



Grand Field Group Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 115)

*Growing up
in adversity*

**Interim Report
2020**

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CORPORATE INFORMATION

Executive Directors

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

Independent Non-executive Directors

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

Company Secretary

Ms. Lam Yuen Ling Eva

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Corporate Governance Committee

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

Authorised Representatives

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

Registered Office in Bermuda

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

Head Office and Principal Place of Business

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
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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 54, 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



中匯
ZHONGHUI

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 24 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 2020 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of 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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 to the condensed consolidated financial information which mentions that the Group incurred a loss attributable to owners of the Company of approximately HK\$19,637,000 and as at 30 June 2020 the Group had net current liabilities of approximately HK\$935,491,000. These conditions indicate a material uncertainty which may cast doubt on the Company’s ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Ngan Hing Hon

Engagement Director

Practising Certificate Number P05294

Hong Kong, 28 August 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

		Six months ended 30 June	
	Notes	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	5	1,187	1,739
Cost of revenue		(344)	–
Gross profit		843	1,739
Other revenue		920	221
Other losses		–	(1)
Selling and distribution costs		(5,996)	(6,731)
Administrative expenses		(15,568)	(16,646)
Loss from operations		(19,801)	(21,418)
Finance costs		(8,180)	(1,370)
Share of loss of an associate		(1,377)	(345)
Fair value loss on convertible bonds through profit or loss	14	(54)	(1,781)
Loss before tax		(29,412)	(24,914)
Income tax credit	6	1,048	3,292
Loss for the period	7	(28,364)	(21,622)
Attributable to:			
Owners of the Company		(19,637)	(17,478)
Non-controlling interests		(8,727)	(4,144)
		(28,364)	(21,622)
Loss per share	8		
Basic (HK cents per share)		(0.80)	(0.71)
Diluted (HK cents per share)		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Six months ended 30 June	
	Notes	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Loss for the period	7	(28,364)	(21,622)
Other comprehensive (loss)/income:			
<i>Item that will not be reclassified to profit or loss</i>			
Fair value (loss)/gain on financial liabilities designated at fair value through profit or loss attributable to change in credit risk		(2,876)	1,063
Exchange differences on translation of foreign operations		(46,400)	368
Total comprehensive loss for the period		(77,640)	(20,191)
Attributable to:			
Owners of the Company		(51,109)	(16,305)
Non-controlling interests		(26,531)	(3,886)
		(77,640)	(20,191)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	18,103	19,062
Investment properties		3,367,652	3,361,304
Intangible asset		12,407	13,032
Deferred tax assets		25,550	25,089
Goodwill		36,773	36,773
Right-of-use assets		5,794	5,338
Investment in an associate		28,972	30,922
		3,495,251	3,491,520
Current assets			
Trade receivables	11	1,985	1,945
Properties for sale under development		811,813	781,199
Properties for sale		27,954	28,519
Other receivables, deposits and prepayments		121,282	98,438
Amount due from a director		574	911
Tax recoverable		19,932	15,550
Cash and cash equivalents		83,755	164,134
		1,067,295	1,090,696
Current liabilities			
Trade and other payables	12	1,344,926	1,215,607
Interest-bearing borrowings		540,904	599,852
Lease liabilities		510	208
Amounts due to directors	13	509	812
Convertible bonds	14	110,976	–
Tax payable		4,961	5,056
		2,002,786	1,821,535

	<i>Notes</i>	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Net current liabilities		(935,491)	(730,839)
Total assets less current liabilities		2,559,760	2,760,681
Non-current liabilities			
Deferred tax liabilities		497,377	507,160
Convertible bonds	14	–	108,046
Interest-bearing borrowings		50,423	55,875
		547,800	671,081
NET ASSETS		2,011,960	2,089,600
Capital and reserves			
Share capital	15	244,955	244,955
Reserves		835,255	886,364
Equity attributable to owners of the Company		1,080,210	1,131,319
Non-controlling interests		931,750	958,281
TOTAL EQUITY		2,011,960	2,089,600

Approved by:

Chow Kwai Wa, Charmaine
Director

Kwok Siu Wa, Alison
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	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	Retained earnings	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2019 (audited)	244,955	435,694	18,452	(2,215)	-	8,831	532,876	1,238,593	1,039,284	2,277,877
Total comprehensive loss for the period (unaudited)	-	-	-	-	1,063	110	(17,478)	(16,305)	(3,886)	(20,191)
Share options lapsed (unaudited)	-	-	(9,344)	-	-	-	9,344	-	-	-
At 30 June 2019 (unaudited)	244,955	435,694	9,108	(2,215)	1,063	8,941	524,742	1,222,288	1,035,398	2,257,686
At 1 January 2020 (audited)	244,955	435,694	-	(2,215)	230	2,546	450,109	1,131,319	958,281	2,089,600
Total comprehensive loss for the period (unaudited)	-	-	-	-	(2,876)	(28,596)	(19,637)	(51,109)	(26,531)	(77,640)
At 30 June 2020 (unaudited)	244,955	435,694	-	(2,215)	(2,646)	(26,050)	430,472	1,080,210	931,750	2,011,960

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash flows generated from operating activities	89,404	233,209
Cash flows from investing activities		
Additional costs on investment properties	(70,691)	(138,764)
Purchase of property, plant and equipment	(50)	(551)
Net cash outflow from investment of an associate	–	(34,167)
Net cash flows used in investing activities	(70,741)	(173,482)
Cash flows from financing activities		
Repayment of interest-bearing borrowings	(92,593)	(235,089)
Interest paid	(19,130)	(42,566)
Repayment of lease liabilities	(310)	(360)
New interest-bearing borrowings raised	22,205	123,104
Net cash flows used in financing activities	(89,828)	(154,911)
Net decrease in cash and cash equivalents	(71,165)	(95,184)
Effect of foreign exchange rate changes	(9,214)	6,598
Cash and cash equivalents at beginning of period	164,134	127,652
Cash and cash equivalents at end of period	83,755	39,066
Analysis of cash and cash equivalents		
Bank and cash balances	83,755	39,066

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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 and property investment.

2. BASIS OF PREPARATION

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

The Group incurred a loss attributable to owners of the Company of approximately HK\$19,637,000 and as at 30 June 2020 the Group had net current liabilities of approximately HK\$935,491,000. Nevertheless, these condensed consolidated financial statements have been prepared on a going concern basis. The directors are of the opinion that taking into account of the expected sales of properties and financing arrangement after the reporting period, it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

These condensed consolidated financial statements should be read in conjunction with the 2019 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2019.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2020. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s condensed consolidated financial statements and amounts reported for the current period and prior years.

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

4. FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

4. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy:

As at 30 June 2020

	Level 1 <i>HK\$'000</i> (Unaudited)	Level 2 <i>HK\$'000</i> (Unaudited)	Level 3 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Recurring fair value measurements:				
Financial liabilities at fair value through profit or loss				
– Convertible bonds	–	110,976	–	110,976

As at 31 December 2019

	Level 1 <i>HK\$'000</i> (Audited)	Level 2 <i>HK\$'000</i> (Audited)	Level 3 <i>HK\$'000</i> (Audited)	2019 <i>HK\$'000</i> (Audited)
Recurring fair value measurements:				
Financial liabilities at fair value through profit or loss				
– Convertible bonds	–	108,046	–	108,046

4. FAIR VALUE MEASUREMENTS (Continued)

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

Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair value	Fair value
			as at	as at
			30 June	31 December
			2020	2019
			HK\$'000	HK\$'000
			(Unaudited)	(Audited)
Convertible bonds	Binomial model	Share price, discount rate, volatility and conversion price	110,976	108,046

5. SEGMENT REPORTING

Information reported to the executive directors and senior management, being the chief operating decision maker, the purposes of resource allocation and assessment of segment performance focus on types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reporting segments of the Group. Specifically, the Group's reportable operating segments under HKFRS 8 are property development and property investment.

(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

	Property development		Property investment		Total	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue						
External sales	–	–	1,187	1,739	1,187	1,739
Segment result	–	–	843	1,739	843	1,739
Unallocated income and losses, net					920	221
Unallocated expenses					(21,564)	(23,378)
Loss from operations					(19,801)	(21,418)
Finance costs					(8,180)	(1,370)
Share of loss of an associate					(1,377)	(345)
Fair value loss on convertible bonds					(54)	(1,781)
Loss before tax					(29,412)	(24,914)
Income tax credit					1,048	3,292
Loss for the period					(28,364)	(21,622)

5. SEGMENT REPORTING (Continued)

(b) Segment assets and liabilities

	Property development		Property investment		Total	
	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Segment assets	870,601	834,360	3,367,652	3,361,304	4,238,253	4,195,664
Segment liabilities	(1,085,745)	(937,201)	(497,377)	(507,160)	(1,583,122)	(1,444,361)

6. INCOME TAX CREDIT

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Deferred tax	1,048	3,292

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

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 2019: 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	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Amortisation of intangible assets	381	397
Depreciation of property, plant and equipment	651	331
Depreciation of right-of-use assets	375	435
Staff costs (including directors' remuneration):		
– salaries, bonuses and allowances	3,931	3,737
– retirement benefits scheme contributions	191	328
	4,122	4,065

8. LOSS PER SHARE

Basic loss per share

Basic loss per share is calculated based on the loss for the period attributable to the owners of the Company for the six months ended 30 June 2020 of approximately HK\$19,637,000 (six months ended 30 June 2019: HK\$17,478,000) and on the weighted average number of 2,449,554,132 ordinary shares (six months ended 30 June 2019: 2,449,554,132).

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 2020 and 2019.

9. DIVIDENDS

No dividend was paid, declared or proposed during the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, property, plant and equipment of approximately HK\$50,000 was acquired by the Group (six months ended 30 June 2019: HK\$551,000).

11. TRADE RECEIVABLES

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

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Within 365 days	–	1,945
Over 365 days	1,985	–
	1,985	1,945

12. TRADE AND OTHER PAYABLES

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Trade payables to building contractors	1,040	2,383
Accruals of cost for contract works	174,233	187,740
Deferred income	22,566	23,702
Accrued salaries and other operating expenses	12,757	12,598
Accrued interest expense	14,953	11,250
Contract liabilities	1,080,930	941,943
Rental deposits received from investment properties	33	34
Amounts payable on return of properties	5,595	5,704
Other payables	32,819	30,253
	1,344,926	1,215,607

12. TRADE AND OTHER PAYABLES (Continued)

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

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Within 360 days past due	–	995
Over 360 days past due	1,040	1,388
	1,040	2,383

13. AMOUNTS DUE TO DIRECTORS

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

14. CONVERTIBLE BONDS

On 22 February 2019, the Company issued convertible bonds with principal amount of HK\$112,320,000 (the "Convertible Bonds") to settle the outstanding loan balance of HK\$112,320,000 owing by the Group to Mr. Tsang Wai Lun Wayland and Ms. Tsang Tsz Nok Aleen. The Convertible Bonds are denominated in HK\$, carry interest rate of 3% per annum and will be matured on 21 February 2021. The conversion price of the Convertible Bonds is at HK\$0.123 per ordinary share of the Company and a total of 913,170,731 new ordinary shares of the Company will be issued upon conversion of the Convertible Bonds.

References are made to the Company's announcements dated 16 November 2018, 22 January 2019 and 22 February 2019.

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

14. CONVERTIBLE BONDS (Continued)

The movements of the Group's Convertible Bonds are as follows:

	<i>HK\$'000</i>
At inception date	112,320
Fair value gain on Convertible Bonds through profit or loss	(4,044)
Fair value gain on financial liabilities designated at fair value through profit or loss attributable to change in credit risk	(230)
<hr/>	
Fair value as at 31 December 2019	108,046
Fair value loss on Convertible Bonds through profit or loss	54
Fair value loss on financial liabilities designated at fair value through profit or loss attributable to change in credit risk	2,876
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Fair value as at 30 June 2020	<u>110,976</u>

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

15. SHARE CAPITAL

	30 June 2020 <i>HK\$'000</i> (Unaudited)	31 December 2019 <i>HK\$'000</i> (Audited)
Authorised:		
5,000,000,000 ordinary shares of HK\$0.1 each (31 December 2019: 5,000,000,000 ordinary shares of HK\$0.1 each)	500,000	500,000
<hr/>		
Issued and fully paid:		
2,449,554,132 ordinary shares of HK\$0.1 each (31 December 2019: 2,449,554,132 ordinary shares of HK\$0.1 each)	244,955	244,955
<hr/>		

16. LITIGATIONS AND CONTINGENT LIABILITIES

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

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

The Company upon legal advice opposes the plaintiff's application and has filed its affirmation in opposition and the Plaintiff has paid into Court security for costs of the Defendants. The trial date of these proceedings has not been fixed yet.

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

16. LITIGATIONS AND CONTINGENT LIABILITIES (Continued)

- ii) Under the case no.(2019) Yue 0303 Min Chu No.6862, a subsidiary of the Company Shenzhen Zongke Real Estate Co., Ltd (“Shenzhen Zongke”) claims against Shenzhen City You Fu Investment Development Limited (“You Fu”) for damages arising from a loan agreement. The action has been tried and the claims of Shenzhen Zongke were dismissed. However, Shenzhen Zongke has lodged its appeal to the People’s Intermediate Court of Shenzhen City under (2019) Yue 03 Min Zhong No.23478. On 11th May, 2020, Shenzhen Zongke’s appeal was allowed and You Fu was adjudged to pay to Shenzhen Zongke a sum of RMB17,920,993.86.

In the opinion of the Directors, the said proceedings have no material impact on the operations of the Group nor have any financial impact of the Group.

- iii) Under the case no. (2017) Yue 1973 Min Chu no.5565, Chen Huan Chi claims against Dongguan City Zhangmutou Properties Development Limited, Ka Fong Company Limited and Grand Field Group Limited, the latter two companies being the subsidiaries of the Company for the dispute over the construction agreements and the amount claimed is RMB2,119,822. The result of trial has not been delivered.

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

- iv) Under the case (2019) Yue 1973 Min Chu no. 16767, Chen Huan Chi claims against Ka Fong company Limited, Shing Fat Hong Limited, Shing Fat Hong and Grand Field Group Limited all being the subsidiaries of the Company and Chen Huan Jiang, Dongguan City Zhangmutou Properties Development Limited, Guangxi Jian Gong Holding 3rd Building Construction Limited in respect of disputes over construction agreement for the claimed amount for RMB5,189,100. This case has been accepted by the Court on 11th November, 2019 and will be heard by the Court on 10th September, 2020.

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

16. LITIGATIONS AND CONTINGENT LIABILITIES (Continued)

- v) There are claims against Guojin Property Development Limited, a subsidiary company wholly owned by the Company (“Guojin”) and its contractor Xu Zhou Chiang Chu Constructions Limited (“Chiang Chu”) and/or requests by the Court to Guojin for assistance in execution in respect of the dispute under construction works contract(s) for Xuzhou Project Properties Development Project (“Xuzhou Project”). Some of these cases have been settled and it is expected the rest will be settled shortly. As the Group has reached an agreement with Chiang Chu about the amount of fee outstanding and payable to it regarding XuZhou Project pending the court’s decision as to whether the respective amounts should be paid to Chiang Chu or the relevant claimants.

In the opinion of the Directors, the said cases have no material impact on the operations of the Group nor have financial impact on the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Business Review and Prospect

During the first half of 2020, having been affected by the impact of the Novel Coronavirus Pandemic, there was a down turn of global economy. The land development project of the Group had, upon the request of the Government, stopped from January to March and resumed work in the middle of April. As such, the progress of work and inspection of the Shenzhen Mix Park Project had to be postponed. The certificate for completion for the whole project has been issued in June, 2020 and the purchasers of the individual units are expected to be delivered vacant possession after the completion of internal decoration of the units in 2021.

After the resumption of work, the Group has been pushing forward with the project speedily. The commercial part of the Shenzhen Mix Park Project has been formally put for the potential tenants to bid. The Group has signed with several enterprises the memorandum for rental. The business arcade will be expected to be in service before the end of the year of 2021.

In the meantime, the Group is ready to start disposing of the remaining land reserves and also positively searching, developing and acquiring new projects and also optimizing the existing combination of assets and the rental income.

Although there are many uncertainties in the global capital market, the Group is optimistic for the economy and market in mainland China. The Group will only invest in assets prudently in order to lower the potential impacts as a result of the external uncertain factors.

2. Financial Review

During the six months ended 30 June 2020 (the “Reporting Period”), the Group’s revenue amounted to approximately HK\$1,187,000 (six months ended 30 June 2019: approximately HK\$1,739,000), representing a 32% decrease when compared with that of the same period last year. The Group’s revenue were mainly generated from properties rental income.

During the Reporting Period, the Group recorded a loss attributable to owners of the Company of approximately HK\$19,637,000 (six months ended 30 June 2019: approximately HK\$17,478,000), representing an increase in loss of approximately HK\$2,159,000 when compared with that of the same period last year. The increase in loss was mainly due to reduction in revenue and income tax credit, increase in finance cost mainly in relation to the Shenzhen Buji Zongke YunDuan project and increase in share of loss of an associate incurred during the Reporting Period.

3. Liquidity and Financial Resources

As at 30 June 2020, the Group’s cash and cash equivalents were approximately HK\$83,755,000 (31 December 2019: approximately HK\$164,134,000) of which mostly denominated in Hong Kong dollar (“HK\$”) and Renminbi (“RMB”).

As at 30 June 2020, the Group recorded total current assets of approximately HK\$1,067,295,000 (31 December 2019: approximately HK\$1,090,696,000) and total current liabilities of approximately HK\$2,002,786,000 (31 December 2019: approximately HK\$1,821,535,000). As at 30 June 2020, the Group recorded total assets of approximately HK\$4,562,546,000 (31 December 2019: approximately HK\$4,582,216,000) and the Group’s total interest-bearing borrowings amounted to approximately HK\$591,327,000 (31 December 2019: approximately HK\$655,727,000), approximately HK\$540,904,000 (31 December 2019: approximately HK\$599,852,000) are repayable within one year.

As at 30 June 2020, interest-bearing borrowings of the Group amounted to approximately HK\$591,327,000 (31 December 2019: approximately HK\$655,727,000) are denominated in RMB and such borrowings carried interest at fixed rates of 6.65% to 25% per annum (31 December 2019: 1.5% per month and 10% to 25% per annum).

As at 30 June 2020, the Group's gearing ratio was defined to be interest-bearing borrowings over shareholders' equity, was approximately 55% (31 December 2019: approximately 58%).

4. Share Capital

	Number of shares	Amount HK\$'000
<i>Authorised:</i>		
Ordinary shares of HK\$0.10 each		
At the end of Reporting Period	5,000,000,000	500,000
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.10 each		
At the end of Reporting Period	2,449,554,132	244,955

References are made to the announcements of the Company dated 27 February 2017, 24 March 2017 and 28 April 2017 and the circular of the Company dated 30 March 2017 in relation to the issue of the original convertible bonds to Ms. Tsang Tsz Nok Aleen, being one of the vendors to the acquisition, in the principal amount of HK\$137,000,000 due on 28 October 2018, for partial settlement of the consideration of the acquisition. As at 28 October 2018, the original convertible bonds were expired and left the balance of HK\$112,320,000, representing the outstanding principal amount of the original convertible bonds.

On 16 November 2018 (after trading hours of the Stock Exchange), the Company entered into the subscription agreement with Mr. Tsang Wai Lun Wayland and Ms. Tsang Tsz Nok Aleen (collectively, the “Subscribers”), pursuant to which, the Subscribers have conditionally agreed to subscribe and the Company has conditionally agreed to issue the new convertible bonds in the principal amount of HK\$112,320,000. The subscription amount payable by the Subscribers under the subscription agreement shall be satisfied by discharging the payment obligation of the Company on the indebted amount.

The new convertible bonds carry the right to convert into the conversion shares at the conversion price of HK\$0.123 per conversion share (subject to adjustments). Assuming the conversion rights are exercised in full at the conversion price, 913,170,731 new ordinary shares will be allotted and issued to Ms. Tsang Tsz Nok Aleen. Upon full exercise of the conversion rights attaching to the new convertible bonds, the shareholdings of Ms. Tsang Tsz Nok Aleen, the substantial shareholder of the Company, will be changed from approximately 28.92% to 48.22% of the total number of issued shares of the Company as enlarged by the issue of the shares of the Company upon the conversion of all the new convertible bonds.

All the conditions precedent to the subscription agreement have been fulfilled and completion took place on 22 February 2019. Accordingly, the new convertible bonds in the principal amount of HK\$112,320,000 were issued in accordance with the terms and conditions of the subscription agreement.

5. Exchange Risk

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

6. Treasury Policies

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

7. Charge on Group Assets

As at 30 June 2020, certain completed investment properties located in Xuzhou with fair value of approximately HK\$237,764,000 (31 December 2019: approximately HK\$231,443,000), which were owned by a wholly-owned subsidiary, were pledged to secure for the interest-bearing bank loans with principal amount of RMB54,000,000 (31 December 2019: RMB87,000,000) which is equivalent to approximately HK\$59,192,000 (31 December 2019: approximately HK\$97,222,500).

As at 30 June 2020, the land situated in Shenzhen owned by Shenzhen Zongke Real Estate Co., Ltd has been pledged for a bank loan with principal amount of RMB430,000,000 (31 December 2019: RMB450,000,000), which is equivalent to approximately HK\$471,345,000 (31 December 2019: approximately HK\$502,875,000).

8. Segment Information

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

9. Capital Commitment

The Group had the following material commitments as at 30 June 2020:

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Contracted but not provided for: Investment properties under development and properties for sale under development	180,516	360,071

10. Employees

As at 30 June 2020, the Group employed 73 employees (31 December 2019: 86) and appointed 7 Directors (31 December 2019: 7) and the related staff costs for the Reporting Period amounted to approximately HK\$4,122,000 (six months ended 30 June 2019: approximately HK\$4,065,000) representing a 1% increase when compared with that of the same period last year. The increase in staff costs was mainly due to an increase in administrative activities in relation to the Shenzhen Buji Zongke YunDuan project during the Reporting Period. The Group's emolument policies are formulated such that the emoluments are made by reference to the performance of individual employees and will be reviewed every year. Apart from basic salary and statutory provident fund scheme, employees will also be offered discretionary bonus based on the results of the Group and their individual performance.

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

On 26 February 2019, the Zhejiang Beishen Cultural and Travel Development Company Limited* (浙江北深文旅發展有限公司) (the “Project Company”) was established under the laws of the PRC with limited liability for the land acquisition and the construction and development of picture and culture related projects and peripheral commercial facilities on the land through the Project Company. As at 12 September 2019, the Project Company is owned by the JV partners as to (i) 34% by Grandfield Real Estate Development (Shenzhen) Limited* (鈞濠房地產開發(深圳)有限公司) (“Shenzhen Grandfield”), an indirect wholly-owned subsidiary of the Company; (ii) 34% by Beiying Movie Industry Development (Ningbo) Limited* (北影電影產業園開發(寧波)有限公司) (“Beiying Movie”); (iii) 26% by Shenzhen Bo Rui De Trading Limited* (深圳市博銳德商貿有限公司); and (iv) 6% by Hangzhou Fubei Investment Management Limited* (杭州富北投資管理有限公司) (the “JV Partners”).

On 7 March 2019, one of the JV Partners namely Beiying Movie, won the bidding in respect of the land use rights of the land situated at Hangzhou City, the PRC at the consideration of RMB56,870,000. The confirmation letter was issued by the Hangzhou Planning and Natural Resources Bureau to Beiying Movie to record the winning of the bidding by Beiying Movie on 7 March 2019. On 14 March 2019, Beiying Movie and the Hangzhou Planning and Natural Resources Bureau entered into the land use rights grant contract. On 25 April 2019, Beiying Movie, the Project Company and the Hangzhou Planning and Natural Resources Bureau further entered into the supplemental land use rights grant contract in respect of the land acquisition pursuant to which all parties to the supplemental land use rights grant contract mutually agreed that the purchaser of the land shall be assigned to the Project Company under the same terms and conditions of the land use rights grant contract and that all rights and obligations under the land use rights grant contract shall be transferred to the Project Company effective on the date of the supplemental land use rights grant contract.

* For identification purpose only

When deciding to participate in the land acquisition and the development of the land, the Company had considered the reasonable potential return and investment payback period based on the intended development plan negotiated among the JV Partners that a sizeable proportion of the land would be developed into properties for sale. However, when finalizing the overall development plan of the land, majority of the JV Partners (excluding Shenzhen Grandfield) considered adjusting the development plan of the land to largely reduce the saleable portion of the properties while increasing the proportion of investment properties for leasing purposes. Despite several negotiations, Shenzhen Grandfield was unable to reach a mutual agreement with the other JV Partners on the development plan of the land. The Company considered that fund collection period for leasing properties is relatively slow and investment payback period would be much longer when compared with properties for sale and therefore, the Company commenced negotiations with the other JV Partners on any possible exit plan for Shenzhen Grandfield's investment in the Project Company. The JV Partners mutually agreed, on best effort basis, to procure any interested party to take up the Company's 34% equity interest in the Project Company when opportunity arises.

As at the date of this report, the Company has not identified any potential purchaser and has not entered into any negotiation, arrangement and/or agreement in relation to any potential disposal of the Company's 34% equity interests in the Project Company. The Company will update the shareholders and potential investor of the Company in relation to the development of the intended disposal or if there will be any further change in business strategies on the Company's investment in the Project Company by way of announcement in compliance with relevant requirements under the Listing Rules as and when appropriate.



For details of the transaction, please refer to the Company's announcement dated 12 September 2019.

Save as otherwise disclosed, the Company did not have any other material acquisitions, disposal and significant investment of subsidiaries and affiliated companies during the Reporting Period.

In 2020, the Company will continue to make intensive efforts to expand its existing business and explore other business opportunities and try to seek opportunities actively to promote diversified business development. The Company will be continuing its effort in mergers and acquisitions deals as a way to expand into new markets and gain additional revenue streams apart from the real estate development. Bearing any further unforeseen material adverse external developments, the Company will continue to adhere to these principles in 2020 and is cautiously optimistic about the Group's further prospects.

12. Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June 2020 (31 December 2019: Nil).

OTHER INFORMATION

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Reporting Period (six months ended 30 June 2019: Nil).

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2020, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Name of Directors	Capacity/ Nature of interests	Number of ordinary share(s) held	Number of shares held pursuant to share options	Total	Total interests as percentage of the total number of issued shares
Kwok Siu Bun	Beneficial Owner	1,500,000(L)	-	1,500,000(L)	0.06%
Chow Kwai Wa Charmaine	Beneficial Owner	1,950,000(L)	-	1,950,000(L)	0.08%
Kwok Siu Wa Alison	Beneficial Owner	3,000,000(L)	-	3,000,000(L)	0.12%

(L): Long position

Save as disclosed above, as at 30 June 2020, 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 2020, so far as is known to the Directors, the following parties (other than the Directors and chief executives of the Company) had interests of 5% or more in the total number of issued shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name of Shareholders	Capacity/ Nature of interests	Number of ordinary share(s) held	Number of underlying shares held	Total interests as percentage of the total number of issued shares
Rhenfield Development Corp. <i>(Note 1)</i>	Beneficial Owner	703,668,236	–	28.73%
Tsang Yee	Interest in Controlled Corporation <i>(Note 1)</i>	703,668,236	–	28.73%
Tsang Tsz Nok Aleen	Beneficial Owner	4,745,301	913,170,73 <i>(Note 2)</i>	37.47%
	Interest in Controlled Corporation <i>(Note 1)</i>	703,668,236	–	28.73%
Lui Kin Chung <i>(Note 3)</i>	Interest of spouse	708,413,537	913,170,731	66.20%
周偉康	Beneficial Owner	148,695,140	–	6.07%

Notes:

1. Rhenfield Development Corp. is owned as to 50% by Mr. Tsang Yee and 50% by Ms. Tsang Tsz Nok Aleen, who are deemed to be interested in 703,668,236 shares of the Company pursuant to the Part XV of the SFO.
2. The 913,170,731 shares that Ms. Tsang Tsz Nok Aleen are interested in represent the underlying shares of the Company of the aggregate principal amount of convertible bonds of HK\$112,320,000 issued by the Company at the conversion price of HK\$0.123 per share on 22 February 2019. Details were set out in the announcements of the Company dated 16 November 2018, 22 January 2019, 14 February 2019 and 22 February 2019 and the circular of the Company dated 25 January 2019.
3. Mr. Lui Kin Chung is the spouse of Ms. Tsang Tsz Nok Aleen. Under the SFO, Mr. Lui Kin Chung is deemed to be interested in the same number of shares in which Ms. Tsang Tsz Nok Aleen is interested.

Save as disclosed above, as at 30 June 2020, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the issued shares carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

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

As at 30 June 2020, the total number of shares available for issue under the Share Option Scheme is 244,955,413 shares, representing approximately 10% of the total number of issued shares of the Company. Since all the options granted on 16 November 2016 under the Share Option Scheme were lapsed on 15 November 2019, no share option has been granted by the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARE OR DEBENTURES

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

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

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

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures. The Company has complied with all the code provisions as set out in the Corporate Governance Code and Corporate Governance Report to the Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") (the "CG Code") during the Reporting Period except for the deviation as disclosed below:

Code Provision A.2.1

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

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

DIRECTORS' SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

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

As at 30 June 2020, the Audit Committee comprised three independent non-executive Directors, namely Mr. Wong Sze Lok (chairman of the Audit Committee), Mr. Hui Pui Wai Kimber and Mr. Liu Chaodong.

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

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

REMUNERATION COMMITTEE

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

As at 30 June 2020, the Remuneration Committee comprised one executive Director, namely Mr. Ma Xuemian and three independent non-executive Directors, namely Mr. Hui Pui Wai Kimber (chairman of the Remuneration Committee), Mr. Liu Chaodong and Mr. Wong Sze Lok.

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

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

NOMINATION COMMITTEE

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

As at 30 June 2020, the Nomination Committee comprised one executive Director, namely Mr. Ma Xuemian and two independent non-executive Directors, namely Mr. Liu Chaodong (chairman of the Nomination Committee) and Mr. Wong Sze Lok.

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

CORPORATE GOVERNANCE COMMITTEE

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

As at 30 June 2020, the Corporate Governance Committee comprised one executive Director, namely Mr. Ma Xuemian (chairman of the Corporate Governance Committee) and two independent non-executive Directors, namely Mr. Liu Chaodong and Mr. Wong Sze Lok.

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

EVENT AFTER THE REPORTING PERIOD

The Group does not have any material subsequent event after the Reporting Period and up to the date of this report.

By order of the Board

GRAND FIELD GROUP HOLDINGS LIMITED

MA XUEMIAN

Chairman

Hong Kong, 28 August 2020