鈞濠集團有限公司 *

GRAND FIELD GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 115)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

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 2007, together with the comparative figures for year 2006 are as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007 (IN HK DOLLARS)

	Note	2007 HK$'000	2006 HK$'000
CONTINUING OPERATIONS:			
Revenues	3	**12,522**	19,557
Cost of revenue		**(9,535)**	(15,912)
		2,987	3,645
Less: Sales return of properties sold	3	**(18,909)**	(9,268)
Cost of properties returned		**6,063**	2,935
		(12,846)	(6,333)
Gross loss		**(9,859)**	(2,688)
Other revenue		**5,247**	1,690
Distribution costs		**(852)**	(2,042)
Administrative expenses		**(23,779)**	(12,512)
Fair value gain/(loss) on investment properties		**7,107**	(182)
Gain on forfeiture of land deposits		**–**	340
Impairment loss on properties under development		**–**	(560)
Impairment loss on prepaid premium for land leases		**(3,300)**	(1,409)
Impairment loss on other receivables, deposits and prepayments		**(1,653)**	(1,653)
(Impairment loss)/reversal of impairment loss on mortgage loan receivables		**(2,523)**	343

* For identification purposes only

	Note	**2007** *HK$'000*	2006 *HK$'000*
Loss from operations	*4*	**(29,612)**	(18,673)
Finance costs	*5*	**(2,546)**	(530)
Loss before taxation		**(32,158)**	(19,203)
Income tax (expense)/credit	*6*	**(5,931)**	141
Loss for the year from continuing operations		**(38,089)**	(19,062)
DISCONTINUED OPERATION:			
Loss for the year from discontinued operation	*7*	**(10,154)**	(5,137)
Loss for the year		**(48,243)**	(24,199)
Attributable to:			
Equity shareholders of the Company		**(48,243)**	(23,799)
Minority interests		**–**	(400)
Loss for the year		**(48,243)**	(24,199)
Dividends		**–**	–
		HK$	*HK$*
Loss per share (basic and diluted)			
– from continuing operations		**(1.67 cents)**	(0.93 cents)
– from discontinued operation		**(0.44 cents)**	(0.23 cents)
	8	**(2.11 cents)**	(1.16 cents)

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2007 (IN HK DOLLARS)

	Note	2007 HK$'000	2006 HK$'000
Non-current assets			
Property, plant and equipment		**22,081**	16,836
Investment properties		**90,391**	79,264
Prepaid premium for land leases		**183,486**	179,796
Properties under development		**36,802**	34,156
Mortgage loan receivables due after one year	9	**3,908**	8,452
Pledged bank deposits		**2,090**	4,433
		338,758	322,937
Current assets			
Completed properties held for sale		**18,180**	23,770
Mortgage loan receivables	9	**3,554**	8,583
Other receivables, deposits and prepayments		**7,042**	9,511
Cash and cash equivalents		**71,564**	2,518
		100,340	44,382
Assets directly associated with discontinued operation		**–**	12,540
		100,340	56,922
Current liabilities			
Trade and other payables	10	**11,891**	12,392
Deposits received on properties held for sale		**1,017**	613
Amounts due to directors		**–**	8,407
Amounts due to related parties		**3,790**	–
Interest-bearing borrowings		**11,683**	23,415
Taxes payable	11	**3,874**	4,881
Bank overdrafts – secured		**521**	–
Dividend payable		**42**	42
		32,818	49,750
Liabilities directly associated with discontinued operation		**6,457**	15,841
		39,275	65,591
Net current assets/(liabilities)		**61,065**	(8,669)

	Note	2007 HK$'000	2006 HK$'000
Non-current liabilities			
Deferred tax liabilities	*11*	**6,272**	–
NET ASSETS		**393,551**	314,268
CAPITAL AND RESERVES			
Share capital		**50,336**	41,926
Reserves		**343,215**	272,342
TOTAL EQUITY		**393,551**	314,268

Notes:

1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on the changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group.

There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7, Financial instruments: Disclosures and the amendment to HKAS 1, Presentation of financial statements: Capital disclosures, there have been some additional disclosures provided as follows:

As a result of the adoption of HKFRS 7, the financial statements included expanded disclosures about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, Financial instruments: Disclosure and presentation.

The amendment to HKAS 1 introduces additional disclosures requirements to provide information about the level of capital and the Group's objectives, policies and processes for managing capital.

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUES AND SEGMENT INFORMATION

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 for the years ended, less sales return of properties sold, and is analysed as follows:

	2007	2006
	HK$'000	*HK$'000*
Sales of properties held for sale	**10,693**	18,093
Less: Sales return of properties sold	**(18,909)**	(9,268)
Property rental	**1,829**	1,464
Total	**(6,387)**	10,289

Segment information is presented by way of 2 segment formats: (a) on a primary segment reporting basis, by business segment; and (b) on a secondary segment reporting basis, by geographical segment.

(a) Business segments

The Group's three business segments comprise (i) property development, (ii) property rental, and (iii) carnival operation.

The following tables present revenue, results and certain asset, liability and expenditure information for the Group's business segments for 2007:

	Continuing operations			**Discontinued operation**	
	Property development	**Property rental**	**Total**	**Carnival operation**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Turnover					
Segment turnover					
Sales to external customers	**10,693**	**1,829**	**12,522**	**–**	**12,522**
Sales return from external customers	**(18,909)**	**–**	**(18,909)**	**–**	**(18,909)**
	(8,216)	**1,829**	**(6,387)**	**–**	**(6,387)**

	Continuing operations			Discontinued operation	
	Property development	Property rental	Total	Carnival operation	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Result					
Segment result	(20,717)	8,936	(11,781)	(9,438)	(21,219)
Unallocated income and gains, net			666	–	666
Unallocated expenses			(18,497)	–	(18,497)
Loss from operations			(29,612)	(9,438)	(39,050)
Finance costs			(2,546)	(716)	(3,262)
Loss before taxation			(32,158)	(10,154)	(42,312)
Income tax			(5,931)	–	(5,931)
Loss for the year			(38,089)	(10,154)	(48,243)
Asset and liability					
Segment assets	245,576	91,461	337,037	–	337,037
Unallocated assets			102,061	–	102,061
Total assets			439,098	–	439,098
Segment liabilities	13,782	343	14,125	6,457	20,582
Unallocated liabilities			24,965	–	24,965
Total liabilities			39,090	6,457	45,547
Expenses					
Depreciation	1,509	–	1,509	–	1,509
Amortisation of prepaid premium for land leases	5,432	–	5,432	–	5,432
Impairment loss on mortgage loan receivables	2,523	–	2,523	–	2,523
Impairment loss on other receivables	1,653	–	1,653	–	1,653
Impairment loss on prepaid carnival expenses and deposits	–	–	–	8,605	8,605
Impairment loss on prepaid premium for land leases	3,300	–	3,300	–	3,300
Loss on disposal of property, plant and equipment	35	–	35	–	35
Fair value gain on investment properties	–	(7,107)	(7,107)	–	(7,107)

The following tables present revenue, results and certain asset, liability and expenditure information for the Group's business segments for 2006:

	Continuing operations			Discontinued operation	
	Property development	Property rental	Total	Carnival operation	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover					
Segment turnover					
Sales to external customers	18,093	1,464	19,557	–	19,557
Sales return from external customers	(9,268)	–	(9,268)	–	(9,268)
	8,825	1,464	10,289	–	10,289
Result					
Segment result	(9,312)	3,739	(5,573)	(5,035)	(10,608)
Unallocated income and gains, net			404	–	404
Unallocated expenses			(13,504)	–	(13,504)
Loss from operations			(18,673)	(5,035)	(23,708)
Finance costs			(530)	(102)	(632)
Loss before taxation			(19,203)	(5,137)	(24,340)
Income tax credit			141	–	141
Loss for the year			(19,062)	(5,137)	(24,199)
Asset and liability					
Segment assets	254,599	82,610	337,209	12,540	349,749
Unallocated assets			30,110	–	30,110
Total assets			367,319	12,540	379,859
Segment liabilities	13,620	94	13,714	15,841	29,555
Unallocated liabilities			36,036	–	36,036
Total liabilities			49,750	15,841	65,591

	Continuing operations			Discontinued operation	
	Property development	Property rental	Total	Carnival operation	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Expenses					
Depreciation	1,384	–	1,384	–	1,384
Amortisation of prepaid premium for land leases	122	–	122	–	122
Impairment loss on other receivables	1,653	–	1,653	–	1,653
Reversal of impairment loss on mortgage loan receivables	(343)	–	(343)	–	(343)
Impairment loss on prepaid carnival expenses and deposits	–	–	–	5,000	5,000
Impairment loss on prepaid premium for land leases	1,409	–	1,409	–	1,409
Impairment loss on properties under development	560	–	560	–	560
Loss on disposal of property, plant and equipment	27	–	27	–	27
Fair value loss on investment properties	–	182	182	–	182

(b) Geographical segments

The Group principally operates in the People's Republic of China ("PRC") with revenue and results derived mainly from its operations in the PRC. No geographical segment information is presented as the Group's assets and liabilities are substantially located in the PRC.

4 LOSS FROM OPERATIONS

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

	2007	2006
	HK$'000	*HK$'000*
Auditors' remuneration	**662**	405
Amortisation of prepaid premium for land leases	**5,432**	122
Business tax and other levies	**848**	3,474
Cost of completed properties sold	**9,535**	15,912
Less: Cost of properties returned	**(6,063)**	(2,935)
Depreciation	**1,509**	1,384
Loss on disposal of property, plant and equipment	**35**	27
Minimum lease payments under operating leases for office premises	**880**	254
Staff costs, including directors' remuneration:		
– Contributions to defined contribution retirement plans	**74**	92
– Salaries and other staff costs	**6,683**	3,867

5 FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans wholly repayable		
– Within five years	**2,546**	2,321
– Over five years	**–**	–
Others	**–**	38
Total borrowing costs	**2,546**	2,359
Less: Amount capitalised in cost of qualifying assets	**–**	(1,829)
	2,546	530

No borrowing costs have been capitalised during the year (2006: 7.25% per annum).

6 INCOME TAX IN THE INCOME STATEMENT

	2007	2006
	HK$'000	*HK$'000*
Current tax – the PRC		
– The subsidiary incorporated in the PRC	**–**	–
– Subsidiaries incorporated in Hong Kong with property development investments in the PRC	**(341)**	(141)
Deferred tax		
– Origination of temporary differences	**6,272**	–
	5,931	(141)

Enterprise income tax for the subsidiary incorporated in the PRC is calculated at 15% of the estimated assessable profit for the year (2006: 15%).

Enterprise income tax for the subsidiaries incorporated in Hong Kong which have property development investments in the PRC is calculated at 3% (2006: 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 Group's subsidiaries in the Mainland China were subject to Enterprise Income Tax of Mainland China ("PRC Enterprise Income Tax") at 15% (2006:15%). The Group's certain operating subsidiaries are property development enterprises located in economic development areas.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("the New Tax Law"), which will take effect on 1 January 2008. From 1 January 2008, the income tax rate for the operating subsidiaries mentioned above will be gradually changed to the standard rate of 25% over a five-year transition period. According to the Circular 39 passed by the State Council on 26 December 2007, the tax exemption and reduction will be terminated latest by 2012.

Reconciliation between tax expense/(credit) and accounting loss at applicable tax rates of 17.5% (2006: 17.5%):

	2007	2006
	HK$'000	*HK$'000*
Loss before taxation	**(32,158)**	(19,203)
Notional tax credit on loss before taxation	**(5,628)**	(3,361)
Effect of different tax rates of a subsidiary company incorporated in the PRC	**141**	1,137
Effect of different tax calculation basis for the PRC property development projects operated by the Hong Kong subsidiaries	**8,906**	1,670
Tax effect on non-deductible expenses	**3,606**	405
Tax effect on accelerated depreciation allowance	**–**	10
Tax effect on non taxable income	**(1,094)**	(2)
Actual tax expense/(credit)	**5,931**	(141)

7 DISCONTINUED OPERATION

On 20 November 2006, the Group acquired 78% interest in a Hong Kong company, All Right Holdings Limited to operate a carnival project in Shenzhen. The carnival was originally scheduled to launch in Christmas 2006 throughout the Lunar Chinese New Year. Due to the failure to obtain approval from the local government in late 2006 for the operating licence, the project did not take place and was rescheduled to commence at Easter 2007. The rescheduling of the carnival resulted in an impairment loss of HK$5,000,000, upon the directors' reassessment of its estimated cash flows, set aside for the project in the financial year 2006.

In April 2007, the Group unfortunately failed to obtain the operating licence from the local government for the carnival in that the project came into a complete failure. No revenue or cash flow was generated from the project. The directors of the Company have written off all prepaid expenses and deposits relating to the carnival and; consequently made an additional impairment loss of HK$8,605,000 in the income statement for the year ended 31 December 2007. The directors have decided to discontinue carnival operation.

(a) An analysis of the results of discontinued operation, after elimination of intra company transactions, is as follows:

	2007	2006
	HK$'000	*HK$'000*
Turnover	**–**	–
Other revenue	**97**	10
Administrative expenses	**(930)**	(45)
Impairment loss on prepaid carnival expenses and deposits	**(8,605)**	(5,000)
Loss from operations	**(9,438)**	(5,035)
Finance costs	**(716)**	(102)
Loss before taxation	**(10,154)**	(5,137)
Income tax	**–**	–
Loss for the year	**(10,154)**	(5,137)

(b) The major classes of assets and liabilities of the discontinued operation, after elimination of intra company balances, are as follows:

	2007	2006
	HK$'000	*HK$'000*
Assets		
Current assets		
Prepaid carnival expenses and deposits	–	6,797
Deposits and other receivables	–	350
Amount due from a shareholder	–	200
Pledged time deposit	–	5,000
Cash and cash equivalents	–	193
Assets directly associated with discontinued operation	–	12,540
Liabilities		
Current liabilities		
Trade payables and accrued expenses	**(3,599)**	(3,515)
Interest-bearing borrowings	**(2,858)**	(2,338)
Bank overdrafts, secured	–	(9,988)
Liabilities directly associated with discontinued operation	**(6,457)**	(15,841)

(c) An analysis of the cash flows of discontinued operation is as follows:

	2007	2006
	HK$'000	*HK$'000*
Net cash flow from operating activities	**(2,829)**	(8,876)
Net cash flow from financing activities	**88**	4,076
Net cash flow incurred by discontinued operation	**(2,741)**	(4,800)

(d) Loss per share from discontinued operation

	2007	2006
	HK$	*HK$*
Basic and diluted from discontinued operation	**(0.44 cents)**	(0.23 cents)

8 LOSS PER SHARE

Basic loss per share is calculated based on the loss attributable to equity shareholders of approximately HK$48,243,000 (2006: HK$23,799,000) and on the weighted average number of 2,286,709,000 (2006: 2,054,685,000) shares issued during the year.

Diluted loss per share is not presented as there are no diluting events during the years ended 31 December 2006 and 2007.

9 MORTGAGE LOAN RECEIVABLES

	The Group	
	2007	2006
	HK$'000	*HK$'000*
Total loan receivables	**14,982**	23,401
Less: Provision for impairment loss	**(7,520)**	(6,366)
Total loan receivables, net of impairment loss	**7,462**	17,035
Less: Balance due within one year included under current assets	**(3,554)**	(8,583)
Balance due after one year	**3,908**	8,452

Mortgage loan receivables represent the interest-free loans provided by the Group to the purchasers of properties which are repayable by instalments as stipulated in the loan agreement. The loans are secured by the purchasers' properties. Pursuant to the terms of the purchases and sales agreements, upon default in instalment payments by these purchasers, the Group is entitled to take over the legal title and possession of the related properties.

All mortgage loans receivable are denominated in Renminbi.

The carrying amounts of the current portion and non-current portion of mortgage loan receivables 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 (2006: 7.25% per annum).

The following is a maturity analysis of mortgage loan receivables at the balance sheet date:

	The Group	
	2007	2006
	HK$'000	*HK$'000*
Within one year	**7,579**	9,190
In more than one year but not more than five years	**7,065**	14,211
In more than five years	**338**	–
	14,982	23,401

10 TRADE AND OTHER PAYABLES

	The Group	
	2007	2006
	HK$'000	*HK$'000*
Trade payables	**941**	9,848
Other payables	**10,950**	2,544
	11,891	12,392

An ageing analysis of trade payables is set out as follows:

	The Group	
	2007	2006
	HK$'000	*HK$'000*
Current to 90 days	**–**	3,505
91 to 180 days	**–**	–
181 to 360 days	**–**	–
Over 360 days	**941**	6,343
	941	9,848

Included in trade and other payables are the following amounts denominated in a currency other than the Company's presentation currency:

	The Group	
	2007	2006
	'000	*'000*
Renminbi	**RMB8,036**	RMB3,823

11 INCOME TAX IN THE BALANCE SHEET

(a) Current taxation in the balance sheet represents:

	The Group	
	2007	2006
	HK$'000	*HK$'000*
PRC tax payable	**3,874**	4,881

(b) Deferred tax assets and liabilities recognised:

The Group

The components of deferred tax liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

Deferred tax arising from:	**Revaluation of investment properties** *HK$'000*
At 1 January 2007	–
Charged to profit or loss	6,272
At 31 December 2007	**6,272**

FINANCIAL RESULTS

For the year ended 31 December 2007, the Group's revenue decreased by 36% to approximately HK$12,522,000. During the year, the Group reported a loss attributable to equity shareholders of the Company of approximately HK$48,243,000, which was higher than last year's net loss of approximately HK$23,799,000. The decrease in revenue for the year ended 31 December 2007 was due to lack of new property for sale, and also due to increase in the return of sold properties from customers who failed to meet their mortgage commitment. Sales return from returned properties amounted to HK$18,909,000, a 104% increase from previous year.

During the year, revenue from property sales was HK$10,693,000 (2006: HK$18,093,000). Revenue from properties rental was HK$1,829,000 (2006: HK$1,464,000).

During the year, the Group had made a deferred tax expenses of HK$6,272,000 (2006: HK$Nil) for the appreciation of the PRC investment property value.

BUSINESS REVIEW

In 2007, the Chinese economy maintained steady growth. However, in weight of mounting pressure of inflation, and surge in prices of various daily necessities and raw materials, the PRC government had to intensify its macroeconomic austerity measures. In the second half of 2007, the domestic property market had been the main target of the austerity measures. As the result, the real estate sector was affected by the tightened credit terms from financial institutions. In Guangzhou and Shenzhen, prices of the properties declined significantly in the fourth quarter of 2007, creating some uncertainties in the cities' markets.

The aforementioned factors had impacted on some of the property buyers, ability to secure mortgage loans and their confidence in satisfying the sale and purchase. The Group's results were thus under pressure.

The Group formed a joint venture company in October 2006 to conduct cultural and carnival events. Due to delay in commencement of the project, it has resulted an impairment loss of HK$10,154,000 set aside for the project. The Board therefore decided to discontinue the cultural and carnival business at the end of 2007.

The Group's development project in Buji town, Shenzhen has obtained the land title certificate from the relevant authorities. Construction work is expected to commence in 2008. The project has a site area of 26,000 sq.m; and is planned to develop into a 98,000 sq.m. gross floor area of residential and commercial complex.

During the year of 2007, the Group has introduced a number of professional executives to its management team, and restructured its Board of Directors. The Group is committed to strengthen its business management and corporate governance, to lay a solid foundation for its long-term stable development.

PROSPECT

Despite the State government's intensified austerity measures to prevent the overheating economy from the economic growth in Mainland China remains stable. The market generally believes the focus of the State government's austerity measures is shifting from targeting the overheated property sector to rapid upsurge of commodity prices and rising inflation. Demand for properties in the PRC remains strong and continued, development and growth should be beneficial to the Group.

Although the Group reported a net loss during 2007, the Group's three placing during 2007, raising HK$104,678,000, strengthened its cash on hand, increasing by HK$70,000,000 at the end of the period, when compared to that at the beginning of the period, and the gearing ratio declined to 8%, reflecting a gradual improvement in the Group's financial position. The Group is actively seeking for market opportunities to boost its profitability and broaden its income base.

The Group's phase III development project Buji town in Shenzhen will commence in 2008. The Group will decide the best timing for the launch of the property in accordance with the properties market movement. The development of this property will provide additional revenue for the Group from property sales and rental.

In addition, Yuan Cheng, a wholly owned subsidiary of the Group, entered into a management business in China services agreement with Dongguan City Hua Jia Fu Industry and Trading Limited (DHJF) and Dongguan City Min Tai Industry and Investment Limited (DCMT), to provide planning, management and consultancy services to DHJF. The contract signified the Group's expansion to commercial, shopping mall and hotel property management business in China. Pursuant to the relevant agreement, the annual management services fees payable to Yuan Cheng will be RMB 1,450,000 per annum.

The Management foresees year 2008 will be the turning point of the Group that enters into a new era of development. The consolidation of its strengths under the leadership of the reorganized Board of Directors and the new management team, the Group will strive to enhance its operation scale, brand awareness, workforce and its market position. It will also finetune the responsibilities of its functional departments, to ensure effective implementation of its corporate strategy. In addition, in reactive to market competition, the Group will focus on strengthening its core competitiveness, and to face and accept the challenge brought along by changing environment, to improve its utility in policy execution.

The year 2008 represents a new milestone of the Group's development. The Group has full confidences in its improvement initiatives and in the blueprint of its ambition development courage for innovation, a pragmatic and assiduous attitude, and an emphasis on quality and efficiency. We believe the dedication and efforts of the Board and the staff of the Group will be able to realize the management's vision.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2007, the Group's cash and bank deposits were approximately HK$71,564,000 (2006: HK$2,518,000) and the percentage of cash and cash equivalent denominated in Hong Kong Dollar ("HK$") and Renminbi ("RMB") was 98% and 2% respectively (2006: 12% and 88%).

The Group had total current assets of approximately HK$100,340,000 (2006: HK$56,922,000), and total current liabilities of approximately HK$39,275,000 (2006: HK$65,591,000). The Group recorded total assets of approximately HK$439,098,000 (2006: HK$379,859,000) and total bank loans and borrowings of approximately HK$15,062,000 (2006: HK$35,741,000). As at 31 December 2007, the Group's total interest-bearing borrowings amounted to approximately HK$15,062,000 (2006: HK$35,741,000), of which HK$15,062,000 was repayable within 1 year (2006: HK$33,403,000), HK$0 was repayable from 1-2 years (2006: HK$2,338,000) and nil was repayable from 2-5 years (2006: HK$nil).

As at 31 December 2007, the percentage of the Group's interest-bearing borrowings denominated in HK$ and RMB was 23% and 77% (2006: 35% and 65%) respectively and such borrowings carried interest rates ranged from 7.25% to 12.6% (2006: 7.25% to 12.6%).

The gearing ratio for 31 December 2007, which was defined to be total borrowings over shareholders' equity, was 8% (2006: 20%).

The Group's major operations are located in the PRC and the main operational currencies are HK$ and RMB. There was an exchange rate appreciation of RMB against HK$ for about 7% in 2007, 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 minimise the foreign exchange risk and exposure.

CHARGE OF ASSETS

Pledged bank deposits as at 31 December 2007 of the Group amounted to approximately HK$2,090,000 (2006: HK$9,433,000), of which HK$2,090,000 (2006: HK$3,433,000) had been acting as a security for the mortgage loans made available from banks to the buyers of the Group's properties, and there was nil (2006: HK$1,000,000) as a security for a security instrument issued to the PRC customs authority, and also nil (2006: HK$5,000,000) acting as a security for the overdraft facility made available from a bank for the working capitals of the carnival business.

Buildings of the Group amounted to approximately HK$4,641,000 (2006: HK$34,576,000) had been pledged to banks to secure bank loans and facilities granted to the Group.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

The Company did not have any material acquisitions, disposal and significant investment of subsidiaries and affiliated companies during the year.

CONTINGENT LIABILITIES

The Company had given a corporate guarantee to a bank in respect of fully utilised general banking facilities granted to a subsidiary company amounting to HK$7,390,000 as at 31 December 2007 (2006: HK$10,000,000).

EMPLOYEES

As of end of 2007, the Group employed 53 employees (2006: 58) and the staff costs for the year amounted to approximately HK$6,757,000 (2006: HK$3,959,000). The Group's emolument policies are formulated such that the emoluments are made by reference to the performance of individual employees and will be reviewed every year. Apart from 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.

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 28 April 2008, the directors do not recommend the payment of any dividends in respect of the year ended 31 December 2007 (2006: 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.4.1

During the year ended 31 December 2007, 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.

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 2007.

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 2007, 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 2007 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 ANNUAL REPORT

This annual results announcement is published on the Company's website (http://www.irasia.com/listco/hk/grandfield/) and the Stock Exchange's website (http://www.hkex.com.hk). The 2007 Annual 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
Chu King Fai
Chairman

Hong Kong, 28 April 2008

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Chu King Fai, Mr. Huang Bing Huang, Mr. Au Kwok Chuen, Vincent and Mr. Chan Sung Wai as executive directors and Mr. Hui Pui Wai, Kimber, Mr. Lum Pak Sum and Dr. Wong Yun Kuen as independent non-executive directors.