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鈞豪集團有限公司*

GRAND FIELD GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 115)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

The board of directors (the “Directors”) (the “Board”) of Grand Field Group Holdings Limited (the “Company”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2017 and the comparative figures as set out below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2017

	<i>Notes</i>	2017 HK\$'000 (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)
Revenue	4	1,095	2,347
Cost of revenue		<u>(5)</u>	<u>(1,017)</u>
Gross profit		1,090	1,330
Other revenue		23	16
Other gains and losses		17	–
Selling and distribution costs		(276)	(305)
Administrative expenses		<u>(11,678)</u>	<u>(21,260)</u>
Loss from operations		(10,824)	(20,219)
Finance cost		(846)	(710)
Fair value gain on convertible bonds		<u>5,058</u>	<u>–</u>

* *For identification purpose only*

	<i>Notes</i>	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)
Loss before tax		(6,612)	(20,929)
Income tax credit	<i>5</i>	<u>433</u>	<u>749</u>
Loss for the period	<i>6</i>	<u>(6,179)</u>	<u>(20,180)</u>
Attributable to:			
Owners of the Company		(5,276)	(18,367)
Non-controlling interests		<u>(903)</u>	<u>(1,813)</u>
		<u>(6,179)</u>	<u>(20,180)</u>
Loss per share			
Basic (<i>HK cents per share</i>)	<i>7</i>	<u>(0.44)</u>	<u>(1.91)</u>
Diluted (<i>HK cents per share</i>)	<i>7</i>	<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 30 June 2017

	<i>Notes</i>	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)
Loss for the period	6	(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		<u>76,148</u>	<u>(33,809)</u>
Total comprehensive income/(loss) for the period		<u>69,969</u>	<u>(53,989)</u>
Attributable to:			
Owners of the Company		36,520	(36,126)
Non-controlling interests		<u>33,449</u>	<u>(17,863)</u>
		<u>69,969</u>	<u>(53,989)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	<i>Notes</i>	30 June 2017	31 December 2016
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment	9	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	–
		<u>1,887,269</u>	<u>1,506,458</u>
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
		<u>369,675</u>	<u>174,372</u>
Current liabilities			
Trade and other payables	10	290,808	55,294
Interest-bearing borrowings		12,610	10,913
Obligation under finance lease due within one year		–	61
Amounts due to directors		674	824
Amount due to a shareholder		115	111
Tax payable		223	217
		<u>304,430</u>	<u>67,420</u>

	<i>Notes</i>	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Net current assets		<u>65,245</u>	<u>106,952</u>
Total assets less current liabilities		<u>1,952,514</u>	<u>1,613,410</u>
Non-current liabilities			
Deferred tax liabilities		373,661	317,163
Convertible bonds		<u>131,942</u>	<u>–</u>
		<u>505,603</u>	<u>317,163</u>
NET ASSETS		<u><u>1,446,911</u></u>	<u><u>1,296,247</u></u>
Capital and reserves			
Share capital	<i>11</i>	136,087	103,285
Reserves		<u>665,440</u>	<u>581,027</u>
Equity attributable to owners of the Company		801,527	684,312
Non-controlling interests		<u>645,384</u>	<u>611,935</u>
TOTAL EQUITY		<u><u>1,446,911</u></u>	<u><u>1,296,247</u></u>

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

(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	<u>2,172,444</u>	<u>1,640,130</u>
Segment liabilities	-	-	(199,120)	(181)	(375,100)	(317,163)	<u>(547,220)</u>	<u>(317,344)</u>

5. 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	<u>459</u>	<u>806</u>
	<u>433</u>	<u>749</u>

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.

6. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(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

7. LOSS PER SHARE

Basic loss per share

Basic loss per share is calculated based on the loss for the period attributable to owners of the Company for the six months ended 30 June 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.

8. DIVIDENDS

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

9. 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).

10. TRADE AND OTHER PAYABLES

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 <i>HK\$'000</i> (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
	<u>290,808</u>	<u>55,294</u>

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 <i>HK\$'000</i> (Audited)
Within 360 days past due	–	3,118
Over 360 days past due	8,765	1,735
	<u>8,765</u>	<u>4,853</u>

11. 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)	<u>500,000</u>	<u>500,000</u>
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)	<u>136,087</u>	<u>103,285</u>

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	<u>62,952</u>	<u>6,295</u>
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))	<u>210,000</u>	<u>21,000</u>
As at 30 June 2017	<u>1,360,864</u>	<u>136,087</u>

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 as to Mr. Wong Vai Nang, sole proprietor of Simon Ho & Co., Solicitors for settlement of the fee for legal advisory services provided. The premium on the issue of the above mentioned number of shares amounting to approximately HK\$4,163,000 was credited to the Company's share premium account.

(ii) Issue of new shares

On 19 January 2017, the Company issued and allotted 90,468,877 ordinary shares of HK\$0.1 each 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.

12. 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.

- 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.

- 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.

13. EVENT AFTER THE REPORTING PERIOD

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.

EXTRACT OF INDEPENDENT AUDITOR'S REVIEW REPORT

The following is an extract of the Independent Auditor's Report on Review of Condensed Consolidated Financial Statements of the Group for the six months ended 30 June 2017:

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.

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 Zongke Cloud Project in 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 mainland, 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 mainland, the Group will continue to identify real estate projects in the mainland (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	<u>5,000,000,000</u>	<u>500,000</u>
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.10 each		
At the end of period	<u>1,360,864,270</u>	<u>136,086</u>

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.

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).

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 had 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 nonexecutive 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.

EVENT AFTER THE REPORTING PERIOD

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 RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results 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

As at the date of this announcement, the board of Directors comprises four executive Directors, namely, Mr. Ma Xuemian, Mr. Kwok Siu Bun, Ms. Chow Kwai Wa Anne and Ms. Kwok Siu Wa Alison; one non-executive Director, namely, Ms. Tsang Tsz Tung Debbie (with Mr. Kwok Siu Bun as alternative); and three independent non-executive Directors, namely, Mr. Hui Pui Wai Kimber, Mr. Liu Chaodong and Ms. Chui Wai Hung.