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 2010

The board of directors (the "Directors") (the "Board") of Grand Field Group Holdings Limited (the "Company") hereby announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2010, together with the comparative figures for year 2009 are as follows:

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2010 (Expressed in Hong Kong dollars)

	Note	2010 HK$'000	2009 HK$'000
Revenues	3	**4,058**	4,623
Cost of revenue		**(2,354)**	(861)
Gross profit		**1,704**	3,762
Other revenue and income	3	**114**	2,460
Distribution costs		**(456)**	(666)
Administrative expenses		**(19,253)**	(49,163)
Fair value (loss)/gain on investment properties	8	**(9,498)**	3,946
Impairment loss on amount due from a related party	5(b)	**–**	(1,160)
Impairment loss on mortgage loan receivables	10(b)	**(106)**	(160)
Impairment loss on goodwill	11	**–**	(997)
Reversal of impairment loss/(impairment loss) on other receivables, deposits and prepayments, net	5(b)	**3,301**	(15,301)
(Write down of)/reversal of write down of completed properties held for sale	5(b)	**(3,298)**	362

* *For identification purposes only*

	Note	2010 HK$'000	2009 HK$'000
Loss from operations		**(27,492)**	(56,917)
Finance costs	*5(c)*	**–**	(851)
Loss before taxation	*5*	**(27,492)**	(57,768)
Income tax credit	*6*	**2,346**	849
Loss for the year		**(25,146)**	(56,919)
Attributable to:			
Equity shareholders of the Company		**(25,146)**	(56,919)
Loss per share (basic and diluted)	*7*	**(1.00 cent)**	(2.26 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2010 (Expressed in Hong Kong dollars)

	Note	2010 HK$'000	2009 HK$'000
Loss for the year		**(25,146)**	(56,919)
Other comprehensive income			
Exchange differences on translation of financial statements of overseas subsidiaries		**6,421**	–
Total comprehensive loss for the year		**(18,725)**	(56,919)
Attributable to:			
Equity shareholders of the Company		**(18,725)**	(56,919)

CONSOLIDATED BALANCE SHEET

as at 31 December 2010

(Expressed in Hong Kong dollars)

	Note	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment		**19,018**	19,699
Investment properties	*8*	**60,736**	68,465
Prepaid premium for land leases		**179,445**	180,634
Properties under development	*9*	**12,762**	12,469
Mortgage loan receivables due after one year	*10*	**679**	1,474
Goodwill	*11*	**–**	–
Restricted cash		**116**	1,101
Other non-current assets		**–**	–
		272,756	283,842
Current assets			
Completed properties held for sale		**10,401**	16,131
Mortgage loan receivables	*10*	**771**	1,014
Trade and other receivables	*12*	**4,120**	11,697
Tax recoverable	*15(a)*	**374**	459
Cash and cash equivalents		**1,537**	808
		17,203	30,109
Current liabilities			
Trade and other payables	*13*	**24,259**	24,631
Interest-bearing borrowings	*14*	**1,168**	1,141
Tax payable	*15(a)*	**884**	4,103
Dividend payable		**42**	42
		26,353	29,917
Net current (liabilities)/assets		**(9,150)**	192
Total assets less current liabilities		**263,606**	284,034
Non-current liabilities			
Deferred tax liabilities	*15(b)*	**310**	2,013
NET ASSETS		**263,296**	282,021
CAPITAL AND RESERVES			
Share capital	*17*	**50,336**	50,336
Reserves		**212,960**	231,685
TOTAL EQUITY		**263,296**	282,021

Notes:

1 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated 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 disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the "Listing Rules"). A summary of the significant accounting policies adopted by the Group and the Company 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 and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group and the Company for the current and prior accounting periods reflected in the consolidated financial statements.

The consolidated financial statements have been prepared on a going concern basis. This may not be appropriate in view of the significant consolidated accumulated losses at 31 December 2010. The Group incurred net loss of HK$25,146,000 during the year ended 31 December 2010 and, as of that date, the Group's current liabilities exceeded its current assets by HK$9,150,000. These conditions indicate the existence of material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, the Directors are of the opinion that the Group will be able to finance its future working capital and financial requirements given that:

(i) the Group has been actively seeking prospective investors; and

(ii) the Group will obtain loan financing from financial institutions where appropriate.

In the opinion of the Directors, in light of the measures taken to date and on the basis of the above-mentioned major assumptions, the Group will have sufficient working capital to finance and maintain operations in the foreseeable future. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued two revised HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 3 (revised 2008), Business combinations
- Amendments to HKFRS 5, Non-current assets held for sale and discontinued operations – plan to sell the controlling interest in a subsidiary
- Improvements to HKFRSs (2009)
- Amendments to HKAS 27, Consolidated and separate financial statements
- Amendments to HKAS 39, Financial instruments: Recognition and measurement – eligible hedged items
- HK(IFRIC) 17, Distributions of non-cash assets to owners
- HK(Int) 5, Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause

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

As part of Improvements of HKFRSs issued in 2009, HKAS 17 has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the balance sheet. The amendment to HKAS 17 has removed such a requirement and requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the leasee. The Group has reassessed the classification of leasehold land of its unexpired leases at 1 January 2010 on the basis of information existing at the inception of those leases and concluded that the classification of such leases as operating leases continues to be appropriate.

The amendment to HKAS 39 and the issuance of HK (Int) 5 have had no material impact on the Group's financial statements as the amendment and the Interpretation's conclusions were consistent with policies already adopted by the Group.

The other developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods.

3 REVENUES

The principal activities of the Group are property development, property management and investment.

Turnover represents the aggregate of net amounts received and receivable for completed properties held for sale sold by the Group to outside customers, property rental income and property management services rendered for the years ended, less sales return of properties sold, and is analysed as follows:

	2010	2009
	HK$'000	*HK$'000*
Revenues		
Sales of properties held for sale	**1,951**	1,147
Property rental	**1,695**	1,828
Property management services	**412**	1,648
Turnover	**4,058**	4,623
Other revenue and income		
Interest income on bank deposits	**13**	581
Gain on disposal of investment properties	**–**	1,627
Penalty income	**35**	90
Sundry income	**66**	162
	114	2,460
Total revenues and turnover	**4,172**	7,083

4 SEGMENT REPORTING

In a manner consistent with the way in which information is reported internally to the executive directors and senior management for the purposes of resource allocation and performance assessment, the Group has identified three reportable segments on a divisional basis: (i) property development, (ii) property rental and (iii) property management.

(a) *Segment results, assets and liabilities*

Information regarding the Group's reportable segments for the year ended 31 December 2010 is set out below:

	Property development *HK$'000*	Property rental *HK$'000*	Property management *HK$'000*	Consolidated *HK$'000*
Revenue from external customers	**1,951**	**1,695**	**412**	**4,058**
Segment result	**(11,242)**	**(7,798)**	**391**	**(18,649)**
Unallocated income and gains, net				**4,519**
Unallocated expenses				**(13,362)**
Loss from operations				**(27,492)**
Finance costs				**–**
Loss before taxation				**(27,492)**
Income tax credit				**2,346**
Loss for the year				**(25,146)**
Segment assets	**223,950**	**60,736**	**–**	**284,686**
Unallocated assets				**5,273**
Total assets				**289,959**
Segment liabilities	**13,975**	**289**	**–**	**14,264**
Unallocated liabilities				**12,399**
Total liabilities				**26,663**
Other segment information:				
Depreciation	**1,680**	**–**	**–**	**1,680**
Amortisation of prepaid premium for land leases	**5,561**	**–**	**–**	**5,561**
Write down of completed properties held for sale	**3,298**	**–**	**–**	**3,298**
Impairment loss on mortgage loan receivables	**106**	**–**	**–**	**106**
Reversal of impairment loss on other receivables, deposits and prepayments, net	**(3,301)**	**–**	**–**	**(3,301)**
Fair value loss on investment properties	**9,498**	**–**	**–**	**9,498**
Loss on disposal of property, plant and equipment	**51**	**–**	**–**	**51**
Capital expenditure	**273**	**360**	**–**	**633**

Information regarding the Group's reportable segments for the year ended 31 December 2009 is set out below:

	Property development *HK$'000*	Property rental *HK$'000*	Property management *HK$'000*	Consolidated *HK$'000*
Revenue from external customers	1,147	1,828	1,648	4,623
Segment result	(11,375)	7,948	(7,298)	(10,725)
Unallocated income and gains, net				437
Unallocated expenses				(46,629)
Loss from operations				(56,917)
Finance costs				(851)
Loss before taxation				(57,768)
Income tax credit				849
Loss for the year				(56,919)
Segment assets	237,548	69,601	640	307,789
Unallocated assets				6,162
Total assets				313,951
Segment liabilities	15,657	200	–	15,857
Unallocated liabilities				16,073
Total liabilities				31,930
Other segment information:				
Depreciation	1,941	–	–	1,941
Amortisation of prepaid premium for land leases	5,561	–	–	5,561
Reversal of write down of completed properties held for sale	(362)	–	–	(362)
Impairment loss on goodwill	997	–	–	997
Impairment loss on mortgage loan receivables	160	–	–	160
Impairment loss on other receivables, deposits and prepayments, net	6,437	–	8,864	15,301
Fair value gain on investment properties	–	(3,946)	–	(3,946)
Gain on disposal of investment properties	–	(1,627)	–	(1,627)
Capital expenditure	843	–	–	843

Segment assets are measured in accordance with IFRS and the unallocated items included prepayment and deposits and cash and cash equivalents.

Unallocated liabilities included other payables, borrowings and deferred tax liabilities.

Unallocated income included interest income and sundry income.

Unallocated expenses included salaries, legal and professional fees, entertainment and travelling expenses, etc.

No customers in the segments individually accounted for ten percent or more of the Group's consolidated revenue for the year ended 31 December 2010 (2009: same).

(b) Geographic information

The Group principally operates in the 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.

5 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	2010	2009
	HK$'000	*HK$'000*
(a) Staff costs (including Directors' emoluments):		
Salaries, wages and other benefits	**5,673**	8,338
Contributions to defined contribution retirement plans	**26**	81
	5,699	8,419
(b) Other items:		
Amortisation of prepaid premium for land leases	**5,561**	5,561
Auditor's remuneration	**903**	1,055
Business tax and other levies (included in cost of completed properties sold)	**229**	28
Cost of completed properties sold	**2,332**	684
Depreciation	**1,680**	1,941
Fair value loss/(gain) on investment properties	**9,498**	(3,946)
Gain on disposal of investment properties	**–**	(1,627)
Impairment loss on goodwill	**–**	997
Impairment loss on amount due from a related party	**–**	1,160
Impairment loss on mortgage loan receivables	**106**	160
(Reversal of impairment loss)/impairment loss on other receivables, deposits and prepayments, net	**(3,301)**	15,301
Loss on disposal of property, plant and equipment	**51**	–
Net foreign exchange losses	**131**	2,029
Provision for litigation settlement	**330**	6,559
Rental charges under operating leases for office premises	**907**	1,899
Write down of/(reversal of write down of) completed properties held for sale	**3,298**	(362)

	2010	2009
	HK$'000	*HK$'000*
(c) Finance costs:		
Interest on interest-bearing borrowings		
– wholly repayable within five years	**–**	851

No borrowing costs have been capitalised during the two financial years.

6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2010	2009
	HK$'000	*HK$'000*
Current tax		
Enterprise Income Tax in the PRC	**58**	9
Land Appreciation Tax in the PRC	**(694)**	239
Deferred tax		
Origination of temporary differences *(note 15(b))*	**(1,710)**	(1,097)
	(2,346)	(849)

PRC Enterprise Income Tax for the subsidiaries incorporated in the PRC is calculated at 25% of the estimated assessable profit for the year (2009: 25%).

PRC Enterprise Income Tax for the subsidiaries incorporated in Hong Kong which have property development investments in the PRC is calculated at 3% (2009: 3%) of the sales revenue on the respective property development projects.

PRC Land Appreciation Tax is levied at progressive rates ranging from 30% to 60% on the appreciation of the land value, being the proceeds of sales of properties less deductible expenditure including amortisation of land use rights, borrowing costs and all property development expenditures.

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.

(b) Reconciliation between tax credit and accounting loss at applicable tax rates:

	2010	2009
	HK$'000	*HK$'000*
Loss before taxation	**(27,492)**	(57,768)
Notional tax credit on loss before taxation, calculated at the rates applicable to profits in the countries concerned	**(8,110)**	(10,948)
Effect of different tax calculation basis for the PRC property development projects operated by the Hong Kong subsidiaries	**1,794**	320
Tax effect on non-deductible expenses	**235**	9,639
Tax effect on non-taxable income	**(688)**	(145)
Tax effect on tax losses not recognised	**5,117**	46
Land Appreciation Tax	**(694)**	239
Actual tax credit	**(2,346)**	(849)

7 LOSS PER SHARE

Basic loss per share is calculated based on the loss attributable to equity shareholders of approximately HK$25,146,000 (2009: a loss of HK$56,919,000) and on the weighted average number of 2,516,810,000 (2009: 2,516,810,000) shares in issue during the year.

Diluted loss per share is not presented as there are no diluting events during the years ended 31 December 2009 and 2010.

8 INVESTMENT PROPERTIES

	The Group	
	2010	2009
	HK$'000	*HK$'000*
At 1 January	**68,465**	73,858
Exchange differences	**1,409**	–
Additions	**360**	–
Fair value (loss)/gain on investment properties	**(9,498)**	3,946
Disposals	**–**	(9,339)
At 31 December	**60,736**	68,465

Investment properties of the Group were revalued as at 31 December 2010 and 2009 on an open market value basis calculated using the Comparison Approach assuming sales in their existing states with the benefit of vacant possession and by reference to comparable sales/rental evidence as available in the relevant markets. The valuations were carried out by an independent firm of surveyors, BMI Appraisals Limited, who have among their staff fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

All of the investment properties are situated in the PRC and held on long term leases.

9 PROPERTIES UNDER DEVELOPMENT

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Development and incidental costs	**32,036**	31,791
Interest capitalised	**7,459**	7,411
	39,495	39,202
Less: Provision for impairment loss *(note 9(c))*	**(26,733)**	(26,733)
	12,762	12,469

The carrying amounts of properties under development are analysed as below:

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Property development projects with co-operative partner *(note 9(b))*	**–**	–
Property development project on its own	**12,762**	12,469
	12,762	12,469

(a) The balance represents the costs incurred by the Group on the properties under construction in the PRC.

(b) Under the contracts of property development projects entered into between the Group and the co-operative partner, the co-operative partner was responsible for making available the land use rights of the construction sites while the Group was responsible for the construction of these properties.

(c) A provision for impairment of properties under development, in an aggregate amount of HK$26,733,000, was made as at 31 December 2010 (2009: HK$26,733,000) as, in the opinion of the Directors, the piling and foundation works for which development costs were incurred were no longer useful for contemporary building development.

10 MORTGAGE LOAN RECEIVABLES

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Total loan receivables *(note 10(a))*	**8,963**	10,817
Less: Provision for impairment loss *(note 10(b))*	**(7,513)**	(8,329)
	1,450	2,488
Less: Current portion classified as current assets	**(771)**	(1,014)
Balance due after one year	**679**	1,474

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 sale and purchase agreements, upon default in instalment payments by purchasers, the Group is entitled to take over the legal title and possession of the related properties.

All of the mortgage loan receivables are denominated in Renminbi.

The carrying amounts of the current portions and non-current portions of mortgage loan receivables approximate their fair values. The fair value is determined based on cash flows discounted using the bank borrowings rate of 5.810% per annum (2009: 5.310% per annum).

(a) Maturity analysis

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Total mortgage loans are receivable as below:		
Within one year	**806**	2,723
In more than one year but less than five years	**8,157**	8,094
	8,963	10,817

(b) Impairment of mortgage loan receivables

The movement in the provision for impairment loss during the year, including discounting effect, both specific and collective loss components, is as follows:

	The Group	
	2010	2009
	HK$'000	*HK$'000*
At 1 January	**8,329**	8,169
Exchange differences	**176**	–
Impairment loss recognised	**106**	160
Uncollectable amount written off	**(1,098)**	–
At 31 December	**7,513**	8,329

(c) Mortgage loan receivables that are not impaired

An analysis of mortgage loan receivables that are neither individually nor collectively considered to be impaired is as follows:

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Full performing under credit terms, impaired as discounted	**1,450**	2,488
Past due and impaired	**–**	–
	1,450	2,488

11 GOODWILL

	The Group
	HK$'000
Cost:	
At 1 January 2009	–
Additions	997
At 31 December 2009, 1 January 2010 and 31 December 2010	997
Accumulated impairment losses:	
At 1 January 2009	–
Provision for the year	997
At 31 December 2009, 1 January 2010 and 31 December 2010	997
Carrying value:	
At 31 December 2010	–
At 31 December 2009	–

12 TRADE AND OTHER RECEIVABLES

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Trade receivables *(note 12(b))*	**–**	720
Other receivables	**1,746**	2,931
Amount receivable on sale of investment properties	**1,163**	4,977
Deposit for purchase of property *(note 12(c))*	**–**	568
Security deposit for property management services	**–**	227
Other deposits and prepayments	**1,211**	2,274
	4,120	11,697

All of the trade and other receivables are expected to be recovered or recognised as expenses within one year. The carrying amounts of trade and other receivables approximate their fair values.

(a) Currency analysis

The carrying amounts of trade and other receivables are denominated in the following currencies:

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Hong Kong dollars	**1,141**	781
Renminbi	**2,979**	10,916
	4,120	11,697

(b) Ageing analysis

An ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Current, neither past due nor impaired	**–**	720

(c) Pursuant to a memorandum entered into with 深圳市寶瀾投資股份有限公司 (“深圳市寶瀾”) dated 1 December 2008, Yuan Cheng made a deposit of RMB5,000,000 (equivalent to HK$5,682,000) with 深圳市寶瀾 in connection with a possible property project “華僑新苑” in Shenzhen developed by 深圳市寶瀾. The memorandum sets out a 1-year period, during which Yuan Cheng has an option to purchase the property at a consideration of RMB89,871,700 (equivalent to HK$102,127,000) or to be reimbursed the deposit should Yuan Cheng not proceed with the property purchase.

In the opinion of the Directors, the recoverability of the deposit was uncertain and an allowance of impairment loss of RMB4,200,000 (equivalent to HK$4,773,000) was made in prior year. Up to 31 December 2010, RMB2,700,000 (equivalent to HK$3,068,000) has been refunded in cash to the Group and thus an allowance of impairment loss of RMB1,900,000 (equivalent to HK$2,159,000) has been reversed and credited to the consolidated income statement for the year ended 31 December 2010.

13 TRADE AND OTHER PAYABLES

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Trade payables to building contractors *(note 13(a))*	**1,008**	985
Accrued salaries and other operating expenses	**7,245**	4,558
Accrued legal fees	**1,096**	4,160
Deposits received on sale of properties	**1,293**	867
Rental deposits received on investment properties	**350**	234
Receipts in advance	**137**	139
Amount payable on return of properties	**5,821**	6,653
Provision for litigation settlement *(note 13(c))*	**5,473**	5,389
Other payables	**1,836**	1,646
	24,259	24,631

All of the trade and other payables are expected to be settled or recognised as an income within one year. The carrying amounts of trade and other payables approximate their fair values.

(a) ***Ageing analysis***

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

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Current to 90 days past due	**–**	–
91 to 180 days past due	**–**	–
181 to 360 days past due	**–**	–
Over 360 days past due	**1,008**	985
	1,008	985

(b) ***Currency analysis***

The carrying amounts of trade and other payables are denominated in the following currencies:

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Hong Kong dollars	**8,962**	9,162
Renminbi	**15,297**	15,469
	24,259	24,631

(c) ***The movements in the provision for litigation settlement during the year are as follows:***

	The Group	
	2010	2009
	HK$'000	*HK$'000*
At 1 January	**5,389**	–
Exchange differences	**112**	–
Provision for the year	**330**	6,559
Payment during the year	**(358)**	(1,170)
At 31 December	**5,473**	5,389

Details of the Group's litigations are disclosed in note 18(a).

14 INTEREST-BEARING BORROWINGS

At 31 December 2010, the interest-bearing borrowings are repayable as follows:

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Within 1 year or on demand		
– Loans from third parties *(note 14(a))*	**1,168**	1,141
	1,168	1,141

(a) Loans from third party are unsecured, interest-bearing at the weighted average effective interest rate of 5.5% (2009: 5.5%) per annum and repayable within 1 year.

(b) The carrying amounts of interest-bearing borrowings are denominated in Renminbi.

15 INCOME TAX IN THE CONSOLIDATED BALANCE SHEET

(a) Current taxation in the consolidated balance sheet represents:

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Enterprise Income Tax payable in the PRC	**573**	531
Land Appreciation Tax payable in the PRC	**(63)**	3,113
	510	3,644

Reconciliation to the consolidated balance sheet:

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Tax recoverable	**(374)**	(459)
Tax payable	**884**	4,103
	510	3,644

(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:

	Revaluation of investment properties	
	2010	2009
	HK$'000	*HK$'000*
Deferred tax liabilities arising from revaluation of investment properties:		
At 1 January	**2,013**	3,110
Exchange differences	**7**	–
Credit to the consolidated income statement	**(1,710)**	(1,097)
At 31 December	**310**	2,013

(c) Deferred tax assets not recognised:

The Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately HK$75,765,000 (2009: HK$42,332,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The unrecognised tax losses will expire during 2011 to 2015 (2009: 2010 to 2014).

16 DIVIDENDS

The Directors do not recommend the payment of any dividends in respect of the year ended 31 December 2010 (2009: HK$nil).

17 SHARE CAPITAL

	2010		2009	
	No. of shares		No. of shares	
	('000)	***HK$'000***	*('000)*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.02 each	**5,000,000**	**100,000**	5,000,000	100,000
Ordinary shares, issued and fully paid:				
At 1 January and 31 December	**2,516,810**	**50,336**	2,516,810	50,336

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

18 CONTINGENT LIABILITIES

(a) Litigation

(i) Legal proceedings by Mr. Tsang Wai Lun, Wayland and associates

1. On 6 June 2008, the Company was served with a writ of summons ("Originating Summons") by Mr. Tsang Wai Lun, Wayland, a former director and shareholder of the Company, alleging that in a transaction entered into in March 2008 by Yuan Cheng Real Estate (Shenzhen) Limited ("Yuan Cheng") with Hua Jia Fu Industrial and Trading Limited ("Hua Jia Fu") and Dongguan City Min Tai Industry and Investment Limited in provision of property management and consultancy services for a shopping plaza located in Tang Xia Town, Dongguan at an annual fee of RMB1,450,000 (equivalent to HK$1,648,000) for a term of 2 years, a refundable security deposit of RMB8,000,000 (equivalent HK$9,091,000) which Yuan Cheng made with Hua Jia Fu, was abused or mishandled.

On 25 February 2009, the Originating Summons was revised and issued by Mr. Tsang in the name of the Company in accordance with section 168BC of the Hong Kong Companies Ordinance against the then directors, Mr. Chu King Fai, Mr. Huang Bing Huang, Mr. Au Kwok Chuen Vincent, Mr. Hwang Ho Tyan, Mr. Zhao Juqun, Mr. Yang Biao, Dr. Wong Yun Kuen and Mr. Mok King Tong and the Company, alleging that the then directors had breached their fiduciary duties in relation to (i) the passing of the following resolutions of the Board, (aa) the resolution passed on or about 14 January 2008 to approve the remittance of HK$50,000,000 to Yuan Cheng, (bb) the resolution passed on or about 27 May 2008 to sanction the acquisition of the Yangzhou Project from Min Tai Development at HK$88,000,000 with an up-front payment of HK$5,000,000 paid out of funds of Yuan Cheng, (cc) the resolution passed on or about 15 March 2008 to sanction the entry of management services agreement by Yuan Cheng with Hua Jia Fu and Dongguan City Min Tai Industry and Investment Limited, which involved an upfront payment of RMB8,000,000 (equivalent to HK$9,091,000) by Yuan Cheng, (dd) the resolution passed on 27 May 2008 to sanction the entry of a cooperation framework agreement by Yuan Cheng with Zhong Cheng which involved an up-front payment of RMB5,000,000 (equivalent to HK$5,682,000); (ii) the transfer of HK$50,000,000 to Yuan Cheng and to put the said HK$50,000,000 under the control of Yuan Cheng; (iii) the delivery of the financial documents of Yuan Cheng, including cheque books, chops and seals, bank cards, keys to safe deposit boxes to Madam Cheng Lai Yin; (iv) the failure and/or refusal to conduct any proper inquiry or due diligence into the proposed acquisition of the Yangzhou Project and/or the entire share capital of Min Tai Development; (v) the entering into of the placing agreement dated 14 July 2008 whereby the Company conditionally agreed to place 100,000,000 shares in the Company at the price of HK$0.16 per share in order to finance the proposed acquisition of the Yangzhou Project; (vi) the failure to cause Yuan Cheng and/or the Company to recover the earnest money in the amount of HK$5,000,000 from Min Tai Development in accordance with the letter of intent dated 23 June 2008 within 10 days after the Yangzhou Project fell through on 30 September 2008; (vii) the payment of the amount of RMB8,000,000 (equivalent to HK$9,091,000) by Yuan Cheng to Hua Jia Fu; (viii) the failure and/or refusal to conduct any or any proper inquiry into the terms of the Cooperation Framework Agreement and the payment of RMB5,000,000 (equivalent to HK$5,682,000) deposit on 23 June 2008 pursuant to the Cooperation Framework Agreement; (ix) the payment of the sums of RMB10,000,000 (equivalent to HK$11,364,000) and RMB7,000,000 (equivalent to HK$7,955,000) by Yuan Cheng to Zhong Cheng on or about 15 July 2008 and 29 August 2008 respectively; (x) the transfer of sums totaling RMB33,100,000 (equivalent to HK$37,614,000) between Yuan Cheng and Shenzhen Hua Ke Nano-Technology Development Company Limited from 30 April 2008 to 23 June 2008; and (xi) the passing of the resolutions on 15 and 20 November 2008 sanctioning Grand Field Property Development (Shenzhen) Company Limited ("Grand Field Shenzhen"), a wholly owned subsidiary of the Group, to borrow up to RMB50,000,000 (equivalent to HK$56,818,000) to repay a loan owed to Yuan Cheng and to use the balance as operation capital of the Company. On the basis of these allegations, Mr. Tsang sought, inter alia, (i) a declaration that the decisions of the then directors to pass the Resolutions purportedly as board resolutions of the Company was not made bona fide in the interest of the Company; (ii) an order that the Resolutions be set aside, further or alternatively, a declaration that the Resolutions are invalid, null and void and of no legal effect; (iii) damages and/or equitable compensation, interest, costs and further and/or other relief; (iv) restitution of payments received directly or indirectly by the then directors, or any of them in breach of their fiduciary duties; (v) an account and/or inquiry of all payments, profits made and/or benefits received directly or indirectly as a result of their breaches of their fiduciary duties and an order for payment of all sums and delivery up of all assets found due upon the said inquiry or taking of the said account; and (vi) an injunction against the then directors restraining each of them from continuing as the company's directors and/or exercising the powers as director. No judgment has been made as at the date of these consolidated financial statements. In the opinion of the directors, the defendant directors have either resigned or re-designated as non-executive directors and the aforesaid legal proceedings will have no material impact on the financial position and operations of the Group.

2. On 10 August 2008, a writ of summons was issued by Mr. Tsang against the Company in relation to the resolutions passed in the Annual General Meeting held on 18 June 2008 and in a Special General Meeting held on 25 June 2008 Mr. Tsang sought, inter alias, (i) an order to set aside the resolutions passed at the Annual General Meeting held on 18 June 2008 to grant general mandate for allotment and issue of 20% new share, and repurchase of 10% shares, and a declaration of the resolutions being invalid and null and void and of no legal effect; and (ii) an order to set aside the resolutions passed at a Special General Meeting held on 25 June 2008 in favour of election of Mr. Zhao Juqun, Mr. Yang Biao and Mr. Mok King Tong, and against the election of Mr. Zhao Yang, Mr. Huang Dennis Chong, Mr. Lim Francis, Mr. David Chiping Chow, Mr. Wong Ching Wan as Directors of the Company, and a declaration of the resolutions being invalid and null and void and of no legal effect.

   A Consent Order with Mr. Tsang has been made on 8 October 2010 in that the action against the Company was discontinued and the Company will pay him a sum of HK$220,000 as the agreed costs of him in the action. The amount of HK$220,000 has been provided for in the consolidated financial statements for the year ended 31 December 2010.

3. On 26 August 2008 the Company received a writ of summons by Mr. Tsang against the Company, its subsidiaries, Grand Field Group Holdings (BVI) Limited, Grand Field Group Limited ("Grand Field-HK"), Ms. Chen Yu, Mr. Hui Zhihua and Mr. Wen Li. Mr. Tsang sought, inter alias, (i) an order to set aside the resolutions dated 28 April 2008 to appoint Ms. Chen Yu, and Mr. Hui Zhihua as directors of Grand Field-HK and declare the resolutions invalid and null and void and of no legal effect; (ii) an order to set aside the resolutions dated 16 July 2008 for appointment of Ms. Chen Yu, Mr. Hui Zhihua and Mr. Wen Li as directors of Grand Field-HK and for ratification and confirmation of the acts and documents one by them, and a declaration that the resolutions are invalid and null and void and of no legal effect; and (iii) damages and/or equitable compensation, interest, costs and further and/or other relief.

   On 10 February, 26 February and 25 March 2009 the Company issued announcements in relation to these legal proceedings.

   A Consent Order with Mr. Tsang has been made on 8 October 2010 in that the action against the Company was discontinued and the Company will pay him a sum of HK$110,000 as the agreed costs of him in the action. The amount of HK$110,000 has been provided for in the consolidated financial statements for the year ended 31 December 2010.

(ii) Unpaid property management fees

On 13 October 2008, a lawsuit was filed against Grand Field Shenzhen, for the unpaid property management fees and accrued interest in an aggregate amount of RMB4,508,000 (equivalent to HK$5,123,000) in relation to the entire car park lots in Telford Garden in Shenzhen in the Shenzhen Long Gang People's Court.

On 20 January 2010, a settlement was reached with the plaintiff through mediation, in that Grand Field Shenzhen should pay a sum of RMB4,231,816 (equivalent to HK$4,809,000) by 12 equal monthly instalments within 12 months from the effective date of the mediation. The amount of HK$4,809,000 has been provided for in the consolidated financial statements for the year ended 31 December 2009.

(iii) Legal proceedings by a tenant

Back in 2006, the Group's wholly owned subsidiary, Shing Fat Hong Limited ("Shing Fat Hong"), signed a tenancy agreement with a karaoke operator for a ten-year period, whereby Shing Fat Hong was required to renovate and combine two entire floors of its commercial properties in Dongguan. The karaoke operator failed to apply for an operating license due to non-compliance of the building structure with fire safety regulations. Since 2007, the tenant has initiated several legal proceedings against Shing Fat Hong in local PRC courts for validation of the tenancy agreement and for compensation of decoration fees and other economic losses of RMB4,500,000 (equivalent to HK$5,114,000). However, Shing Fat Hong has appealed to, and sued the tenant, in local PRC courts for compensation of renovation and restoration of the properties, loss of rental income and other economic losses of RMB2,056,000 (equivalent to HK$2,336,000). In 2009, Shing Fat Hong has lost in a court case to claim against the tenant for compensation of restoration of the properties. Other legal proceedings between Shing Fat Hong and the tenant are still ongoing.

In the opinion of Directors, the aforesaid legal proceedings will have no material impact on the financial position and operations of the Group.

(iv) Legal proceedings by Mr. Au Kwok Chuen Vincent

Mr. Au Kwok Chuen Vincent, a former executive director of the Company, lodged a claim at the Labour Department against the Company for his salary for the period from 1 May 2009 to 30 September 2009 in the total sum of HK$350,000. On 10 May 2010, Mr. Au formulated a claim at the Labour Tribunal against the Company for a total sum of HK$700,000 being the wages in lieu of notice, the arrear of wages, annual leave pay and severance payment. On 3 June 2010, the case was transferred to be heard at High Court. No judgement has been made as at the date of these consolidated financial statements. A provision of HK$296,000 has been made for the year ended 31 December 2010.

(b) Sales return of properties sold

In the previous years, the Group had provided mortgage loans to purchasers of the Group's properties, which were interest-free and repayable by monthly instalments in 5 years. Upon default in mortgage payments by these purchasers, the Group shall reach agreement through negotiations with the defaulted purchasers and take over the possession of the relevant properties. In the two financial years of 2010 and 2009, there was no property returned to the Group. At 31 December 2010, there were 177 (2009: 211) properties under which mortgage loans were not yet repaid, with an aggregate contractual sales value of HK$38,855,000 (2009: HK$49,997,000) and the corresponding cost of sales amounting to HK$24,646,000 (2009: HK$32,537,000). In the absence of any reliable information on the probability of loan defaults and property returns, the Directors of the Company are unable to estimate the amount of any specific provision against these properties sold in the previous years.

FINANCIAL RESULTS

For the year ended 31 December 2010, the Group's revenue decreased by 12.2% to approximately HK$4,058,000 (2009: HK$4,623,000). The decrease in revenue for the year ended 31 December 2010 was due to the lack of new properties for sale.

During the year, the Group reported a loss attributable to equity shareholders of the Company of approximately HK$25,146,000, which was lower than last year's net loss of approximately HK$56,919,000.

The loss of the Group for the year ended 31 December 2010 was mainly attributable to impairment losses on other receivables, investment properties, deposits and prepayments.

BUSINESS REVIEW

The year 2010 was a year of restructuring and reform of the Group. The current Board has tried its utmost efforts to solve and handle the unsolved historical issues left by the former Board during the year. During the period, an international well-known accountant firm had drawn a conclusion regarding the independent investigation on the "misuse of fund amounting to HK$50,000,000". The Board had also sought legal advice and adopted appropriate legal actions, which are subject to the judgment by the court upon its hearing. The Company believes that the historical unsolved issues will not hinder the development of the Group. On the contrary, it will enable the Group to solve in an all-around way as lessons learned, thereby laying a solid foundation for the future development of the Group. With the regard to a parcel of leasehold land in Shenzhen, China held by the Group, after the Group has considered carefully the reasons behind and its consequences, the management had entrusted a PRC legal firm to provide legal opinions. The PRC lawyers consider that the taking back of this parcel of land by the government is too remote. Upon reviewing the opinion from the law firm, the auditors of the Company agreed that it was not necessary to report further in the auditors' report.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2010, the Group's cash and bank deposits were approximately HK$1,537,000 (2009: HK$808,000) and the percentage of cash and cash equivalent denominated in Hong Kong Dollar ("HKD") and Renminbi ("RMB") was 27% and 73% respectively (2009: 38% and 62%).

The Group had total current assets of approximately HK$17,203,000 (2009: HK$30,109,000), and total current liabilities of approximately HK$26,353,000 (2009: HK$29,917,000). The Group recorded total assets of approximately HK$289,959,000 (2009: HK$313,951,000) and total bank loans and borrowings of approximately HK$1,168,000 (2009: HK$1,141,000). As at 31 December 2010, the Group's total interest-bearing borrowings amounted to approximately HK$1,168,000 (2009: HK$1,141,000), of which HK$1,168,000 was repayable within 1 year (2009: HK$1,141,000), nil was repayable from 1-2 years (2009: nil) and nil was repayable from 2-5 years (2009: nil).

As at 31 December 2010, the percentage of the Group's interest-bearing borrowings denominated in HKD and RMB was 0% and 100% (2009: 0% and 100%) respectively and such borrowings carried interest rates ranged from 5.52% to 5.55% (2009: 5.52% to 5.70%).

The gearing ratio for 31 December 2010, which was defined to be total interest-bearing borrowings over shareholders' equity, was 9% (2009: 10%).

The Group's major operations are located in the PRC and the main operational currencies are HKD and RMB. There was no exchange rate appreciation of RMB against HKD in 2010, 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.

CAPITAL STRUCTURE

As at 31 December 2010, the Company's issued share capital is HK$50,336,200 and the number of its issued ordinary shares is 2,516,810,000 shares of HK$0.02 each in issue.

Details of the movements in share capital of the Company are set out in note 17.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

The Company did not have any other material acquisitions, disposal and significant investment of subsidiaries and affiliated companies during the year ended 31 December 2010.

CONTINGENT LIABILITIES

The Group's contingent liabilities are disclosed in note 18 to the financial statements.

EMPLOYEES

As of the end of 2010, the Group employed 28 employees (2009: 43) and has 10 Directors (2009: 9). The total costs (staff salary & director emolument) for the year amounted to approximately HK$5,699,000 (2009: HK$8,419,000). 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 bonus based on the results of the Group and their individual performance.

PROSPECT

The principal activity of the Group is property development, which is mainly attributable to its subsidiaries, namely Grand Field Property Development (Shenzhen) Company Limited (the developed properties: Shenzhen Telford Garden Phases I and II, and Taoxianju resident project in Nanshan District, Shenzhen), Ka Fong Industrial Company, Limited (the developed properties: Rado Garden and Riviera Garden in Zhangmutou) and Shing Fat Hong Limited (the developed properties: Elegance Garden and New City Plaza in Zhangmutou). Currently, the development plan of land parcels at Riviera Garden and Telford Garden is the first recent investment project. We believe that the development of this project would bring considerable economic benefits to the Group. The Company believes that after experiencing the global economic crisis, the Chinese economic development and urbanization standard will be further enhanced. The Group will work towards supplying a large number of readily affordable quality houses for the society, enabling more housing buyers to live and enjoy their living at communities with beautiful environment, convenient transportation and complete property facilities.

The Group will thoroughly explore the changes in demand of our clients, strictly monitor the building quality, adopt innovative ideas and establish the project management system to effectively stimulate the performance of our team. The Group expects that the cash flows will be improved continuously with the development of projects. The Group will also focus on the investment and development of medium and small property projects that have development potential in the second and third tier cities in Mainland China, and will expand those businesses like property management and commercial property management during the course of development. The above expansion will lay a foundation for the Group's exploration of revenues in different segments.

With the surge of PRC economy, all the Group's employees are fully confident to face the future challenges. To cope with the nation's development strategies and the macroeconomic environment, the Group will develop more quality property projects and continue to provide more economic property products to the society, the Group, our shareholders and clients, with the objectives of rewarding all stakeholders for their supports and patronage over the years.

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

During the year ended 31 December 2010, neither the Company nor any of its subsidiary companies purchased, sold, redeemed or cancelled any of the Company's listed securities.

DIVIDENDS

The Directors do not recommend the payment of final dividend in respect of the year ended 31 December 2010 (2009: nil). No interim dividend was declared for the six months ended 30 June 2010 (2009: nil).

PROPOSED AMENDMENT OF BYE-LAWS

In order to bring the bye-laws of the Company (the "Bye-laws") in line with the changes to the Listing Rules, certain amendments to the Bye-laws are proposed by the Board for approval by the shareholders of the Company at the 2011 AGM. The proposed amendments will, among other things, enable the Company to use its own website and other electronic means to send or otherwise make available certain notices or documents or corporate communications (as defined in the Listing Rules) to the shareholders of the Company, subject to compliance with the Listing Rules and applicable laws and regulations. Details of the proposed amendments are set out in the circular to be despatched to the shareholders of the Company as soon as practicable.

CORPORATE GOVERNANCE

The Group has complied with most of the code provisions on Corporate Governance Practices as set out in Appendix 14 Code on Corporate Governance ("Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the year ended 31 December 2010, except for the deviations from provisions A.4.1 of the Code which are explained in the relevant paragraphs as below:

Non-executive Directors and independent non-executive Directors

Under the provision A.4.1 of the Code, the non-executive Directors should be appointed for a specific term.

The independent non-executive Directors were not appointed for any specific terms until December 2010:

Mr. Lim Francis has entered into an appointment letter as a non-executive Director with the Company for a term of one year commencing from 14 December 2010 to 13 December 2011.

Mr. Kwok Siu Bun has entered into an appointment letter as a non-executive Director with the Company for a term commencing from 21 December 2010 to 13 December 2011.

Each of Mr. David Chi-ping Chow, Mr. Liu Chaodong and Ms. Chui Wai Hung has entered into an appointment letter as an independent non-executive Director with the Company for a term commencing from 21 December 2010 to 13 December 2011.

Each of non-executive Directors and independent non-executive Directors is required to retire by rotation and to be re-elected at the 2011 AGM in accordance with the Bye-laws.

On 21 June 2010, as the re-election of Ms. Zhang Xiaoyan was not approved by the shareholders of the Company at the AGM held on 21 June 2010 (the "Last AGM"), since the conclusion of the Last AGM, the Company only has two independent non-executive Directors and two members of the audit committee of the Company (the "Audit Committee") for the period from 21 June 2010 to 20 September 2010, which falls below the minimum number required under Rule 3.10(1) and Rule 3.21 of the Listing Rules. While the Board has appointed Ms. Chui Wai Hung as an independent non-executive Director and a member of the Audit Committee and the remuneration committee of the Company with effect from 21 September 2010, the Company since then has three independent non-executive Directors and three members of the Audit Committee, which complies with requirement of Rule 3.10(1) and Rule 3.21 of the Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

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 ("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 2010.

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 2010, with external auditors. There were no disagreements from the auditors or the Audit Committee in respect of the accounting policies adopted by the Company.

MODIFIED AUDITORS' OPINION

The auditors' report on the Group's financial statements for the year ended 31 December 2010 contains a modified auditors' opinion which includes as follows:

"Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2010 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter

Without qualifying our opinion, we draw attention to the following matters:

(a) We have considered the adequacy of the disclosures made in note 31(a)(i) to the consolidated financial statements concerning the possible outcome of various legal proceedings initiated by a former director and shareholder of the Company, Mr. Tsang Wai Lun, Wayland, against the eight of the then directors, alleging that the then directors had breached their fiduciary duties in relation to various transactions entered into by the Group. In the opinion of the Directors, the defendant directors have resigned as non-executive directors and the aforesaid legal proceedings will have no material impact on the financial position and operations of the Group.

(b) As mentioned in note 2(b) to the consolidated financial statements, the Group incurred a consolidated net loss attributable to the equity shareholders of the Company of approximately HK$25,146,000 for the year ended 31 December 2010. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the appropriateness of which is dependent on the Group's ability to generate sufficient working capital to meet its financial requirements. The consolidated financial statements do not include any adjustments that may be necessary should the Group fail to finance its future working capital and financial requirements. We consider that adequate disclosures have been made."

REVIEW OF THE PRELIMINARY ANNOUNCEMENT BY AUDITORS

The figures in respect of the preliminary announcement of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 December 2010 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 statements 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 2010 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
Ma Xuemian
Chairman

Hong Kong, 25 March 2011

As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Ma Xuemian (with Mr. Lim Francis as alternate), Mr. Chen Mudong (with Mr. Lim Francis as alternate), Mr. Wong King Lam, Joseph, Ms. Chow Kwai Wa, Anne and Ms. Kwok Siu Wa, Alison; two non-executive Directors, namely Mr. Lim Francis and Mr. Kwok Siu Bun; and three independent non-executive Directors, namely Mr. David Chi-ping Chow (with Mr. Lim Francis as alternate), Mr. Liu Chaodong and Ms. Chui Wai Hung.