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 2012

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 2012, together with the comparative figures for year 2011 are as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000 (restated)
Revenue	5	**12,106**	5,618
Cost of revenue		**(6,976)**	(2,524)
Gross profit		**5,130**	3,094
Other revenue	5	**306**	52
Other gains and losses	5	**11,252**	14,081
Distribution costs		**(445)**	(549)
Administrative expenses		**(31,446)**	(22,157)

* *For identification purposes only*

	Notes	2012 HK$'000	2011 HK$'000 (restated)
Loss from operations		**(15,203)**	(5,479)
Finance costs	*6(c)*	**(5,401)**	(2,132)
Loss before tax		**(20,604)**	(7,611)
Income tax expense	*8*	**(190)**	(3,952)
Loss for the year	*6*	**(20,794)**	(11,563)
Loss for the year attributable to:			
Owners of the Company		**(18,059)**	(11,563)
Non-controlling interests		**(2,735)**	–
		(20,794)	(11,563)
Loss per share	*9*		(restated)
Basic		**(0.72 cent)**	(0.46 cent)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	2012	2011
	HK$'000	*HK$'000*
		(restated)
Loss for the year	**(20,794)**	(11,563)
Other comprehensive income		
Exchange differences arising on translating of foreign operations	**956**	13,939
Total comprehensive (expense) income for the year	**(19,838)**	2,376
Total comprehensive (expense) income attributable to:		
Owners of the Company	**(17,277)**	2,376
Non-controlling interests	**(2,561)**	–
	(19,838)	2,376

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2012

	Notes	**31 December 2012** **HK$'000**	31 December 2011 *HK$'000* (restated)	1 January 2011 *HK$'000* (restated)
Non-current assets				
Property, plant and equipment		**1,457**	401	1,566
Investment properties	*10*	**46,200**	70,080	60,736
Prepaid premium for land leases		**168,180**	181,974	178,187
Properties under development		**13,463**	13,463	12,762
Deposit paid for investment in a subsidiary	*11*	**–**	829	–
Loan receivables due after one year	*12*	**–**	165	679
Goodwill		**–**	–	–
Restricted cash		**123**	123	116
		229,423	267,035	254,046
Current assets				
Completed properties held for sale		**41,632**	8,793	10,401
Loan receivables	*12*	**121**	413	771
Other receivables, deposits and prepayments		**6,081**	1,554	2,899
Amount due from a director		**2,227**	930	1,221
Tax recoverable		**253**	438	–
Cash and cash equivalents		**13,335**	1,415	1,537
		63,649	13,543	16,829
Current liabilities				
Trade and other payables	*13*	**24,179**	19,395	22,950
Interest-bearing borrowings	*14*	**25,543**	7,134	1,168
Obligation under finance lease due within one year		**154**	–	–
Amounts due to directors		**3,074**	2,020	1,819
Amount due to a shareholder		**124**	90	–
Tax payable		**142**	956	–
Dividend payable		**42**	42	42
		53,258	29,637	25,979
Net current assets (liabilities)		**10,391**	(16,094)	(9,150)

	Notes	**31 December 2012** **HK$'000**	31 December 2011 HK$'000 (restated)	1 January 2011 HK$'000 (restated)
Total assets less current liabilities		**239,814**	250,941	244,896
Non-current liabilities				
Deferred tax liabilities		**3,999**	3,979	310
Obligation under finance lease due after one year		**571**	–	–
		4,570	3,979	310
NET ASSETS		**235,244**	246,962	244,586
CAPITAL AND RESERVES				
Share capital	*17*	**50,336**	50,336	50,336
Reserves		**174,567**	196,626	194,250
Equity attributable to owners of the Company		**224,903**	246,962	244,586
Non-controlling interests		**10,341**	–	–
TOTAL EQUITY		**235,244**	246,962	244,586

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

1. GENERAL INFORMATION

Grand Field Group Holdings Limited (the "Company") is a company incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company in Hong Kong is located at Unit 1004B, 10th Floor, Tower 5, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") are investment holding, property development, property investment and property management.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"). Other than those subsidiaries established in the People's Republic of China (the "PRC") whose functional currency is Renminbi ("RMB"), the functional currency of the Group are HK$. The reason for selecting HK$ as its presentation currency is that the Company is a public company listed on the Main Board of the Stock Exchange, where most of the investors are located in Hong Kong.

2. BASIS OF PREPARATION

The Group had incurred loss of approximately HK$20,794,000 (2011: HK$11,563,000 (restated)) for the year ended 31 December 2012. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, these consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the Group could obtain loan financing from financial institute and seek prospective investors, at a level sufficient to finance the working capital requirements of the Group. The directors are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. PRIOR YEAR ADJUSTMENTS

Buildings and prepaid premium for land leases

An error in the consolidated financial statements was identified by the the Directors subsequent to the issue of the consolidated financial statements for the year ended 31 December 2011. The adjustment represented correction of error in relation to the written off of buildings and prepaid premium for land leases against the accumulated losses.

At 31 December 2010 and 2011, there were buildings with carrying value as at that dates of approximately HK$17,452,000 and HK$16,998,000, respectively, and prepaid premium for land leases with carrying values as at that dates of approximately HK$1,258,000 and HK$1,328,000, respectively, represented of car parking spaces located in Telford Garden Phase I & II, Huanchengxi Road, Buji Town, Long Gang District, Shenzhen, Guangdong Province, the PRC (the "Car Park"). The Directors considered that by the reason of lack of title documents upon the completion previously, the Car Park could not be sold or lease out for rental income. According to HKAS 16, the Car Park should be derecognised when no future economic benefits are expected to arise from the continued use of the Car Park. Accordingly, the Directors considered that the Car Park should be fully impaired instead of providing depreciation and amortisation on a straight-line basis over the lease term and the unexpired period of the land leases, respectively.

The Directors made retrospective restatements ("Restatements") in relation to the Group's property, plant and equipment and prepaid premium for land leases. As such, the financial information of the year ended 31 December 2010 and 2011 have been restated. The effects of the Restatements by line items are as follows:

At 1 January 2011	Originally stated *HK$'000*	Adjustments *HK$'000*	After prior year adjustments stated *HK$'000*
Assets			
Property, plant and equipment	19,018	(17,452)	1,566
Prepaid premium for land leases	179,445	(1,258)	178,187
Total effect on assets	198,463	(18,710)	179,753
Capital and reserves			
Exchange reserve	(76,522)	2,948	(73,574)
Accumulated losses	128,696	15,762	144,458
Total effect on equity	52,174	18,710	70,884

For the year ended 31 December 2011	Originally stated *HK$'000*	Adjustments *HK$'000*	After prior year adjustments stated *HK$'000*
Administrative expenses	(23,578)	1,421	(22,157)
Total effect on loss for the year	(23,578)	1,421	(22,157)
Total effect on loss for the year attributable to:			
Owners of the Company	(12,984)	1,421	(11,563)
Earnings per share			
Basic	(0.52 cent)		(0.46 cent)

At 31 December 2011	Originally stated *HK$'000*	Adjustments *HK$'000*	After prior year adjustments stated *HK$'000*
Assets			
Property, plant and equipment	17,399	(16,998)	401
Prepaid premium for land leases	183,302	(1,328)	181,974
Total effect on assets	200,701	(18,326)	182,375
Capital and reserves			
Exchange reserve	(91,498)	3,985	(87,513)
Accumulated losses	136,280	14,341	150,621
Total effect on equity	44,782	18,326	63,108

4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND HONG KONG ACCOUNTING STANDARDS ("HKASs")

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 Stock Exchange (the "Listing Rules").

In the current year, the Group has applied the following new and revised HKFRSs and HKASs issued by HKICPA.

Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Asset
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets

Except as described below, the application of the new and revised HKFRSs and HKASs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

The Group has applied for the first time, the amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets* in the current year. Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment property using the fair value model. As a result of the application of the amendments to HKAS 12, the directors reviewed the Group's investment property portfolios and concluded that the Group's investment properties are located in PRC and would be subject to PRC property taxes when sale incurred. Accordingly, the application of the amendments to HKAS 12 has no impact to the consolidated financial statements of the Group.

The Group has not early applied the following new or revised HKFRSs and HKASs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements 2009-2011 Cycle[2]
Amendments to HKFRS 1	Government Loans[2]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities[3]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
HK (IFRIC*) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] *Effective for annual periods beginning on or after 1 July 2012*

[2] *Effective for annual periods beginning on or after 1 January 2013*

[3] *Effective for annual periods beginning on or after 1 January 2014*

[4] *Effective for annual periods beginning on or after 1 January 2015*

* *IFRIC represents the International Financial Reporting Interpretations Committee*

Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in June 2012

The *Annual Improvements to HKFRSs 2009 – 2011 Cycle* include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include the amendments to HKAS 16 *Property, Plant and Equipment* and the amendments to HKAS 32 Financial Instruments: Presentation.

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors anticipate that the application of the amendments will have no material effect on the Group's consolidated financial statements.

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. The directors anticipate that the amendments to HKAS 32 will have no effect on the Group's consolidated financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

– HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

– With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015 with earlier application permitted. The Directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income* introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income" and an "income statement" is renamed as a "statement of profit or loss". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

5. REVENUE, OTHER REVENUE AND OTHER GAINS AND LOSSES

The principal activities of the Group are property development, property management and property 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, and is analysed as follows:

	2012	2011
	HK$'000	*HK$'000*
Revenue		
Sales of properties held for sale	**9,036**	3,855
Property rental	**3,070**	1,763
Property management services	**–**	–
	12,106	5,618
Other revenue		
Interest income on bank deposits	**248**	11
Finance charge from loan receivables	**53**	24
Sundry income	**5**	17
	306	52
Other gains and losses		
Gain on disposal of subsidiaries	**5,966**	–
Fair value gain on investment properties	**2,313**	6,513
Net gain on disposal of investment properties	**–**	1,254
Net gain on disposal of property, plant and equipment	**1**	2,183
Reversal of impairment loss on loan receivables	**2,776**	2,246
Reversal of impairment loss on other receivables, deposits and prepayments	**515**	2,086
Impairment loss on completed properties held for sale	**(319)**	(201)
	11,252	14,081
Total revenue, other revenue and other gains and losses	**23,664**	19,751

6. LOSS FOR THE YEAR

Loss for the year is arrived at after charging (crediting):

		2012	2011
		HK$'000	*HK$'000*
			(restated)
(a)	Staff costs (including directors' and chief executives' emoluments):		
	Salaries, wages and other benefits	**4,762**	5,291
	Contributions to defined contribution retirement plans	**100**	58
		4,862	5,349
(b)	Other items:		
	Amortisation of prepaid premium for land leases	**6,022**	6,005
	Depreciation	**233**	326
	Total depreciation and amortisation	**6,255**	6,331
	Auditor's remuneration	**946**	704
	Business tax and other levies (included in cost of completed properties sold)	**1,072**	434
	Cost of completed properties sold	**6,976**	2,524
	Net foreign exchange losses	**716**	70
	Rental charges under operating leases for office premises	**878**	881
	Written-down of property, plant and equipment	**–**	445
	Impairment loss on completed properties held for sale	**319**	201
	Impairment loss on other receivables, deposits and prepayments	**565**	542
	Gross rental income from investment properties	**3,070**	1,763
	Less: direct operating expenses incurred for investment properties that generated rental income during the year	**(265)**	(114)
		2,805	1,649
(c)	Finance costs:		
	Interest on interest-bearing borrowings – wholly repayable within five years	**5,376**	2,132
	Interest on finance lease	**25**	–
		5,401	2,132

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

7. SEGMENT REPORTING

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

(a) *Segment revenue and results*

The following is an analysis of the Group's revenue and results by reportable and operating segment.

	Property development		Property investment		Property management		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000* (restated)	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (restated)
Revenue								
External sales	**9,036**	3,855	**3,070**	1,763	**–**	–	**12,106**	5,618
Segment result	**(11,834)**	4,149	**5,383**	(1,101)	**–**	–	**(6,451)**	3,048
Interest income on bank deposits							**248**	11
Unallocated income and gains, net							**6,482**	9,771
Unallocated expenses							**(15,482)**	(18,309)
Loss from operations							**(15,203)**	(5,479)
Finance costs							**(5,401)**	(2,132)
Loss before tax							**(20,604)**	(7,611)
Income tax expense							**(190)**	(3,952)
Loss for the year							**(20,794)**	(11,563)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment result represents the (loss from) profit earned from each segment without allocation of certain items, mainly comprising interest income on bank deposits, gain on disposal of subsidiaries, reversal of impairment loss on other receivables, deposits and prepayments, gain on disposal of property, plant and equipment, impairment loss on other receivables, deposits and prepayments, depreciation, central administration costs, directors' and chief executives' salaries and finance costs. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

(b) Segment assets and liabilities

	Property development		Property investment		Property management		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(restated)						(restated)
Segment assets	**223,519**	204,808	**46,200**	70,080	**–**	–	**269,719**	274,888
Unallocated assets							**23,353**	5,690
Total assets							**293,072**	280,578
Segment liabilities	**(9,580)**	(7,886)	**(4,421)**	(4,748)	**–**	–	**(14,001)**	(12,634)
Unallocated liabilities							**(43,827)**	(20,982)
Total liabilities							**(57,828)**	(33,616)

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than unallocated assets (mainly comprising property, plant and equipment, deposit paid for investment in a subsidiary, other receivables, deposits and prepayments, amount due from a director and cash and cash equivalents); and

- all liabilities are allocated to operating segments other than unallocated liabilities (mainly comprising certain other payables, interest-bearing borrowings, obligation under finance lease, amount(s) due to directors/a shareholder and dividend payable).

(c) Other segment information

	Property development		Property investment		Property management		Unallocated		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000* (restated)	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (restated)
Amounts included in the measure of segment profit or loss or segment assets:										
Depreciation	**–**	–	**–**	–	**–**	–	**233**	326	**233**	326
Amortisation of prepaid premium for land leases	**6,022**	6,005	**–**	–	**–**	–	**–**	–	**6,022**	6,005
Gain on disposal of subsidiaries	**–**	–	**–**	–	**–**	–	**(5,966)**	–	**(5,966)**	–
Reversal of impairment loss on loan receivables	**(2,776)**	(2,246)	**–**	–	**–**	–	**–**	–	**(2,776)**	(2,246)
Reversal of impairment loss on other receivables, deposits and prepayments	**–**	–	**–**	–	**–**	–	**(515)**	(2,086)	**(515)**	(2,086)
Fair value gain on investment properties	**–**	–	**(2,313)**	(6,513)	**–**	–	**–**	–	**(2,313)**	(6,513)
Net gain on disposal of investment properties	**–**	–	**–**	(1,254)	**–**	–	**–**	–	**–**	(1,254)
Net gain on disposal of property, plant and equipment	**–**	–	**–**	–	**–**	–	**(1)**	(2,183)	**(1)**	(2,183)
Impairment loss on other receivables, deposits and prepayments	**–**	–	**–**	–	**–**	–	**565**	542	**565**	542
Impairment loss on completed properties held for sale	**319**	201	**–**	–	**–**	–	**–**	–	**319**	201
Written-down of property, plant and equipment	**–**	–	**–**	–	**–**	–	**–**	445	**–**	445
Capital expenditure	**–**	–	**–**	–	**–**	–	**1,286**	228	**1,286**	228

(d) Geographic information

Since the Group principally operates in the PRC with revenue and results derived mainly from its operations in the PRC, no geographical information is used by the chief operating decision maker for further evaluated.

(e) Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2012	2011
	HK$'000	*HK$'000*
Customer A[1]	**1,920**	–

[1] *Revenue from sale of completed properties held for sale*

8. INCOME TAX EXPENSE

	2012	2011
	HK$'000	*HK$'000*
		(restated)
Current tax		
Enterprise Income Tax in the PRC	**–**	–
Land Appreciation Tax in the PRC	**190**	300
Deferred tax		
Origination and reversal of temporary differences	**–**	3,652
	190	3,952

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Under a notice issued on 6 September 2010 by Local Tax Bureau of Longgang District, Shenzhen, PRC Land Appreciation Tax for a subsidiary incorporated in Shenzhen, the PRC, in which property development projects in Shenzhen, is calculated at rates ranging from 5% to 10% (2011: 5% to 10%) of the sales revenue on the respective property development projects.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

No provision for Hong Kong Profits Tax has been made in the consolidated 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.

	2012	2011
	HK$'000	*HK$'000*
		(restated)
Loss before tax	**(20,604)**	(7,611)
Notional tax credit on loss before tax, calculated at the rates applicable to profits in the countries concerned	**(4,012)**	(1,042)
Effect of different tax calculation basis for the PRC property development projects operated by the Hong Kong subsidiaries	**77**	579
Tax effect on non-deductible expenses	**2,495**	8,875
Tax effect on non-taxable income	**(4,363)**	(6,404)
Tax effect on tax losses not recognised	**5,803**	1,644
Land Appreciation Tax	**190**	300
Income tax expense for the year	**190**	3,952

9. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK$18,059,000 (2011: HK$11,563,000 (restated)) and on the weighted average number of approximately 2,516,810,000 (2011: 2,516,810,000) ordinary shares in issue during the year.

The calculation of diluted loss per share is not presented as there are no diluting events during the years ended 31 December 2012 and 2011.

10. INVESTMENT PROPERTIES

	2012	2011
	HK$'000	*HK$'000*
Fair value		
At 1 January	**70,080**	60,736
Exchange differences	**225**	3,381
Disposals	**–**	(550)
Fair value gain on investment properties	**2,313**	6,513
Transfer to completed properties held for sale	**(26,418)**	–
At 31 December	**46,200**	70,080

The fair value of the Group's investment properties ("Properties") at 31 December 2012 and 2011 has been arrived at on the basis of a valuation carried out on that date by Messrs. BMI Appraisals Limited, an independent qualified professional valuers not connected with the Group. BMI Appraisals Limited has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The Group's Properties have been valued by using comparison approach, which conforms to Hong Kong Institute of Surveyors Valuation Standards on Properties.

The Group's interests in investment properties are held under the following lease term:

	2012	2011
	HK$'000	*HK$'000*
Long-term leases in PRC	**46,200**	70,080

11. DEPOSIT PAID FOR INVESTMENT IN A SUBSIDIARY

	2012	2011
	HK$'000	*HK$'000*
Unlisted investment, at cost	**–**	829

At 31 December 2011, the unlisted investment represents the cash capital contribution to 深圳棕科置業有限公司（"深圳棕科"）*(Note 15(a)(i))*.

12. LOAN RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Carrying value – secured	**3,049**	6,253
Less: Accumulated impairment loss	**(2,928)**	(5,675)
	121	578
Less: Current portion classified as current assets	**(121)**	(413)
Non-current portion due after one year	**–**	165

Loan receivables represent the interest-free loans provided by the Group to the purchasers of properties, which are repayable by installments as stipulated in the loan agreements. The loans are secured by the related properties. Pursuant to the terms of the sale and purchase agreements, upon default in installment payments by these purchasers, the Group is entitled to take over the legal title and possession of the related properties.

All of the loan receivables are denominated in RMB.

The repayment terms of the loans are negotiated on an individual basis. The Directors consider that the carrying values of loan receivables approximate to their fair values.

(a) Accumulated impairment loss on loan receivables

The movement in the accumulated impairment loss on loan receivables during the year, including discounting effect, both specific and collective loss components, is as follows;

	2012	2011
	HK$'000	*HK$'000*
At 1 January	**5,675**	7,513
Exchange differences	**29**	408
Reversal of impairment loss recognised	**(2,776)**	(2,246)
At 31 December	**2,928**	5,675

Included in the Group's loan receivables balance are debtors with aggregate carrying amount of approximately HK$2,928,000 (2011: HK$5,675,000) which are past due at the end of the reporting period for which the Group has provided for impairment loss.

(b) The maturity profile of these loan receivables, net of impairment loss at the end of reporting period, is analysed by the remaining periods to their contractual maturity dates as follows:

	2012	2011
	HK$'000	*HK$'000*
Within one year	**121**	413
In more than one year but not more than two years	**–**	165
	121	578

13. TRADE AND OTHER PAYABLES

	2012	2011
	HK$'000	*HK$'000*
Trade payables to building contractors *(Note 13(a))*	**1,069**	1,064
Accrued salaries and other operating expenses	**9,814**	6,998
Accrued interest expense	**506**	1,424
Deposits received on sale of properties	**1,840**	1,202
Rental deposits received on investment properties	**422**	428
Amounts payable on return of properties	**6,528**	4,105
Provision *(Note 13(c))*	**995**	2,310
Other payables	**3,005**	1,864
	24,179	19,395

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

(a) Ageing analysis

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

	2012	2011
	HK$'000	*HK$'000*
Over 360 days past due	**1,069**	1,064

(b) Currency analysis

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

	2012	2011
	HK$'000	*HK$'000*
HK$	**5,442**	6,786
RMB	**18,737**	12,609
	24,179	19,395

(c) The movements in the provision during the year are as follows:

	2012	2011
	HK$'000	*HK$'000*
At 1 January	**2,310**	5,473
Exchange differences	**–**	262
Payment during the year	**(1,315)**	(3,425)
At 31 December	**995**	2,310

The balance represents legal costs pay to professional parties for handling the litigations disclosed in Note 18.

14. INTEREST-BEARING BORROWINGS

	2012	2011
	HK$'000	*HK$'000*
Loans from independent third parties payable within 1 year or on demand		
– secured *(Note 14(a))*	**25,543**	5,907
– unsecured *(Note 14(b))*	**–**	1,227
	25,543	7,134

(a) At 31 December 2011, a loan with principal amount of RMB5,000,000 (equivalent to approximately HK$5,907,000) from an independent third party is secured by the shares of the Group's wholly owned subsidiary, Grand Field Property Development (Shenzhen) Company Limited ("Grand Field Shenzhen"). Interest is charged at 25% per annum and repayable within 4 months from the draw down date. In the event that the loan is overdue, interest will be charged at 40% per annum calculated from the draw down date. At 31 December 2011, the loan has been overdue and bear interest at 40% per annum. The overdue loan and overdue interest have been fully repaid during the year ended 31 December 2012.

At 31 December 2012, another loan with principal amount of RMB20,500,000 (equivalent to approximately HK$25,543,000) from an independent third party is secured by the shares of the Group's wholly owned subsidiary, Grand Field Group Limited ("Share Charge"). Interest is charged at 25% per annum and repayable within 1 year from the draw down date. The loan has been drawn down by the Group in three installments in February 2012, March 2012 and May 2012 respectively. In the event that the loan is overdue, interest will be charged at 40% per annum calculated from the draw down date.

In the opinion of the directors, the loan is a short term financing arrangement to meet incidental financial need of the Group. The interest charged on the loan includes a premium for such incidental financing arrangement.

(b) At 31 December 2011, loan from an independent third party of RMB1,000,000 (equivalent to approximately HK$1,227,000) is unsecured. Interest is charged at 3% per month. The loan has been fully repaid during the year ended 31 December 2012.

(c) All of interest-bearing borrowings are denominated in RMB.

15. COMMITMENTS

(a) The Group had the following material commitment at the end of the reporting period:

	2012	2011
	HK$'000	*HK$'000*
Contracted but not provided for:		
Capital contribution to a subsidiary *(Note 15 (a)(i))*	**264,420**	275,392

(i) On 24 January 2011, the Group entered into an agreement with 深圳鈞濠計算機軟件開發有限公司 and 廣東省紅岭集團有限公司. Pursuant to the agreement, a PRC company, 深圳棕科 would be formed to develop a parcel of land in Shenzhen (the "Shenzhen Land"). 深圳棕科 was incorporated on 30 March 2011. The registered capital of 深圳棕科 is RMB450,240,000 (equivalent to approximately HK$552,442,000), to which the Group agreed to contribute RMB225,120,000 (equivalent to approximately HK$276,221,000), representing 50% of the registered capital of 深圳棕科. At 31 December 2011, deposit paid for investment in a subsidiary represented a total cash contribution of approximately RMB675,000 (equivalent to approximately HK$829,000) contributed to 深圳棕科 by the Group.

On 3 June 2012, 深圳棕科 has been approved to amend its capital injection pattern and capital injection timetable, in which the cash contribution portion was changed from approximately RMB135,072,000 to RMB329,052,000. The Group was required to contribute the capital by way of transfer of the Group's 50% interest in the Shenzhen Land and cash contribution of approximately RMB164,526,000 to 深圳棕科.

On 6 June 2012 and 23 July 2012, the Group had made further cash capital injections of approximately RMB5,006,000 and RMB5,034,000 to 深圳棕科, respectively. In accordance with the Memorandum and Association of 深圳棕科 and a supplementary agreement entered between the Group and 深圳鈞濠計算機軟件開發有限公司 and 廣東省紅岭集團有限公司, the Group shall appoint two of three of the board of directors of 深圳棕科. In view of the above, the Directors determined that the Group has obtained the control effectively by controlling the majority of the board of 深圳棕科 and holds 50% of the shareholding of 深圳棕科. Hence, 深圳棕科 become a subsidiary of the Group thereafter.

At 31 December 2012, the Group has contributed cash portion of approximately RMB10,715,000 (equivalents to approximately HK$13,167,000) (2011: RMB675,000 (equivalent to approximately HK$829,000)) to 深圳棕科.

(b) Capital commitments outstanding at the end of the reporting period not provided for in the consolidated financial statements:

	2012	2011
	HK$'000	*HK$'000*
Contracted but not provided for:		
Property development expenditures	**459**	456

(c) As lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases are payable which fall due as follows:

	2012	2011
	HK$'000	*HK$'000*
Within one year	**846**	572
In the second to fifth year inclusive	**524**	763
	1,370	1,335

The Group leases two office premises under operating leases. The leases typically run for an initial period of 3 years (2011: 3 years), at the end of which period all terms are negotiated. None of the leases include contingent rentals.

(d) As lessor

Property rental income earned during the year was approximately HK$3,070,000 (2011: HK$1,763,000).

At the end of the reporting period, the Group had contracted with tenants for the following minimum lease payments:

	2012	2011
	HK$'000	*HK$'000*
Within one year	**1,376**	1,257
In the second to fifth year inclusive	**1,957**	2,618
	3,333	3,875

The Group leases its investment properties (Note 10) under operating lease arrangements which run for an initial period of one to seven years (2011: one to eight years), with an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Group and the respective tenants. The properties are expected to generate rental yields of 2.1% (2011: 2.5%) on an ongoing basis.

16. DIVIDENDS

No dividend was paid or proposed for the year ended 31 December 2012, nor has any dividend been proposed since the end of the reporting period (2011: Nil).

17. SHARE CAPITAL

The Company	**2012** Number of shares	Amount	2011 Number of shares	Amount
	('000)	***HK$'000***	*('000)*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.02 each				
At 1 January and 31 December	**5,000,000**	**100,000**	5,000,000	100,000
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. LITIGATIONS AND CONTINGENT LIABILITIES

(i) On 6 June 2008, the Company was served with an originating summons ("Originating Summons") issued on 4 June 2008 under High Court Miscellaneous Proceedings No. 1059 of 2008 by Mr. Tsang Wai Lun Wayland ("Tsang"), a former director and shareholder of the Company, as the plaintiff and the Company as the defendant under section 168BC of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong). In the Originating Summons which was amended on 26 February 2009 ("the Amended Originating Summons"), Tsang seeks relief from the High Court of Hong Kong for, inter alia, leave to bring proceedings on behalf of the Company against its 8 then directors, namely, Chu King Fai ("Chu"), Huang Bing Huang ("Huang"), Au Kwok Chuen Vincent ("Au"), Hwang Ho Tyan ("Hwang"), Zhao Juqun ("Zhao"), Yang Biao ("Yang"), Wong Yun Kuen ("Wong") and Mok King Tong ("Mok"). Upon hearing the Amended Originating Summons on 25 and 26 February 2009, the court granted leave to Tsang on 26 February 2009 to bring a statutory derivative action on behalf of the Company against the aforesaid 8 then directors with costs of the application in respect of the Amended Originating Summons be deferred with liberty to apply.

(ii) Pursuant to statutory leave granted under High Court Miscellaneous Proceedings No. 1059 of 2008, Tsang suing as a shareholder for and on behalf of the Company as the plaintiff issued a writ of summons against the aforesaid 8 then directors as 1st to 8th defendants in the High Court of Hong Kong on 18 March 2009 under High Court Action No. 771 of 2009 ("the Action"). The title of the plaintiff was subsequently amended as the name of the Company by a court order dated 29 March 2011.

In summary, the case is that the 8 then directors (comprising the then board of directors of the Company) were in breach of their fiduciary duties and duties of care owed to the Company as directors in that the following resolutions in respect of the following matters were purportedly passed:

(1) a resolution was purportedly passed by the then board of directors of the Company on or about 14 January 2008 ("the Remittance Resolution") to approve a remittance of HK$50,000,000 (equivalent to RMB44,000,000) to a company in the PRC known as Yuan Cheng Real Estate (Shenzhen) Limited (遠程置業(深圳)有限公司) ("Yuan Cheng"), which was set up as a wholly owned subsidiary of Grand Field Group Limited ("Grand Field HK"), despite questions having been raised specifically over the legality of the formation of Yuan Cheng. Grand Field HK is a wholly owned subsidiary of the Group. Thus, the sum of HK$50,000,000 remitted by the Company to Yuan Cheng may have been put under the control of an unauthorised and unlawful entity.

(2) a resolution was purportedly passed by the then board of directors of the Company on or about 27 May 2008 ("the Yangzhou Project Resolution") to sanction an acquisition of a project known as Yi Zheng Economic Development Zone High Technology Industrial Park (儀征經濟開發區高新技術產業園) from Min Tai Development Company Limited (閩泰建設有限公司) at a consideration of HK$88,000,000 with an up-front payment of HK$5,000,000 paid out of the funds of Yuan Cheng.

(3) a resolution was purportedly passed by the then board of directors of the Company on or about 15 March 2008 ("the Management Services Resolution") to sanction the entry of management services agreements by Yuan Cheng with Dongguan City Hua Jia Fu Industry and Trading Limited (東莞市華家富工貿有限公司) and Dongguan City Min Tai Industry and Investment Limited (東莞市閩泰實業投資有限公司), which involve an up-front payment of RMB8,000,000 by Yuan Cheng.

(4) a resolution was purportedly passed by the then board of directors of the Company on or about 27 May 2008 ("the Zhong Cheng Resolution") to sanction the entry of a co-operation framework agreement by Yuan Cheng with a PRC entity known as Shenzhen Zhong Cheng Construction Engineering Company Limited (深圳市中城建設工程有限公司) ("Zhong Cheng"), which required an upfront payment of RMB5,000,000. Yuan Cheng also made 2 subsequent payments to satisfy third parties of the credit worthiness of Zhong Cheng, involving RMB17,000,000.

(5) two resolutions were purportedly passed by Chu, Au, Zhao, Yang, Wong and Mok at a board meeting of the Company on 15 and 20 November 2008 ("the Loan Resolutions") sanctioning Grand Field Property Development (Shenzhen) Company Limited ("Grand Field Shenzhen") to borrow up to RMB50,000,000 purportedly to repay a loan owed to Yuan Cheng and to use the balance as operational capital for the Company. Grand Field Shenzhen is a wholly owned subsidiary of the Group.

Further, alleged loans of RMB33,100,000 were purportedly made by Yuan Cheng to a PRC entity called Shenzhen Hua Ke Nano-Technology Development Company Limited (深圳華科納米技術有限公司) from April to June 2008.

It was the case of Tsang suing in the name of the Company that Yuan Cheng was used as a vehicle in the PRC to channel the HK$50,000,000 for improper purpose not in the interests of and/or with no apparent benefit to the Company and/or to enable the same to be applied for the personal benefit of Chu, his family or related companies. The Company thus has suffered a loss to the extent of HK$50,000,000 as a result of the breach of duties by the 8 then directors to act bona fide in the interests of the Company or to use their powers for a proper purpose.

By reason of the aforesaid, Tsang suing in the name of the Company claims:

(a) damages or equitable compensation in the sum of HK$50,000,000;

(b) an account of all benefits, payments or profits received as a result of the breaches of fiduciary duties by the 8 then directors;

(c) a declaration that the Remittance Resolution, the Yangzhou Project Resolution, the Management Services Resolution, the Zhong Cheng Resolution and the Loan Resolutions passed as board resolutions of the Company were not made bona fide in the interest of the Company;

(d) an order that the Remittance Resolution, the Yangzhou Project Resolution, the Management Services Resolution, the Zhong Cheng Resolution and the Loan Resolutions be set aside; further or alternatively, a declaration that the aforesaid resolutions are invalid, null and void and of no legal effect;

(e) restitution of payment received directly or indirectly by the 8 then directors, or any of them, in breach of their duties;

(f) an injunction against the 8 then directors restraining each of them from continuing as the Company's director and/or exercising the powers as director;

(g) interest;

(h) costs; and

(i) further and/or other relief.

At the date of this publication, Tsang suing in the name of the Company has discontinued the Action against Hwang on 4 August 2010.

The Action was tried at the High Court of Hong Kong from 2 August 2012 with 18 days reserved. Upon commencement of the trial, Tsang suing in the name of the Company has, settled the Action with Zhao, Yang and Mok that Tsang suing in the name of the Company decided not to pursue the Action against Zhao, Yang and Mok and with no order as to costs.

The Action against Au has also reached an out of court settlement on 22 October 2012. Mr. Tsang, the Company and Au have come to a deed of settlement ("Deed of Settlement") to discontinue all further actions against Au and with no order as to costs.

As for the Action against Chu, Huang and Wong, the final submission of the Action was made on 6 September 2012 and completed the hearing on 24 October 2012, hence, no judgment of the Action has been pronounced or handed down as of the reporting date. The 8 then directors have already resigned from the Company. They did not remain with the Company and/or have no relationship with the management of the Company. In the opinion of the Directors, the Amended Originating Summons and the Action will have no material impact on the operations of the Group. The Directors cannot reliably measure the financial impact of the Amended Originating Summons and Action on the Group until the judgment of the Action is pronounced or handed down.

Regarding the above Action, the Company has received a legal letter from the lawyer of Mr. Tsang, in relation to the indemnity claim from the legal costs incurred or owed for the opposite relevant parties in the Action. As no judgment of the Action has been pronounced or handled down by the High Court up to the date of this publication, the potential indemnity claim from Mr. Tsang has not been applied to and allowed by the Court. Because the possibility of the claim is remote until the Court's order is finalised, the Directors consider that the Company should not make any provision of the reimbursement.

(iii) 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 the Directors, the aforesaid legal proceedings will have no material impact on the financial position and operations of the Group.

(iv) Au Kwok Chuen Vincent ("Vincent Au"), 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, Vincent Au has 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.

A provision of HK$296,000 has been made in respect of the case for the year ended 31 December 2010. Pursuant to the Deed of Settlement, the Company shall pay HK$330,000 in full and final settlement of Au's claims against the Company in DCCJ No. 3864 of 2010, such sum payable to Au on or before 15 November 2012 and discontinue all claims against the Company with no order as to costs. The settlement has been made during the year ended 31 December 2012.

(v) According to the PRC Provisional Regulations on Land Appreciation Tax – State Council Order No. 138 (1993) issued on 13 December 1993 by The State Council of the People's Republic of China, the Group is subject to land appreciation tax ("LAT") in the PRC. On 10 November 2005 and 20 October 2005, the local tax authorities of Shenzhen issued the letters, namely Shen Dai Shui Fa [2005] No.521 and 522 and Shen Dai Shui Han [2005] No.110, respectively to commence the levies of the LAT for the property developers with effect from 1 November 2005.

All of the units in Telford Garden Phase I & II, Huanchengxi Road, Buji Town, Long Gang District, Shenzhen, Guangdong Province, the PRC (the "Telford Garden I & II"), which were developed by an indirect wholly owned PRC subsidiary, Grand Field Shenzhen, had been sold before the year ended 31 December 2012. As Telford Garden I & II were developed and started selling since late 1990s, the tax authorities used a special method to calculate the total amount of LAT.

Under a notice issued on 6 September 2010 by 深圳市龍崗區地方稅務局 (the "Notice"), LAT on Grand Field Shenzhen, was calculated at the rates ranging from 5% to 10% of the sales revenue on the respective property development projects. The Group had paid LAT in accordance with the Notice for Telford Garden I & II's units sold during the period from 1 November 2005 to 31 December 2012.

The Directors have consulted an independent legal advisor and concluded that although Grand Field Shenzhen has not commenced the levies of the LAT on Telford Garden I & II, there is low possibility that the LAT prior to 2010 on Telford Garden I & II be levied by the tax authorities.

The Group will seek opinion from legal advisor or professional tax advisor, or communicate with the local tax authorities in Shenzhen to confirm whether there are any outstanding LAT liabilities and how to clear the LAT matters on Telford Garden I & II, if any at all. Should any further LAT be levied on Telford Garden I & II by the tax authorities in Shenzhen, there would be an additional LAT payable and this has not yet been provided for in the consolidated financial statements for the year ended 31 December 2012.

19. COMPARATIVE FIGURES

In order to conform with the current year presentation, certain items in the consolidated income statement and consolidated statement of financial position for the year ended 31 December 2011 and 31 December 2010 have been reclassified.

For the year ended 31 December 2011	Amount originally stated *HK$'000*	Reclassification *HK$'000*	Amount as restated *HK$'000*
Items on consolidated income statement for the year ended 31 December 2011			
Cost of revenue	2,409	115	2,524
Income tax expense	4,067	(115)	3,952

As at 31 December 2011	Amount originally stated *HK$'000*	Reclassification *HK$'000*	Amount as restated *HK$'000*
Items on consolidated statement of financial position at 31 December 2011			
Other receivables, deposits and prepayments	2,484	(930)	1,554
Amount due from a director	–	930	930
Trade and other payables	21,390	(1,995)	19,395
Amounts due to directors	–	2,020	2,020
Amount due to a shareholder	–	90	90
Tax payable	1,071	(115)	956

As at 31 December 2010	Amount originally stated *HK$'000*	Reclassification *HK$'000*	Amount as restated *HK$'000*
Items on consolidated statement of financial position at 31 December 2010			
Other receivables, deposits and prepayments	4,120	(1,221)	2,899
Amount due from a director	–	1,221	1,221
Tax recoverable	374	(374)	–
Trade and other payables	24,259	(1,309)	22,950
Amounts due to directors	–	1,819	1,819
Tax payable	884	(884)	–

20. EVENTS AFTER THE REPORTING PERIOD

Apart from as disclosed elsewhere in the consolidated financial statements, the following significant events took place subsequent to 31 December 2012.

On 22 February 2013, the Group has entered into a supplemental loan agreement with an independent third party (the "Lender") of a RMB20.5 million loan (the "Loan") as disclosed in Note 14(a) for variation and/or extension of the terms of the repayments of the interest-bearing borrowings obtained from the Lender. The salient terms and conditions of the supplemental loan agreement are as follows:

(1) The Lender agrees to vary and extend the respective repayment dates of the Loan with repayment dates in February, March and May 2013, respectively as disclosed in Note 14(a) to 27 November 2013 or such later date as the Group and the Lender may agree further;

(2) an additional daily interest of 5% per annum on the Loan shall be payable from the respective dates of drawdown of the Loan to 26 November 2013 (both days inclusive). Such additional interest together with the last quarter interest of the Loan shall be paid monthly by the Group commencing from 26 April 2013; and

(3) the Share Charge entered into between the Group and the Lender on 20 February 2012 to the Lender as security for repayment of the Loan, interests and other expenses shall remain effective.

EXTRACT OF THE INDEPENDENT AUDITOR’S REPORT

The independent auditor’s report on the consolidated financial statements for the year ended 31 December 2012 has been qualified. An extract of the independent auditor’s report that dealt with the qualification is as follows:

“Basis for qualified opinion

a. Limitation of scope affective opening balances and corresponding figures

The auditor’s opinion on the consolidated financial statements of the Group for the year ended 31 December 2011 (the “2011 Consolidated Financial Statements”), which form the basis for the corresponding figures presented in the current year’s consolidated financial statements, was qualified by the preceding auditor because of the significance of the possible effect of the limitations on the scope to carry out audit procedures to satisfy themselves as to whether the income, expenses, assets, liabilities and related disclosures relating to a subsidiary of the Group, Yuan Cheng Real Estate (Shenzhen) Limited (“Yuan Cheng”) which have been included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the 2011 Financial Statements. Details of the qualified opinion was set out in the independent auditor’s report dated 19 April 2012 issued by the preceding auditor and included in the 2011 Consolidated Financial Statements.

We were not able to obtain sufficient reliable evidence to enable us to assess the scope limitations for the year ended 31 December 2011. Any adjustments found to be necessary to the opening balances as at 1 January 2012 may affect the results, cash flows and related disclosures in the notes to the consolidated financial statements of the Group for the year ended 31 December 2012. The comparative figures for the year ended 31 December 2011 shown in these consolidated financial statements may not be comparable with the figures for the current year.

b. Gain on disposal of subsidiaries

As details in Note 31 to the consolidated financial statements, the Group has disposed of its entire equity interest in Yuan Cheng to an independent third party during the year ended 31 December 2012. Accordingly, the Group has recorded a gain on disposal of Yuan Cheng of approximately HK$5,117,000 for the year ended 31 December 2012. Due to the scope limitation as described above in respect of Yuan Cheng, we were unable to satisfy ourselves as to the accuracy of the carrying value of the net liabilities of Yuan Cheng as at the date of the disposal included in the calculation of the gain on disposal of Yuan Cheng during the year ended 31 December 2012 and as to whether the amount of gain on disposal of subsidiaries has been accurately recorded in the consolidated income statement due to the impact on the scope limitation in Yuan Cheng. Any adjustments to the figure would have a consequential effect on the loss of the Group for the year ended 31 December 2012.

Qualified opinion arising from limitation of scope

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012 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 further qualifying our opinion, we draw attention to the following matters:

(a) We have considered the adequacy of the disclosures made in Note 34(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 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 and the aforesaid legal proceedings will have no material impact on the financial position and operations of the Group.

(b) Regarding the Action as mentioned in Note 34(ii) to the consolidated financial statements, the Company has received a legal letter from the lawyer of Mr. Tsang, in relation to the indemnity claim from the legal costs incurred or owed for the opposite relevant parties in the Action. As no judgment of the Action has been pronounced or handled down by the High Court up to the date of this publication, the potential indemnity claim from Mr. Tsang has not been applied to and allowed by the Court. Because the possibility of the claim is remote until the Court's order is finalised, the Directors consider that the Company should not make any provision of the reimbursement.

(c) As mentioned in Note 2 to the consolidated financial statements, the Group had incurred loss of approximately HK$20,794,000 (2011: HK$11,563,000 (restated)) for the year ended 31 December 2012. This condition indicates 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."

FINANCIAL RESULTS

For the year ended 31 December 2012, the Group's revenue increased by 115.5% to approximately HK$12,106,000 (2011: HK$5,618,000).

During the year, the Group reported a loss attributable to owners of the Company of approximately HK$18,059,000, which was higher than last year's loss of approximately HK$11,563,000 (restated).

BUSINESS REVIEW

In 2012 we saw the economic growth decelerating in some key markets around the globe. New challenges to the global economic recovery continued to cause headaches amongst world leaders, such as the unstable global economy, the widening income inequalities, etc. There was even concern whether China would be able to sustain its reported growth rates in the face of global economic instability as the country was trying to battle inflation.

The economic conditions in China have been challenging under the tight credit conditions. Continued concerns about the systemic impact of the global housing and mortgage markets have contributed to diminished expectations for economic growth. For the real estate sector, it was a relatively quiet period on the legislative front during the first half of 2012, given that the PRC authorities are continuing their effort from 2011 to curb the housing market speculation. The consumers had to contend with shrinking credit, and naturally the market in which our Group's business units operate felt the impact as well.

In light of this market environment and the limited number of transactions, valuation of property (land, work in progress and finished goods) and cost of real estate financing have had our special attention. The challenging market conditions have forced us to take internal measures. These issues have been addressed by the Company's Board.

In spite of all this we closed 2012 with a positive note on the road to resumption. We have been working closely with the HKEx resumption team to ensure the Company was doing everything right as a corporate citizen, and the feedback from the team has been largely promising. With the assistance from the financial advisory company, the Group looks forward to the successful resumption of trading in 2013.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2012, the Group's cash and cash equivalents were approximately HK$13,335,000 (2011: HK$1,415,000) and the percentage of cash and cash equivalent denominated in Hong Kong Dollar ("HK$") and Renminbi ("RMB") was 7% and 93% respectively (2011: 39% and 61%).

The Group had total current assets of approximately HK$63,649,000 (2011: HK$13,543,000), and total current liabilities of approximately HK$53,258,000 (2011: HK$29,637,000). The Group recorded total assets of approximately HK$293,072,000 (2011: HK$280,578,000 (restated)). At 31 December 2012, the Group's total interest-bearing borrowings amounted to approximately HK$25,543,000 (2011: HK$7,134,000), of which HK$25,543,000 was repayable within 1 year (2011: HK$7,134,000).

At 31 December 2012, the percentage of the Group's interest-bearing borrowings denominated in HK$ and RMB was 0% and 100% (2011: 0% and 100%) respectively and such borrowings carried interest rate at 25% per annum (2011: 36% to 40% per annum).

The gearing ratio for 31 December 2012, which was defined to be current liabilities over shareholders' equity, was 24% (2011: 12% (restated)).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's major operations are located in the PRC and the main operational currencies are HK$ and RMB. There was no material exchange rate appreciation of RMB against HK$ in 2012, 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 2012, 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.

CHARGE ON GROUP ASSETS

As at 31 December 2012, the Group had pledged the shares of its wholly owned subsidiary, Grand Field Group Limited, to the lender, Thrive Season Limited for the loan of RMB20,500,000 (equivalent to approximately HK$25,543,000). As at 31 December 2011, the Group has pledged the shares of its wholly owned subsidiary, Grand Field Property Development (Shenzhen) Company Limited, to the Lender, Truth Resource Investments Limited for the loan of RMB5,000,000 (equivalent to HK$5,907,000).

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 2012.

CONTINGENT LIABILITIES

The Group's contingent liabilities are disclosed in Note 18.

SEGMENT INFORMATION

The details of the segment information of the Group are set out in Note 7.

EMPLOYEES

As of the end of 2012, the Group employed 15 employees (2011: 19) and had 9 Directors (2011: 9). The total costs (staff salary & director emolument) for the year amounted to approximately HK$4,862,000 (2011: HK$5,349,000 (restated)). 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

In 2013 our efforts will be geared to various potential investment opportunities. We hold on to the strategy of offering wide-ranging real estate expertise and property-related services in the Shenzhen and Dongguan areas. We are confident that the pooled resources, capabilities, creative talents and vision within the Group can provide the distinguishing features needed to confront the challenges in the year ahead and translate them into added value for our shareholders. The expertise and skills of our Board will play a vital role here. Our well-established market position will provide us with the requisite solid and robust foundation. We are convinced that 2013 will again provide ample opportunities for our Group's business units.

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

During the year ended 31 December 2012, neither the Company nor any of its subsidiaries 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 2012 (2011: nil). No interim dividend was declared for the six months ended 30 June 2012 (2011: nil).

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures. The Company has complied with all the code provisions as set out in the Code on Corporate Governance Practices to the former Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") (the "Old CG Code") from 1 January 2012 to 31 March 2012 and has complied with all the code provisions as set out in Corporate Governance Code and Corporate Governance Report to the existing Appendix 14 of the Listing Rules (the "CG Code") from 1 April 2012 to 31 December 2012 except for the following deviations:

(i) According to the code provision A.2.1 of both the Old CG Code and the CG Code, the roles of the chairman (the "Chairman") and the chief executive officer (the "CEO") should be separate and should not be performed by the same individual.

During the year ended 31 December 2012, the role of the Chairman is performed by Mr. Ma Xuemian but the office of the CEO is vacated. However, the Board will keep reviewing the current structure of the Board from time to time and should candidate with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post as appropriate.

(ii) According to code provision A.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against the directors of the Company. The Company has been looking for appropriate insurance covering the liabilities of the Directors that may arise out of the corporate activities, but has yet been accepted by any insurance company for such insurance arrangement. However, the Company keeps looking for an appropriate insurance at the Company's best efforts.

In addition, due to the difficulties in obtaining information and underlying or supporting documents relating to and constituting the accounting records of Yuan Cheng Real Estate (Shenzhen) Limited（遠程置業（深圳）有限公司）and the Company required additional time to provide appropriate and necessary information to the auditors of the Company to perform and complete their audit, there was a delay in publication of annual results announcement for the year ended 31 December 2011. These constitute the breach of rules 13.49(1) and 13.49(2) of the Listing Rules. Further details can be referred to the announcement dated 29 March 2012.

(iii) According to the code provision A.6.7 of the CG Code, the independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. A non-executive Director and all independent non-executive Directors were unable to attend the annual general meeting of the Company held on 15 June 2012 due to business commitments outside Hong Kong.

(iv) According to the code provision E.1.2 of the CG Code, the Company's management should ensure the external auditor attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence. The former auditors of the Company, Baker Tilly Hong Kong Limited was unable to attend the annual general meeting of the Company held on 15 June 2012 due to other important engagement.

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 (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 2012.

AUDIT COMMITTEE

The audit committee of the Company (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 financial reporting matters including the review of the audited financial statements for the year ended 31 December 2012, with external auditors. There were no disagreements from the auditors of the Company or the Audit Committee in respect of the accounting policies adopted by the Company.

SCOPE OF WORK OF THE PRELIMINARY ANNOUNCEMENT BY AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2012 have been agreed by the Group's auditors, ZHONGLEI (HK) CPA Company Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by ZHONGLEI (HK) CPA Company 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 ZHONGLEI (HK) CPA Company 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 2012 Annual Report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and available on the same websites in due course.

By order of the Board
Grand Field Group Holdings Limited
Ma Xuemian
Chairman

Hong Kong, 26 March 2013

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Ma Xuemian, Mr. Kwok Siu Bun, Ms. Chow Kwai Wa, Anne and Ms. Kwok Siu Wa, Alison; two non-executive Directors, namely Mr. Chen Mudong (with Mr. Lim Francis as alternate) and Mr. Lim Francis; 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.