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 2013

The board (the "Board") of directors (the "Directors") of Grand Field Group Holdings Limited (the "Company") hereby announces the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2013, together with the comparative figures for year 2012 are as follows:

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the year ended 31 December 2013

	Notes	**2013** **HK$'000**	2012 HK$'000
Revenue	*4*	**5,037**	12,106
Cost of revenue		**(2,152)**	(6,976)
Gross profit		**2,885**	5,130
Other revenue	*4*	**445**	306
Other gains and losses	*4*	**1,968**	11,252
Distribution costs		**(481)**	(445)
Administrative expenses		**(37,170)**	(31,446)
Loss from operations		**(32,353)**	(15,203)
Finance cost		**(10,052)**	(5,401)
Fair value loss of derivative instruments		**(3,941)**	–

* *For identification purpose only*

	Notes	2013 HK$'000	2012 HK$'000
Loss before tax		**(46,346)**	(20,604)
Income tax expense	*7*	**(103)**	(190)
Loss for the year	*5*	**(46,449)**	(20,794)
Loss for the year attributable to:			
Owners of the Company		**(40,038)**	(18,059)
Non-controlling interests		**(6,411)**	(2,735)
		(46,449)	(20,794)
Loss per share	*8*		
Basic *(HK cents per share)*		**(1.59)**	(0.72)
Diluted *(HK cents per share)*		**N/A**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013	2012
	HK$'000	*HK$'000*
Loss for the year	**(46,449)**	(20,794)
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	**3,646**	956
Release of exchange reserve upon disposal of subsidiaries	**–**	(4,782)
Total comprehensive loss for the year	**(42,803)**	(24,620)
Total comprehensive loss for the year attributable to:		
Owners of the Company	**(36,625)**	(22,059)
Non-controlling interests	**(6,178)**	(2,561)
	(42,803)	(24,620)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**1,469**	1,457
Investment properties	*9*	**47,000**	46,200
Prepaid premium for land leases		**171,595**	168,180
Properties under development		**13,469**	13,463
Derivative instruments		**5,020**	–
Restricted cash		**–**	123
		238,553	229,423
Current assets			
Completed properties held for sale		**33,049**	41,632
Loan receivables	*10*	**–**	121
Other receivables, deposits and prepayments		**5,198**	6,081
Amount due from a director		**860**	2,227
Tax recoverable		**445**	253
Cash and cash equivalents		**13,646**	13,335
		53,198	63,649
Current liabilities			
Trade and other payables	*11*	**27,706**	24,179
Interest-bearing borrowings	*12*	**9,473**	25,543
Obligation under finance lease due within one year		**162**	154
Amounts due to directors		**4,189**	3,074
Amount due to a related party		**–**	124
Tax payable		**243**	142
Dividend payable		**–**	42
		41,773	53,258
Net current assets		**11,425**	10,391
Total assets less current liabilities		**249,978**	239,814

	Notes	2013 HK$'000	2012 HK$'000
Non-current liabilities			
Obligation under finance lease due after one year		**409**	571
Convertible bonds		**32,207**	–
Deferred tax liabilities		**4,124**	3,999
		36,740	4,570
NET ASSETS		**213,238**	235,244
Capital and reserves			
Share capital	*15*	**50,761**	50,336
Reserves		**148,139**	174,567
Equity attributable to owners of the Company		**198,900**	224,903
Non-controlling interests		**14,338**	10,341
TOTAL EQUITY		**213,238**	235,244

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

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 and property investment.

2. BASIS OF PREPARATION

The Group had incurred loss of approximately HK$46,449,000 for the year ended 31 December 2013. Nevertheless, these consolidated financial statements have been prepared on a going concern basis. The Directors are of the opinion that taking into account of the new financial raised after the reporting period it is appropriate to prepare the consolidated financial statements on a going concern basis.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2013. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below.

(a) Amendments to HKAS 1 "Presentation of Financial Statements"

Amendments to HKAS 1 titled Presentation of Items of Other Comprehensive Income introduce new terminology for 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.

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are 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 have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

(b) HKFRS 12 "Disclosure of Interests in Other Entities"

HKFRS 12 "Disclosure of Interests in Other Entities" specifies the disclosure requirements for subsidiaries, joint arrangements and associates, and introduces new disclosure requirements for unconsolidated structured entities.

The adoption of HKFRS 12 only affects the disclosures relating to the Group's subsidiaries in the consolidated financial statements. HKFRS 12 has been applied retrospectively.

(c) HKFRS 13 "Fair Value Measurement"

HKFRS 13 "Fair Value Measurement" establishes a single source of guidance for all fair value measurements required or permitted by HKFRSs. It clarifies the definition of fair value as an exit price, which is defined as a price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under market conditions, and enhances disclosures about fair value measurements.

The adoption of HKFRS 13 only affects disclosures on fair value measurements in the consolidated financial statements. HKFRS 13 has been applied prospectively.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. REVENUE, OTHER REVENUE AND OTHER GAINS AND LOSSES

The principal activities of the Group are property development 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 and property rental income for the years ended, and is analysed as follows:

	2013	2012
	HK$'000	*HK$'000*
Revenue		
Sales of properties held for sale	**1,986**	9,036
Property rental	**3,051**	3,070
	5,037	12,106
Other revenue		
Interest income on bank deposits	**154**	248
Finance charge from loan receivables	**4**	53
Sundry income	**287**	5
	445	306
Other gains and losses		
Gain on disposal of subsidiaries	**–**	5,966
Fair value (loss)/gain on investment properties	**(637)**	2,313
Net gain on disposal of property, plant and equipment	**–**	1
Reversal of impairment loss on loan receivables	**47**	2,776
Reversal of impairment loss on other receivables, deposits and prepayments	**2,558**	515
Impairment loss on completed properties held for sale	**–**	(319)
	1,968	11,252

5. LOSS FOR THE YEAR

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

	2013	2012
	HK$'000	*HK$'000*
Cost of sales	**2,152**	6,976
Amortisation of prepaid premium for land leases	**6,034**	6,022
Depreciation	**338**	233
Staff costs (including Directors' remuneration):		
– salaries, bonuses and allowances	**4,793**	4,762
– retirement benefits scheme contributions	**140**	100
	4,933	4,862
Auditor's remuneration	**700**	946
Net foreign exchange loss	**309**	716
Operating lease charges on land and buildings	**874**	878

6. 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. Specifically, the Group's reportable operating segments under HKFRS 8 are: (i) property development, (ii) property investment.

(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		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue						
External sales	**1,986**	9,036	**3,051**	3,070	**5,037**	12,106
Segment result	**(35)**	(11,834)	**2,283**	5,383	**2,248**	(6,451)
Interest income on bank deposits					**154**	248
Unallocated income and gains, net					**2,897**	6,482
Unallocated expenses					**(41,593)**	(15,482)
Loss from operations					**(36,294)**	(15,203)
Finance costs					**(10,052)**	(5,401)
Loss before tax					**(46,346)**	(20,604)
Income tax expense					**(103)**	(190)
Loss for the year					**(46,449)**	(20,794)

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		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**218,112**	223,519	**47,000**	46,200	**265,112**	269,719
Unallocated assets					**26,639**	23,353
					291,751	293,072
Segment liabilities	**(1,346)**	(9,580)	**(4,124)**	(4,421)	**(5,470)**	(14,001)
Unallocated liabilities					**(73,043)**	(43,827)
					(78,513)	(57,828)

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 related party and dividend payable).

(c) Other segment information

	Property development		Property investment		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:						
Amortisation of prepaid premium for land leases	**6,034**	6,022	**–**	–	**6,034**	6,022
Reversal of impairment loss on loan receivables	**(47)**	(2,776)	**–**	–	**(47)**	(2,776)
Fair value loss/(gain) on investment properties	**–**	–	**637**	(2,313)	**637**	(2,313)
Impairment loss on completed properties held for sale	**–**	319	**–**	–	**–**	319
Unallocated:						
Depreciation	**–**	–	**–**	–	**338**	233
Gain on disposal of subsidiaries	**–**	–	**–**	–	**–**	(5,966)
Reversal of impairment loss on other receivables, deposits and prepayments	**–**	–	**–**	–	**(2,558)**	(515)
Net gain on disposal of property, plant and equipment	**–**	–	**–**	–	**–**	(1)
Impairment loss on other receivables, deposits and prepayments	**–**	–	**–**	–	**–**	565
Capital expenditure	**–**	–	**–**	–	**–**	1,286

(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:

	2013	2012
	HK$'000	*HK$'000*
Customer A#	**635**	1,920

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.

7. INCOME TAX EXPENSE

	2013	2012
	HK$'000	*HK$'000*
Current tax		
Enterprise Income Tax in the PRC	**–**	–
Land Appreciation Tax in the PRC	**103**	190
	103	190

Hong Kong profits tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the year. Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of subsidiaries of the Company in the PRC is 25% for both years.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax and profit before tax multiplied by the Hong Kong profits tax rate is as follows:

	2013	2012
	HK$'000	*HK$'000*
Loss before tax	**(46,346)**	(20,604)
Notional tax credit on loss before income tax, calculated at the rates applicable to profits in the countries concerned	**(8,756)**	(4,012)
Effect of different tax calculation basis for the PRC property development projects operated by the Hong Kong subsidiaries	**(153)**	77
Tax effect on non-deductible expenses	**10,212**	7,861
Tax effect on non-taxable income	**(1,303)**	(4,363)
Tax effect on tax losses not recognised	**–**	437
Land Appreciation Tax	**103**	190
	103	190

8. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK$40,038,000 (2012: HK$18,059,000) and the weighted average number of ordinary shares approximately of 2,521,993,000 (2012: 2,516,810,000) in issue during the year.

Diluted loss per share

No diluted loss per share for the years ended 31 December 2013 and 2012 is presented as the effects of all convertible notes are anti-dilutive for the years.

9. INVESTMENT PROPERTIES

	2013	2012
	HK$'000	*HK$'000*
Fair value		
At 1 January	**46,200**	70,080
Exchange differences	**1,437**	225
Fair value (loss)/gain on investment properties	**(637)**	2,313
Transfer to completed properties held for sale	**–**	(26,418)
At 31 December	**47,000**	46,200

The fair value of the Group's investment properties ("Properties") at 31 December 2013 and 2012 has been arrived at on the basis of a valuation carried out on that date by Messrs. Roma Appraisals Limited (2012: BMI Appraisals Limited), an independent qualified professional valuers not connected with the Group. Roma 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:

	2013	2012
	HK$'000	*HK$'000*
Long term leases in PRC	**47,000**	46,200

10. LOAN RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Carrying value – secured	**2,971**	3,049
Less: Impairments	**(2,971)**	(2,928)
	–	121
Less: Current portion classified as current assets	**–**	(121)
	–	–

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 on loan receivables

The movement in the accumulated impairment on loan receivables during the year, is as follows:

	2013	2012
	HK$'000	*HK$'000*
At 1 January	**2,928**	5,675
Exchange differences	**90**	29
Reversal of impairment loss recognised	**(47)**	(2,776)
At 31 December	**2,971**	2,928

Included in the Group's loan receivables balance are debtors with aggregate carrying amount of approximately HK$2,971,000 (2012: HK$2,928,000) 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:

	2013	2012
	HK$'000	*HK$'000*
Within one year	**–**	121

11. TRADE AND OTHER PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Trade payables to building contractors	**1,103**	1,069
Accrued salaries and other operating expenses	**10,766**	9,814
Accrued interest expense	**180**	506
Deposits received from the sale of properties	**4,131**	1,840
Rental deposits received from investment properties	**528**	422
Amounts payable on return of properties	**6,848**	6,528
Provision	**–**	995
Other payables	**4,150**	3,005
	27,706	24,179

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

	2013	2012
	HK$'000	*HK$'000*
Over 360 days past due	**1,103**	1,069

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

	2013	2012
	HK$'000	*HK$'000*
HK$	**6,607**	5,442
RMB	**21,099**	18,737
	27,706	24,179

The movements in the provision during the year are as follows:

	2013	2012
	HK$'000	*HK$'000*
At 1 January	**995**	2,310
Payment during the year	**(995)**	(1,315)
At 31 December	**–**	995

12. INTEREST-BEARING BORROWINGS

	2013	2012
	HK$'000	*HK$'000*
Loans from independent third parties payable within 1 year or on demand		
– secured	**9,473**	25,543

At 31 December 2012, a 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 of a supplemental agreement signed between the Company and the independent third party on 22 February 2013 for an extension of the repayment date of the loan to 27 November 2013. An additional interest of 5% per annum has been charged from the draw down dates. The terms and conditions of the supplemental agreement as disclosed in the announcement on 22 February 2013. The overdue loan and overdue interest have been fully repaid by issue of the convertible bonds during the year ended 31 December 2013.

At 31 December 2013, another loan with principal amount of RMB4,500,000 (equivalent to approximately HK$5,724,000) from an independent third party is secured by the completed properties held for sale of the Group's wholly-owned subsidiary. Interest is charged at 1.5% per month and repayable within 1 year from the drawdown date.

At 31 December 2013, loan from two independent third parties of RMB1,000,000 and RMB2,000,000, total RMB3,000,000 (equivalent to approximately HK$3,749,000) is unsecured. Interest is charged at 3% and 2.5% per month respecitvely. The loans are personally guaranteed by a director of the Company, Mr. Ma Xuemian.

All of interest-bearing borrowings are denominated in RMB.

The borrowings bear interest at fixed rates ranging from 18% to 36% per annum (2012: 25%).

13. COMMITMENTS

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

	2013	2012
	HK$'000	*HK$'000*
Contracted but not provided for:		
Capital contribution to a PRC company *(Note)*	**272,700**	264,420

Note: On 24 January 2011, the Group entered into an agreement with Shenzhen Grand Field Computer Software Development Company Limited (深圳鈞濠計算機軟件開發有限公司) ("SZ Computer") and Guangdong Province Hongling Group Company Limited (廣東省紅嶺集團有限公司). Pursuant to the agreement, a PRC company, 深圳棕科 would be formed to develop a parcel of land located at Buji, Shenzhen covering an area of approximately 25,502 square metres and is owned as to 50% by the Group ("Shenzhan Land"). 深圳棕科置業有限公司 ("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.

On 11 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 SZ Computer and Guangdong Province Hongling Group Company Limited (廣東省紅嶺集團有限公司), the Group shall appoint two out of the 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 and 2013, the Group has contributed cash portion of approximately RMB10,715,000 (equivalents to approximately HK$13,167,000) to 深圳棕科.

(b) 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:

	2013	2012
	HK$'000	*HK$'000*
Within one year	**533**	846
In the second to fifth years inclusive	**–**	524
	533	1,370

The Group leases two office premises under operating leases. The leases typically run for an initial period of 3 years (2012: 3 years), at the end of which period all terms are negotiated. None of the lease includes contingent rentals.

(c) As lessor

Property rental income earned during the year was approximately HK$3,051,000 (2012: HK$3,070,000).

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

	2013	2012
	HK$'000	*HK$'000*
Within one year	**1,477**	1,376
In the second to fifth years inclusive	**1,470**	1,957
	2,947	3,333

The Group leases its investment properties *(Note 9)* under operating lease arrangements which run for an initial period of one to seven years (2012: one to seven 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% (2012: 2.1%) on an ongoing basis.

14. DIVIDENDS

The Directors do not recommend the payment of final dividend in respect of the year ended 31 December 2013 (2012: nil). No interim dividend was declared for the six months ended 30 June 2013 (2012: nil).

15. SHARE CAPITAL

	Number of shares *'000*	Amount *HK$'000*
Authorised:		
Ordinary shares of HK$0.02 each		
At 1 January 2012, 31 December 2012 and 2013	5,000,000	100,000
Issued and fully paid:		
At 1 January 2012, 31 December 2012 and 1 January 2013	2,516,810	50,336
Issue of shares for professional fee	21,258	425
At 31 December 2013	2,538,068	50,761

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.

16. 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 an 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 brief, the case was in relation to alleged breach by the 8 then directors (comprising the then board of directors of the Company) of their fiduciary duties and duties of care owed to the Company as directors in respect of the following resolutions 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 wholly owned subsidiary of Grand Field Group Limited (鈞濠集團有限公司) ("GF Group"), despite questions having been raised specifically over the legality of the formation of Yuan Cheng. GF Group 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 unauthorized and unlawful entity.

(2) a resolution was purportedly passed by 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 then board of directors of the Company on or about 15 March 2008 ("the Management Services Resolutions") 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 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 Land Development (Shenzhen) Company Limited(鈞濠房地產開發(深圳)有限公司)("GF Land Development (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, GF Land Development (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 breath 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 Resolutions, 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 directors;

(g) interest;

(h) cost; and

(i) further and/or other relief.

Tsang has discontinued the Action suing against Hwang in the name of the Company 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. 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. However, no judgment of the Action has been pronounced or handed down as of the reporting date. The 8 then directors have already resigned as directors of 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 Action will have no material impact on the operations of the Group. The Directors cannot reliably measure the financial impact of the Originating Summons and Action on the Group until judgment of the Action is pronounced or handed down.

Regarding the above Action, the Company has received a legal letter from the lawyer for Tsang, in relation to an indemnity claim of legal costs incurred by the counterparty in the Action. As no judgment of the Action has been pronounced or handed down by the High Court up to Latest Practicable Date, the potential indemnity claim from Tsang has not been determined by the Court. As such the possibility of this claim is remote until the Court's order is finalised as the Directors therefore consider that the Company should not make any provision for this reimbursement.

Pursuant to the leave granted by High Court on 23rd August, 2013, the Company has instituted an originating summons under High Court Miscellaneous Proceedings No. H.C.M.P. No. 2174/2013 against Huang Binghuang and/or Li Yi for contempt of court as a result of their alleged breach of the Injunction orders grated. This origination summons has yet to be tried.

In the opinion of the Directors, the above action and proceedings have no material impact on the operations of the Group since neither does Huang Binghuang nor Li Yi hold any office in the Group. The Directors cannot reliably measure the financial impact of these proceedings.

(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. On 10 April 2013, the Intermediate People's Court of Dongguan City, Guangdong Province（廣東省東莞市中級人民法院）issued a civil judgment, under which such case was ordered back to the Third People's Court of Dongguan City, Guangdong Province（廣東省東莞市第三人民法院）for retrial. Legal proceedings between Shing Fat Hong and the tenant are still ongoing.

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

(iv) According to the PRC Provisional Regulations on Land Appreciation Tax ("LAT") – 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 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.

The Telford Garden Phase I & II, Huanchengxi Road, Buji Town, Longgang District, Shenzhen, Guangdong Province, the PRC (the "Telford Garden I and II") were developed by an indirect wholly owned PRC subsidiary, GF Land Development (Shenzhen), and started the sales since the late of 1990s. All of the units in Telford Garden I & II had been sold.

Under a notice issued on 6 September 2010 by 深圳市龍崗區地方稅務局 (the "Notice") on LAT to GF Land Development (Shenzhen), the tax authorities used a special method to calculate the total amount of LAT for Telford Garden I & II, in which LAT was calculated at the rates ranging from 5% to 10% of the sales revenue. The Group had paid LAT in accordance with the Notice for Telford Garden I & II, which has been sold.

However, GF Land Development (Shenzhen) did not conduct the LAT clearance with the tax authorities, the Directors have consulted with an independent legal advisor and concluded that the possibility of the LAT on Telford Garden I & II be imposed by the tax authorities is low.

The Group will seek opinion from the legal advisor or professional tax advisor, or will communicate with the local tax authorities in Shenzhen to confirm the current position of the LAT liabilities on Telford Garden I & II and its impact. Should any additional LAT be further imposed on Telford Garden I & II by the tax authorities in Shenzhen, there would be an additional LAT payable. This provision for the LAT has not yet been provided for in the financial statements for the year ended 31 December 2013.

(v) In December 2012, the Company was served with an originating summons instituted by Hongkong Zhongxing Group Co., Limited（香港中興集團有限公司）("HKZX") as plaintiff and the Company as defendant under High Court Miscellaneous Proceedings No. H.C.M.P. No. 3278 of 2013. HKZX seeks leave from the High Court under section 168BC of the Companies Ordinance (Cap. 32 of the Law of Hong Kong) to claim on behalf of the Company against Tsang Wai Lun Wayland and Kwok Wai Man Nancy (hereinafter collectively referred to as "Tsangs"), the former Chairman and executive directors of the Company respectively for their alleged breach of fiduciary duties and claims costs to be paid by the Company on an indemnity basis.

The Company has instructed its solicitors and counsel to oppose the plaintiff's application and the date of trial of this originating summons has yet to be fixed. Since Tsangs have resigned from the Company and have given undertakings not to be involved in the management of the Company, in the opinion of the Directors, the said originating summons will have no material impact on the operations of the Group. The Directors cannot reliably measure the financial impact of the said originating summons until the delivery of result of the said originating summons and the judgment of the intended action instituted by the plaintiff, if leave is granted as claimed.

(vi) The case no.(2013) Shen Long Fa Min San Chu Zi Di No.941(2013)(深龍法民三初字第941號)in which HKZX as plaintiff, relying on, inter alia, a judgment made by Shenzhen Longgang People's Court(深圳市龍崗人民法院)("Longgang Court") in which, the interest of in Shenzhen Land was adjudged frozen instituted a summons ("the Summons") against GF Group (1st Defendant), GF Land Development (Shenzhen) (2nd Defendant), SZ Computer (3rd Defendant) and Guangdong Province Hongling Group Company Limited(廣東省紅嶺集團有限公司)(4th Defendant) for, inter alia, a declaration that the supplemental agreement entered into by SZ Computer and other relevant parties on 3rd July, 2007 for sale and purchase of Shenzhen Land be void.

The 1st and 2nd Defendants are wholly-owned subsidiaries of the Company and the 3rd and 4th Defendants are third parties independent of and not connected with the Group.

The Summons was heard by Longgang Court on 27th February, 2014 and judgment was delivered on 19th March, 2014 in which all the HKZX's claim(s) was dismissed.

Having sought legal advice from the respective PRC and Hong Kong Legal representatives of the Company, the Company will take all necessary steps against HKZX to protect its interest in Shenzhen Land and, if so advised, commence the process of the injection of its interest in Shenzhen Land into 深圳棕科.

As aforesaid, the Directors believe that there is no significant impact on the Group's business operations and financial position at this stage.

(vii) Upon routine check, the Company discovered that there being an outstanding High Court Action No.HCA 2471/2008 instituted in 2008 by the Company as Plaintiff against its former executive directors and current substantial shareholders Mr. Tsang Wai Lun Wayland and Madam Kwok Wai Man Nancy as 1st and 2nd Defendants, Sino Richest Limited, Worldgate Developments Limited, Logistic China Enterprises Limited, Chintex Gas Company Limited and Wong Chi Keung Ivan as 3rd – 7th Defendants for damages in relation to the alleged breach of trust and/or duties owed to the Company by Mr. Tsang and Ms. Kwok as then executive directors of the Company with the assistance of other defendants in dealing with a Chongqing Joint Venture agreement in 2002. This action has stood idle after an Order was made on 23rd October, 2009 regarding costs awarded in favour of the said Worldgate Developments Limited and Logistic China Enterprises Limited against the Company arising from the application for an injunction order against the said Worldgate Developments Limited and Logistic China Enterprises Limited.

Since all outstanding costs orders have been settled, there is no imminent financial impact upon the Company at this stage.

(viii) On 14th January, 2014, the Company as plaintiff has instituted a Writ of Summons under High Court Action HCA 85/2014 against 1st Defendant Li Yi, the sole shareholder of HKZX, a substantial shareholder of the Company, 2nd Defendant, Huang Binghuang, a former executive director of the Company and 3rd Defendant HKZX for the following reliefs:–

(1) A declaration that the sale, assignment and/or transfer of the shares of the 3rd Defendant from the 2nd Defendant to the 1st Defendant ("the Assignment") constitutes a disposition of property by the 2nd Defendant with an intent to defraud creditors and is voidable at the instance of the Plaintiffs being person thereby prejudiced pursuant to section 60 (1) of the Conveyancing and Property Ordinance (Cap. 219);

(2) An order that the Assignment be set aside;

(3) Damages to be assessed;

(4) Interest;

(5) Costs; and

(6) Such further or other relief(s) as this Court may think fit.

The writ of summons has been served upon HKZX on 15th January, 2014. The Company is still waiting for the defence from the defendants therein, if any. As the 2nd Defendant has resigned from the Company and the 1st and 3rd Defendant have not been involved in the Company's management, the Directors are of the opinion that the said action will have no material impact on the operations of the Group. The Directors cannot reliably measure the financial impact of the said writ of summons until the delivery of result thereof.

(ix) The case no. (2013) Shen Luo Fa Min Er Chu Zi Di No. 602((2013)深羅法民二初字第602號) under which Shenzhen Yizhou Hotel Management Co., Ltd. (深圳市益洲酒店管理有限公司) initiated proceedings against, among others, four companies, namely GF Land Development (Shenzhen), Hong Kong Grand Field Group Limited (香港鈞濠集團有限公司), Shenzhen City Liangzi Jingshun Investment Management Co., Ltd. (深圳市量子景順投資管理有限公司), and Huilai County Haoyuan Industrial Co., Ltd. (惠來縣豪源實業有限公司). The hearing time of such case is not yet confirmed and the Directors are unable to assess the impact on the financial position and operations of the Group relating to such case.

(x) The case no. (2013) Shen Long Fa Xing Chu Zi Di No. 26((2013)深龍法行初字第26號) under which Shenzhen Yizhou Hotel Management Co., Ltd. (深圳市益洲酒店管理有限公司) initiated proceedings against Shenzhen Real Estate Ownership Registration Centre. Shenzhen Longgang District People's Court was of the opinion that, in relation to the processing of such case, GF Group and GF Land Development (Shenzhen) possess legal interests and it notified GF Group and GF Land Development (Shenzhen) to participate in the proceedings of such lawsuit as third parties. Such case had been heard before Shenzhen Longgang District People's Court on 13 October 2013, and no judgement has been made so far. Legal proceedings of the case are still ongoing.

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

xi) a) On 19th February, 2014, GF Group received a writ of summons issued at the Luo Hu People's Court Shenzhen City, PRC (hereinafter in this paragraph xi referred to as the "Court") by SZ Computer as plaintiff under case no. Shen Luo Fa Min Er Chu Zi Di No.133 (2014) ((2014)深羅法民二初字第133號) (hereinafter in this paragraph xi referred to as the "China Writ of Summons") against GF Land Development (Shenzhen) as 1st defendant, GF Group as 2nd defendant and Shenzhen City Liangzi Jingshun Investment Management Co., Ltd. (深圳市量子景順投資管理有限公司) as 3rd defendant for repayment of a sum of RMB5,000,000 plus accrued interest calculated up to 2nd December, 2013 for RMB3,500,000 and costs.

The Group denies SZ Computer's allegation(s) and, based on the information and documents in the possession of the Group, the Directors aver that GF Group had in 2008 upon the requests and directions of the said 3rd defendant re-paid in Hong Kong to the said 3rd defendant's nominee HKZX a sum of HK$5,484,000 (equivalent to RMB5,000,000) (hereinafter in this paragraph xi referred to as the "Re-paid Sum") as repayment of all debt(s) previously owed to the said 3rd defendant by GF Group.

The Group has instructed its PRC legal adviser to protect the interest of the Group and Shareholders as a whole and if so advised, file its defence with the Court to contest SZ Computer's claim(s).

b) Having consulted its Hong Kong Legal adviser and was advised, as an alternative and in order to protect the interest of the Group and Shareholders as a whole, GF Group has on 20th February, 2014 issued in High Court of Hong Kong a writ of summons under action no.HCA294/2014 (hereinafter in this paragraph xi referred to as "Hong Kong Writ of Summons") against HKZX as recipient of the Re-paid Sum for recovery thereof and interest thereon which, if successfully recovered, will be used to re-pay the alleged debt(s) claimed by the alleged real creditor, SZ Computer, the plaintiff in the China Writ of Summons.

In the opinion of the Directors, the China Writ of Summons and Hong Kong Writ of Summons will have no material impact on the operations of the Group. However, the Directors cannot reliably measure the financial impact of the China Writ of Summons and Hong Kong Writ of Summons until the respective final judgments thereof shall have been delivered.

Save as disclosed above, in the opinion of the Directors, the aforesaid legal proceedings will have no material impact on the financial position and operations of the Group.

17. EVENTS AFTER THE REPORTING PERIOD

On 17 January 2014, The Company proposed to raise not less than approximately HK$50,761,000 before expenses by issuing not less than 1,269,034,139 Offer Shares to Qualifying Shareholders on the basis of one Offer Share for every two existing Shares held on the Record Date. All relevant procedures of issuing of Offer Shares had been completed before the report date. Detail information please refer to announcements published on 17 January and 7 March 2014 respectively.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

An extract of the independent auditor's report is shown as follows:

Opinion

In our opinion, 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 2013, and of the Group's results 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 disclosures made in Note 16 to the consolidated financial statements concerning the possible outcome of various legal proceedings and other contingent liabilities

FINANCIAL RESULTS

For the year ended 31 December 2013, the Group's revenue decreased by 58% to approximately HK$5,037,000 (2012: HK$12,106,000).

During the year, the Group reported a loss attributable to owners of the Company of approximately HK$40,038,000, which was higher than last year's loss of approximately HK$18,059,000 (restated).

BUSINESS REVIEW

2013 was a year to remember. The Board ended a 53-month stalemate and brought the Company back on the HKEx trading floor, thanks to the contributions from our Board of Directors, our Financial Advisor (Chanceton Financial Group Limited), the HKEX Resumption team, as well as various other professional parties. It has been a constant battle of addressing some long-standing business issues. We believe the Company has responded with energy and skills that enable us to make a significant progress on the road to Resumption.

The successful attempt in raising capital by means of an Open Offer in early 2014 reflects the importance of a well-functioning financial services system. Thanks to the support from our shareholders – your continual support has always played a key role in both driving and supporting growth by providing the capital when it's needed.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2013, the Group's cash and cash equivalents were approximately HK$13,646,000 (2012: HK$13,335,000) and the percentage of cash and cash equivalent denominated in Hong Kong Dollar ("HK$") and Renminbi ("RMB") was 2% and 98% respectively (2012: 7% and 93%).

The Group had total current assets of approximately HK$53,198,000 (2012: HK$63,649,000), and total current liabilities of approximately HK$41,773,000 (2012: HK$53,258,000). The Group recorded total assets of approximately HK$291,751,000 (2012: HK$293,072,000 (restated)). At 31 December 2013, the Group's total interest-bearing borrowings amounted to approximately HK$9,473,000 (2012: HK$25,543,000), of which HK$9,473,000 was repayable within 1 year (2012: HK$25,543,000).

At 31 December 2013, the percentage of the Group's interest-bearing borrowings denominated in HK$ and RMB was 0% and 100% (2012: 0% and 100%) respectively and such borrowings carried interest rate at 18% to 36% per annum (2012: 25% per annum).

The gearing ratio for 31 December 2013, which was defined to be current liabilities over shareholders' equity, was 21% (2012: 24% (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 2013, 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 2013, the Company's issued share capital is HK$50,761,365.56 and the number of its issued ordinary shares is 2,538,068,278 shares of HK$0.02 each in issue.

Details of the movements in share capital of the Company are set out in Note 15.

CHARGE ON GROUP ASSETS

At 31 December 2013, a loan with principal amount of RMB4,500,000 (equivalent to approximately HK$5,724,000) from an independent third party is secured by the completed properties held for sale of the Group's wholly-owned subsidiary.

As at 31 December 2012, the Group had pledged the shares of its wholly owned subsidiary, Grand Field Group Limited ("Share Charge"), to the lender, Thrive Season Limited for a loan of RMB20,500,000 (equivalent to approximately HK$25,543,000). The loan and overdue interest have been fully repaid by issue of the convertible bonds and the Share Charge has been discharged during the year ended 31 December 2013.

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 2013.

CONTINGENT LIABILITIES

The Group's contingent liabilities are disclosed in Note 16.

SEGMENT INFORMATION

The details of the segment information of the Group are set out in Note 6.

EMPLOYEES

As of the end of 2013, the Group employed 23 employees (2012: 15) and had 9 Directors (2012: 9). The total costs (staff salary & director emolument) for the year amounted to approximately HK$4,933,000 (2012: HK$4,862,000 (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

We will continue in 2014 to address the long-standing business issues in Shenzhen and elsewhere in China in order to secure future prosperity by development the Shenzhen land and various other projects. Despite increasingly strict regulations, investment in China's real estate industry, as well as sales totals and prices, still achieved high levels of growth in the past few years. Clearly, as the real estate policy is undergoing a fundamental change, our leaders will seek to avoid causing a massive shock to the market with the implementation of any new policies, considering the impact property has on the overall economy. It is to our belief that any new policy implementation will be gradual and modest.

As the immediate operational business issues are being addressed, our attention can turn increasingly to the strategic judgements that will determine the Company's prosperity and values for shareholders over the next decade. Against this background, the investment choices we make over the next few years will continue to play a critical role on the Company as it seeks to secure long-term returns for shareholders within a framework of rigorous capital discipline. A company like us will often appear to have multiple short-term opportunities to invest, but sustained returns depend on a rigorous investment judgement about the right allocation of capital over time. As we made clear in our Prospectus announcement during our Open Offer earlier this year, this is a discipline that we strictly adhere.

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

During the year ended 31 December 2013, 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 2013 (2012: nil). No interim dividend was declared for the six months ended 30 June 2013 (2012: 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 Corporate Governance Code and Corporate Governance Report to the Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") (the "CG Code") during the year ended 31 December 2013 except for the following deviations:

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

During the year ended 31 December 2013, 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. The Company has been looking for appropriate insurance covering the liabilities of the Directors that may arise out of the corporate activities.

On 30 December 2013, the Company has arranged for appropriate insurance covering the liabilities of the Directors that may arise out the corporate activities, therefore, the Company now complies with the CG Code. The insurance coverage is reviewed on an annual basis.

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 2013, with external auditor. There were no disagreements from the auditor of the Company or the Audit Committee in respect of the accounting policies adopted by the Company.

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 2013 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, 28 March 2014

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.