钧濠集團有限公司*

GRAND FIELD GROUP HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock code: 115)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2006

The Board of Directors ("the Directors") of Grand Field Group Holdings Limited ("the Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2006, together with the comparative figures for year 2005 are as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006 (IN HK DOLLARS)

	Note	**2006** *HK$'000*	2005 *HK$'000*
Turnover	*2*	**6,814**	9,776
Cost of sales		**(9,502)**	(4,242)
Gross (loss)/profit		**(2,688)**	5,534
Other revenue		**1,700**	661
Distribution costs		**(2,042)**	(2,841)
Administrative expenses		**(12,557)**	(11,926)
Fair value (losses)/gains on investment properties		**(182)**	13,307
Gain/(Loss) on forfeiture of land deposits		**340**	(1,650)
Impairment loss on properties under development		**(560)**	–
Impairment loss on prepaid premium for land leases		**(1,409)**	–
Impairment loss on prepaid carnival expenses and deposits		**(5,000)**	–
Impairment loss on other receivables, deposits and prepayments		**(1,653)**	–
Reversal of impairment loss on mortgage loans receivable		**343**	3,030
(Loss)/Profit from operations	*3*	**(23,708)**	6,115
Finance costs	*4*	**(632)**	(3,012)
(Loss)/Profit before taxation		**(24,340)**	3,103
Taxation	*5*	**141**	(68)
(Loss)/Profit after taxation		**(24,199)**	3,035
Attributable to:			
Shareholders of the Company		**(23,799)**	3,035
Minority interests		**(400)**	–
		(24,199)	3,035

* *For identification purposes only*

Dividends		**–**	–
(Loss)/Earnings per share			
– Basic	*6*	**(1.16) cents**	0.15 cent
– Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2006 (IN HK DOLLARS)

	Note	**2006** *HK$'000*	2005 *HK$'000*
NON-CURRENT ASSETS			
Fixed assets		**20,693**	21,149
Investment properties		**79,264**	73,924
Properties under development		**34,156**	10,559
Prepaid premium for land leases		**175,939**	4,815
Deposits for acquisition of land		**–**	179,669
Mortgage loans receivable due after one year	*7*	**8,452**	12,501
Pledged bank deposits		**9,433**	5,212
		327,937	307,829
CURRENT ASSETS			
Completed properties held for sale		**23,770**	32,242
Mortgage loans receivable	*7*	**8,583**	12,622
Prepaid carnival expenses and deposits		**6,797**	–
Other receivables, deposits and prepayments		**10,061**	21,783
Cash and bank balances		**2,711**	1,375
		51,922	68,022
CURRENT LIABILITIES			
Trade and other payables	*8*	**15,907**	10,957
Deposits received on properties held for sale		**613**	302
Amounts due to directors		**8,407**	6,578
Current portion of interest-bearing borrowings		**23,415**	26,776
Taxes payable		**4,881**	4,197
Bank overdrafts – secured		**9,988**	–
Dividend payable		**42**	42
		63,253	48,852
NET CURRENT (LIABILITIES)/ASSETS		**(11,331)**	19,170
NON-CURRENT LIABILITIES			
Non-current portion of interest-bearing borrowings		**2,338**	4,958
NET ASSETS		**314,268**	322,041

Represented by:		
SHARE CAPITAL	**41,926**	40,933
RESERVES	**272,342**	281,108
	314,268	322,041

Notes:

1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange. The financial statements have been prepared under the historical cost convention except for certain assets and financial instruments which are stated at fair values.

The accounting policies and methods of computation used in the preparation of these financial statements are consistent with those used in the consolidated financial statements of the Group for the year ended 31 December 2005, except that the Group has changed certain of its accounting policies following its adoption of new/revised HKFRS and Hong Kong Accounting Standards ("HKAS") (collectively referred to as the "New HKFRSs"), which have become effective for accounting periods beginning on or after 1 January 2006, and had not been early adopted by the Group for the preparation of the consolidated financial statements of the Group for the year ended 31 December 2005.

The applicable New HKFRSs adopted in these financial statements are set out below.

HKAS 19 (Amendment)	Employee benefits – Actuarial gains and losses, group plans and disclosures
HKAS 21 (Amendment)	The effect of changes in foreign exchange rates – Net investment in a foreign operation
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions
HKAS 39 (Amendment)	The fair value option
HKAS 39 and HKFRS 4 (Amendments)	Financial instruments: Recognition and measurement and insurance contracts – Financial guarantee contracts
HKFRS 6	Exploration for and evaluation of mineral resources
HKFRS – Int 4	Determining whether an arrangement contains a lease
HKFRS – Int 5	Rights to interests arising from decommissioning, restoration and environment rehabilitation funds
HK(IFRIC) – Int 6	Liabilities arising from participating in a specific market – waste electrical and electronic equipment
HKAS 1, HKAS 27 and HKFRS 3 (Amendments)	As a consequence of the Hong Kong Companies (Amendment) Ordinance 2005

The adoption of these new HKFRSs did not result in substantial changes to the accounting policies of the Group and the methods of computation used in the consolidated financial statements. As there is no material effect on the results for the current or prior accounting periods, no prior period adjustment is required.

As at the date of the approval of these financial statements, the following standards and interpretations were in issue but not yet effective:

HKAS 1 (Amendment)	*Note a*	Capital disclosures
HKFRS 7	*Note a*	Financial Instruments: Disclosures
HKFRS 8	*Note b*	Operating segments
HK(IFRIC) – Int 7	*Note c*	Applying the restatement approach under HKAS 29 – Financial reporting in hyperinflationary economies
HK(IFRIC) – Int 8	*Note d*	Scope of HKFRS 2
HK(IFRIC) – Int 9	*Note e*	Reassessment of embedded derivatives
HK(IFRIC) – Int 10	*Note f*	Interim financial reporting and impairment
HK(IFRIC) – Int 11	*Note g*	HKFRS 2 – Group and treasury share transactions
HK(IFRIC) – Int 12	*Note h*	Service concession arrangements

Note a: effective for annual periods beginning on or after 1 January 2007
Note b: effective for annual periods beginning on or after 1 January 2009
Note c: effective for annual periods beginning on or after 1 March 2006
Note d: effective for annual periods beginning on or after 1 May 2006
Note e: effective for annual periods beginning on or after 1 June 2006
Note f: effective for annual periods beginning on or after 1 November 2006
Note g: effective for annual periods beginning on or after 1 March 2007
Note h: effective for annual periods beginning on or after 1 January 2008

The Group has begun to consider the potential impact of the above standards and amendments, but is not yet in a position to determine whether these HKFRSs would have a significant impact on how its results of operations and financial positions are prepared and presented. These standards and amendments may result in changes in the future as to how the results and financial position are prepared and presented.

2 TURNOVER

Turnover represents the aggregate of net amounts received and receivable for completed properties held for sale, investment properties and properties under development sold by the Group to outside customers and property rental income, after a deduction of 5% business tax, and is analysed as follows:

	2006	2005
	HK$'000	*HK$'000*
Sales on properties	**14,619**	10,781
Less: Sales return of properties	**(9,268)**	(3,993)
Property rental	**1,463**	2,988
	6,814	9,776

No geographical analyses are presented for the year as substantially all the Group's turnover and contribution to results were derived from the PRC property business.

3 (LOSS)/PROFIT FROM OPERATIONS

(Loss)/Profit before operations is stated after charging/(crediting) the following items:

	2006	2005
	HK$'000	*HK$'000*
Auditors' remuneration	**405**	314
Amortisation of prepaid premium for land leases	**77**	74
Cost of completed properties held for sale sold	**12,438**	6,279
Less: Cost of properties returned	**(2,936)**	(2,037)
Depreciation	**1,429**	1,306
Loss on disposals of fixed assets	**27**	–
Minimum lease payments under operating leases for land and buildings	**254**	243
Net exchange losses	**–**	206
Staff costs, including directors' remuneration:		
– Contributions to defined contribution retirement plans	**92**	186
– Salaries and other staff costs	**3,867**	3,653

4 FINANCE COSTS

	2006	2005
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans wholly repayable		
– Within five years	**2,423**	2,082
– Over five years	**–**	897
Other loan interest	**38**	33
Total	**2,461**	3,012
Less: Amount capitalised in cost of qualifying assets	**(1,829)**	–
	632	3,012

5 TAXATION

	2006	2005
	HK$'000	*HK$'000*
Subsidiary companies		
Income tax in the PRC		
– The subsidiary incorporated in the PRC	–	–
– Subsidiary companies incorporated in Hong Kong with property developments in the PRC	**(141)**	68
	(141)	68

Enterprise income tax for the subsidiary company incorporated in the PRC is calculated at 15% of the estimated assessable profit for the year (2005: 15%).

Enterprise income tax for the subsidiary companies incorporated in Hong Kong which have property development investments in the PRC is calculated at 3% (2005: 3%) of the sales revenue on the respective property development projects.

No provision for Hong Kong profits tax has been made in the financial statements as the Group's income neither arises, nor is derived, from Hong Kong in both financial years. 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.

The provision for the year can be reconciled from taxation based on the consolidated income statement as follows:

	2006 *HK$'000*	2005 *HK$'000*
(Loss)/Profit before income tax	**(24,340)**	3,103
(Notional tax credit)/taxation at the domestic tax rate of 17.5% (2005: 17.5%)	**(4,259)**	543
Effect of different tax rates of a subsidiary company incorporated in the PRC	**1,137**	(216)
Effect of different tax basis for the PRC property development projects	**1,670**	(477)
Tax effect of non-deductible expenses	**1,303**	333
Tax effect of accelerated depreciation allowance	**10**	43
Tax effect of non taxable income	**(2)**	(158)
Actual tax (credit)/expense	**(141)**	68

Deferred tax has not been provided (2005: HK$ nil) because the Company and the Group had no significant temporary differences at the balance sheet date.

6 (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated based on the loss attributable to shareholders of HK$23,799,000 (2005: a profit of HK$3,035,000) and on the weighted average number of 2,054,685,000 (2005: 2,046,650,000) shares issued during the year.

Diluted earnings per share is not presented as there are no diluting events during the years ended 31 December 2005 and 2006.

7 MORTGAGE LOANS RECEIVABLE

	The Group 2006 *HK$'000*	 2005 *HK$'000*
Total loans receivable, secured	**22,957**	32,580
Exchange differences	**444**	(748)
Less: Provision for impairment loss	**(6,366)**	(6,709)
	17,035	25,123
Less: Balance due within one year included under current assets	**(8,583)**	(12,622)
Balance due after one year	**8,452**	12,501

The carrying amounts of the current portion and non-current portion of mortgage loans receivable approximate to their fair value. The fair value is determined based on cash flows discounted using the Group's bank borrowings rate of 7.25% per annum (2005: 7.25% per annum).

Mortgage loans receivable represent interest-free loans provided by the Group to buyers of properties which are repayable by instalments as stipulated in the loan agreements.

8 TRADE AND OTHER PAYABLES

An ageing analysis of trade payables is set out below:

	The Group	
	2006	2005
	HK$'000	*HK$'000*
Current to 90 days	**3,505**	20
91 to 180 days	**–**	–
181 to 360 days	**–**	12
Over 360 days	**6,343**	4,346
	9,848	4,378

FINANCIAL RESULTS

For the year ended 31 December 2006, the Group's turnover decreased by 30.6% to approximately HK$6.8 million and recorded a loss attributable to shareholders of approximately HK$23.8 million when compared to last year's turnover of approximately HK$9.8 million and profit attributable to shareholders of HK$3 million. No geographical and segment analysis is presented for the year ended 31 December 2006 as the Group's turnover and results were substantially derived from property business in the PRC except there are certain losses made by an impairment in value of project costs amounted to HK$5 million derived from the late opening of the carnival event organized in the PRC. The decrease in turnover for the year ended 31 December 2006 was due to relative high portion of previous sale properties being returned from customers as a result of their non-performance in the mortgage loans when compared to last year. Faced with decrease in turnover and a loss position, the Group exercised a more stringent control over the cost elements such as distribution costs and finance costs that successfully kept the cost elements down by 28% and 79% to approximately HK$2 million and HK$0.63 million respectively compared to last year.

BUSINESS REVIEW

In 2006, the PRC economy still enjoyed its rapid and steady growth. In turn, a continuing macroeconomic measures exercised by the PRC government during 2006 aiming to suppress the property market from over-booming due to excessive capital flowing into the property market. The property market was then inevitably subject to more strengthening on the levy of land appreciation tax ("LAT") and to the tightening of capital requirements by financial institutions to create credits. As a result of all the measures implemented by the PRC government, the Shenzhen property market price turned out to be reasonably upward in 2006.

Facing the current tightening occasion, the Directors believe that the appropriate strategies are to uphold the Group's existing resources and to take a prudent view in seeking for future suitable development opportunities.

For property development business, the Group commenced preliminary works on a project site located in Buji city of Shenzhen, the PRC for properties development into residential and commercial uses from a land with site area of approximately 26,000 sq.m. of which the Group already paid up the land premium and is awaiting the issue of land title certificate by Land Bureau of Shenzhen.

For the development of new business, in view of continuing growth on the personal income in the PRC leading to increasing willingness in personal entertainment expenditures and vast market potential to be foreseen in carnival business, the Group formed a joint-venture company in October 2006 to organize carnival events in the PRC.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2006, the Group's cash and bank deposits were approximately HK$2.7 million (2005: HK$1.4 million) and the percentage of cash and cash equivalent denominated in Hong Kong Dollar ("HKD") and Renminbi ("RMB") was 50% and 50% respectively (2005: 53% and 47%).

The Group had total current assets of approximately HK$52 million (2005: HK$68 million) and total current liabilities of approximately HK$63 million (2005: HK$49 million). The Group recorded total assets of approximately HK$380 million (2005: HK$376 million) and total bank loans and borrowings of approximately HK$35.7 million (2005: HK$31.7 million). As at 31 December 2006, the Group's total interest-bearing borrowings amounted to approximately HK$35.7 million (2005: HK$31.7 million), of which HK$33.4 million was repayable within 1 year (2005: HK$26.8 million), HK$2.3 million was repayable from 1-2 years (2005: HK$2 million) and nil was repayable from 2-5 years (2005: HK$2.9 million).

As at 31 December 2006, the percentage of the Group's interest-bearing borrowings denominated in HKD and RMB was 34.5% and 65.5% (2005: 100%) respectively and such borrowings carried interest rates ranged from 7.25% to 12.6% (2005:7.25% to 11.4%).

The gearing ratio for 31 December 2006, which was defined to be total interest-bearing borrowings over shareholders' equity, was 11.3% (2005: 10%).

The Group's major operations are located in the PRC and the main operational currencies are HKD and RMB. There was an exchange rate appreciation of RMB against HKD for about 4% in 2006 and there is no adverse movement of such trend foreseen by the Group. Therefore, it is not necessary for the Group to make any foreign currency hedging arrangement to minimize the foreign exchange risk and exposure.

CHARGE OF ASSETS

Pledged bank deposits as at 31 December 2006 of the Group amounted to approximately HK$9.4 million, of which HK$3.4 million (2005: HK$5.2 million) have been acting as a security for the mortgage loans made available from banks to the buyers of the Group's properties, HK$1 million as a security for a security instrument issued to the PRC custom authority and HK$5 million (2005: nil) acting as a security for the overdraft facility made available from a bank for the working capitals of the carnival business.

Investment properties of the Group amounted to approximately HK$20.7 million (2005: HK$24 million), properties held for sale of the Group amounted to approximately HK$9.1 million (2005: HK$8.5 million) and buildings of the Group amounted to approximately HK$4.8 million (2005: HK$4.9 million) have been pledged to banks to secure bank loans and facilities granted to the Group.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

The Group engaged into a carnival business in the PRC by forming a joint-venture company named All Right Holdings Limited with the Group having 78.26% equity interest in the joint venture. This investment is considered as Discloseable Transaction under the Listing Rules and the details of which could be referred to the Company's Circular to shareholders on 2 November 2006.

Save as disclosed in the Company's announcement dated 18 October 2006 in relation to the forming of joint-venture company for carnival business, the Group did not have any acquisitions and disposals of subsidiaries and affiliated companies during the year ended 31 December 2006.

CONTINGENT LIABILITIES

The Company has given a corporate guarantee to a bank in respect of fully utilized general banking facilities granted to a subsidiary amounting to HK$10 million as at 31 December 2006 (2005: Nil).

The local tax authorities of Shenzhen, the PRC commenced to levy LAT on property developers since 1 November 2005. In the opinion of the Directors, the total LAT related to the properties sold during the years ended 1999, 2000 and 2001 in the amount of HK$17,254,000 has not yet been levied by the tax authorities of Shenzhen, the PRC and the Directors consider that there is low possibility that LAT will be levied. Should the levies applied to the properties sold in 1999, 2000 and 2001, then additional LAT attributable to the Group would amount to HK$17,254,000 (2005: HK$17,254,000).

During the year ended 31 December 2006, one of the Company's wholly-owned subsidiaries has given a security instrument in favour of the PRC custom authority for any custom duties arisen in the case of disposal of the imported machines and associated equipments operated in the carnival event within the territory of the PRC to the amount limited to RMB 5 million.

EMPLOYEES

As of end of 2006, the Group employed 58 employees (2005: 62) and the staff costs for the year amounted to approximately HK$3.8 million (2005: HK$3.7 million). 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.

PROSPECT

China is seen to be one of the world's highest growth economy entities in terms of gross domestic product ("GDP") in the coming decade and strong demands for the PRC properties shall certainly be the outcome.

The Group's properties portfolio with its existing land related resources will probably be benefited in appreciation of asset value from such strong demands.

Besides the development of the current projects, the Group is also actively to explore other development opportunities in the PRC.

POST BALANCE SHEET EVENT

Rhenfield Development Corp entered into the Top-Up Placing Agreement and the Supplemental Agreement to the Top-Up Placing Agreement with Hongkong Zhongxing Group Company Limited on 11 January and 12 January 2007 respectively and also entered into the Top-Up Subscription Agreement and the Supplemental Agreement to the Top-Up Subscription Agreement with the Company on 11 January and 15 January 2007 respectively for placing of 180,500,000 Company's shares at a price of HK$0.1057 per share. On 25 January 2007, the said shares were alloted and the related net proceeds amounting to approximately HK$18,879,000 were subsequently used to repay the bank loan in the PRC.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold, redeemed or cancelled any of the Company's listed securities.

DIVIDENDS

At the Board of Directors meeting held on 24 April 2007, the directors do not recommend the payment of any dividends in respect of the year ended 31 December 2006 (2005: Nil).

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions set out in the Code on Corporate Governance in Appendix 14 of the Listing Rules throughout the year except the following:

Code Provision A.2.1

The role of both the Chairman and The Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. During the year ended 31 December 2006, the Company does not have any officer with title of chief executive officer and Mr. Tsang Wai Lun, Wayland is the founder of the Group who assumes the role of both the Chairman and Managing Director of the Group and has been carrying out the duties of both the Chairman and CEO since the establishment of the Group. The Board has full confidence in Mr. Tsang that the Board can have the benefit of a Chairman who is knowledgeable about the business of the Group and is most capable to formulate and implement business strategies in a timely manner without compromising the balance of power and authority between the Board and the management.

Code Provision A.4.1

During the year ended 31 December 2006, the Independent Non-executive Directors were not appointed for any specific terms as they are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's Bye-Laws.

Code Provision B.1.4 and C.3.4

About the written terms of reference of the Remuneration Committee and Audit Committee, they are not currently posted on the Company's website and a copy of which will be made available upon request.

MODEL CODE OF THE LISTING RULES

The Company has adopted a code of conduct regarding securities transactions by Directors on terms as set out in Appendix 10 to the Listing Rules ("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 throughout the year ended 31 December 2006.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management of the Group the accounting principles and practices adopted by the Group and discussed auditing, internal control and financing reporting matters including the review of the audited financial statements for the year ended 31 December 2006, with external auditors. There were no disagreement from the auditors or the Audit Committee with the accounting policies adopted by the Company.

REVIEW OF THE PRELIMINARY ANNOUNCEMENT BY AUDITORS

The figures in respect of the preliminary announcement of the Group's consolidated income statement, consolidated balance sheet and the related notes thereto for the year ended 31 December 2006 have been agreed by the Group's auditors, Messrs. Baker Tilly Hong Kong Limited, to the amount set out in the Group's audited consolidated financial statement for the year. The work performed by Messrs. Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Baker Tilly Hong Kong Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT

This annual results announcement and the annual report of the Company for the year ended 31 December 2006 will be published on the website of the HKEX (www.hkex.com.hk) in due course and the printed copies will be sent to shareholders of the Company on or before 30 April 2007.

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Tsang Wai Lun, Wayland, Mr. Huang Bing Huang, Madam Kwok Wai Man, Nancy, Mr. Siu King Nin, Peter, Mr. Wong King Lam, Joseph and Mr. Au Kwok Chuen, Vincent as executive directors and Mr. Hui Pui Wai, Kimber, Mr. Lum Pak Sum and Dr. Wong Yun Kuen as independent non-executive directors.

By Order of the Board
Tsang Wai Lun, Wayland
Chairman

Hong Kong, 24 April 2007