal advisors to advise thereon. The Directors cannot reasonable measure the financial impact of the Company before the conclusion of the said proceedings.

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

2. On 21 August 2017, 83,181,818 subscription Shares and 75,000,000 subscription Shares were allotted and issued to Mr. Xin Zailian and Mr. Chan Kee Wai, at the subscription price of HK\$0.22 per subscription Share in accordance with the terms and conditions of the subscription agreement I and subscription agreement II, respectively.

Details were set out in the announcements dated 8 August 2017 and 21 August 2017.



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, 30 August 2017