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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 2011

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 2011, together with the comparative figures for year 2010 are as follows:

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2011 (Expressed in Hong Kong dollars)

	Note	**2011**	2010
		HK$'000	*HK$'000*
Revenues	*3*	**5,618**	4,058
Cost of revenue		**(2,409)**	(2,354)
Gross profit		**3,209**	1,704
Other revenue	*3*	**52**	114
Other net gains and losses	*3*	**14,081**	(9,652)
Distribution costs		**(549)**	(456)
Administrative expenses		**(23,578)**	(19,202)

* *For identification purposes only*

	Note	2011 HK$'000	2010 HK$'000
Loss from operations		**(6,785)**	(27,492)
Finance costs	*5(c)*	**(2,132)**	–
Loss before taxation	*5*	**(8,917)**	(27,492)
Income tax (expense)/credit	*6*	**(4,067)**	2,346
Loss for the year		**(12,984)**	(25,146)
Attributable to:			
Equity shareholders of the Company		**(12,984)**	(25,146)
Loss per share (basic and diluted)	*7*	**(0.52 cent)**	(1.00 cent)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2011 (Expressed in Hong Kong dollars)

	2011	2010
	HK$'000	*HK$'000*
Loss for the year	**(12,984)**	(25,146)
Other comprehensive income		
Exchange differences on translation of financial statements of overseas subsidiaries	**14,976**	6,421
Total comprehensive income/(loss) for the year	**1,992**	(18,725)
Attributable to:		
Equity shareholders of the Company	**1,992**	(18,725)

CONSOLIDATED BALANCE SHEET

as at 31 December 2011
(Expressed in Hong Kong dollars)

	Note	**2011** **HK$'000**	2010 HK$'000
Non-current assets			
Property, plant and equipment		**17,399**	19,018
Investment properties	*8*	**70,080**	60,736
Prepaid premium for land leases		**183,302**	179,445
Properties under development	*9*	**13,463**	12,762
Other financial assets	*10*	**829**	–
Mortgage loan receivables due after one year	*11*	**165**	679
Goodwill	*12*	**–**	–
Restricted cash		**123**	116
		285,361	272,756
Current assets			
Completed properties held for sale		**8,793**	10,401
Mortgage loan receivables	*11*	**413**	771
Other receivables, deposits and prepayments	*13*	**2,484**	4,120
Tax recoverable	*16(a)*	**438**	374
Cash and cash equivalents		**1,415**	1,537
		13,543	17,203
Current liabilities			
Trade and other payables	*14*	**21,390**	24,259
Interest-bearing borrowings	*15*	**7,134**	1,168
Tax payable	*16(a)*	**1,071**	884
Dividend payable		**42**	42
		29,637	26,353
Net current liabilities		**(16,094)**	(9,150)
Total assets less current liabilities		**269,267**	263,606
Non-current liabilities			
Deferred tax liabilities	*16(b)*	**3,979**	310
NET ASSETS		**265,288**	263,296
CAPITAL AND RESERVES			
Share capital	*19*	**50,336**	50,336
Reserves		**214,952**	212,960
TOTAL EQUITY		**265,288**	263,296

Notes:

1 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules governing the Listing of Securities on the Main Board of the Stock Exchange (the "Listing Rules"). A summary of the significant accounting policies adopted by the Group and the Company is set out below.

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

The consolidated financial statements have been prepared on a going concern basis. This may not be appropriate in view of the significant consolidated accumulated losses at 31 December 2011. The Group incurred net loss of approximately HK$12,984,000 (2010: HK$25,146,000) during the year ended 31 December 2011 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$16,094,000 (2010: HK$9,150,000). These conditions indicate the existence of material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, the Group has obtained loan financing in 2012. The Directors are of the opinion that the Group will be able to finance its future working capital and financial requirements given that the Group has been actively seeking prospective investor.

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

2 CHANGES IN ACCOUNTING POLICIES

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

- HKAS 24 (revised 2009), *Related party disclosures*
- Improvements to HKFRSs (2010)
- HK(IFRIC) 19, *Extinguishing financial liabilities with equity instruments*
- Amendments to HK(IFRIC) 14, HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction – Prepayments of a minimum funding requirement

Other than as noted below, the adoption of the new amendments and interpretation had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKAS 24 (revised 2009), Related party disclosures

The revised accounting policy revises the definition of a related party. As a result, the Group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous periods. HKAS 24 (revised 2009) also introduces modified disclosure requirements for government-related entities. This does not impact the Group because the Group is not a government-related entity.

3 REVENUES AND OTHER NET GAINS/(LOSSES)

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

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

	2011	2010
	HK$'000	*HK$'000*
Revenues		
Sales of properties held for sale	**3,855**	1,951
Property rental	**1,763**	1,695
Property management services	**–**	412
Turnover	**5,618**	4,058
Other revenue		
Interest income on bank deposits	**11**	13
Penalty income	**24**	35
Sundry income	**17**	66
	52	114
Other net gains and losses		
Fair value gain/(loss) on investment properties	**6,513**	(9,498)
Net gain on disposal of investment properties	**1,254**	–
Net gain/(loss) on disposal of property, plant and equipment	**2,183**	(51)
Reversal of impairment loss/(impairment loss) on mortgage loan receivables	**2,246**	(106)
Reversal of impairment loss on other receivables, deposits and prepayments, net	**2,086**	3,301
Write-down of completed properties held for sale	**(201)**	(3,298)
	14,081	(9,652)
Total revenues and other net gains and losses	**19,751**	(5,480)

4 SEGMENT REPORTING

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

(a) Segment results, assets and liabilities

Information regarding the Group's reportable segments for the year ended 31 December 2011 is set out below:

	Property development *HK$'000*	**Property rental** *HK$'000*	**Property management** *HK$'000*	**Consolidated** *HK$'000*
Revenue from external customers	**3,855**	**1,763**	**–**	**5,618**
Segment result	**6,558**	**(1,101)**	**–**	**5,457**
Unallocated income and gains, net				**5,513**
Unallocated expenses				**(17,755)**
Loss from operations				**(6,785)**
Finance costs				**(2,132)**
Loss before taxation				**(8,917)**
Income tax expense				**(4,067)**
Loss for the year				**(12,984)**

	Property development HK$'000	Property rental HK$'000	Property management HK$'000	Consolidated HK$'000
Segment assets	222,615	70,080	–	292,695
Unallocated assets				6,209
Total assets				298,904
Segment liabilities	7,886	341	–	8,227
Unallocated liabilities				25,389
Total liabilities				33,616
Other segment information:				
Depreciation	1,747	–	–	1,747
Amortisation of prepaid premium for land leases	6,005	–	–	6,005
Write-down of completed properties held for sale	201	–	–	201
Reversal of impairment loss on mortgage loan receivables	(2,246)	–	–	(2,246)
Reversal of impairment loss on other receivables, deposits and prepayments, net	(2,086)	–	–	(2,086)
Fair value gain on investment properties	–	(6,513)	–	(6,513)
Net gain on disposal of property, plant and equipment	(2,183)	–	–	(2,183)
Net gain on disposal of investment properties	–	(1,254)	–	(1,254)
Capital expenditure	228	–	–	228

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

	Property development *HK$'000*	Property rental *HK$'000*	Property management *HK$'000*	Consolidated *HK$'000*
Revenue from external customers	1,951	1,695	412	4,058
Segment result	(11,242)	(7,798)	391	(18,649)
Unallocated income and gains, net				4,519
Unallocated expenses				(13,362)
Loss from operations				(27,492)
Finance costs				–
Loss before taxation				(27,492)
Income tax credit				2,346
Loss for the year				(25,146)
Segment assets	223,950	60,736	–	284,686
Unallocated assets				5,273
Total assets				289,959
Segment liabilities	13,975	289	–	14,264
Unallocated liabilities				12,399
Total liabilities				26,663

	Property development	Property rental	Property management	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other segment information:				
Depreciation	1,680	–	–	1,680
Amortisation of prepaid premium for land leases	5,561	–	–	5,561
Write-down of completed properties held for sale	3,298	–	–	3,298
Impairment loss on mortgage loan receivables	106	–	–	106
Reversal of impairment loss on other receivables, deposits and prepayments, net	(3,301)	–	–	(3,301)
Fair value loss on investment properties	9,498	–	–	9,498
Net loss on disposal of property, plant and equipment	51	–	–	51
Capital expenditure	273	360	–	633

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

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

Unallocated income included interest income and sundry income.

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

No customers in the segments individually accounted for ten percent or more of the Group's consolidated revenue for the year ended 31 December 2011 (2010: nil).

(b) Geographic information

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

5 LOSS BEFORE TAXATION

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

		2011	2010
		HK$'000	*HK$'000*
(a)	Staff costs (including Directors' emoluments):		
	Salaries, wages and other benefits	**5,291**	5,673
	Contributions to defined contribution retirement plans	**26**	26
		5,317	5,699
(b)	Other items:		
	Amortisation of prepaid premium for land leases	**6,005**	5,561
	Auditor's remuneration	**773**	903
	Business tax and other levies (included in cost of completed properties sold)	**319**	229
	Cost of completed properties sold	**2,409**	2,125
	Depreciation	**1,747**	1,680
	Fair value (gain)/loss on investment properties	**(6,513)**	9,498
	Net gain on disposal of investment properties	**(1,254)**	–
	(Reversal of impairment loss)/impairment loss on mortgage loan receivables	**(2,246)**	106
	Net (gain)/loss on disposal of property, plant and equipment	**(2,183)**	51
	Net foreign exchange losses	**70**	131
	Provision for litigation settlement	**–**	330
	Rental charges under operating leases for office premises	**881**	907
	Reversal of impairment loss on other receivables, deposits and prepayments, net	**(2,086)**	(3,301)
	Write-down of completed properties held for sale	**201**	3,298
	Write-off of property, plant and equipment	**445**	–
	Write-off of other receivables, deposits and prepayments	**542**	–
(c)	Finance costs:		
	Interest on interest-bearing borrowings – wholly repayable within five years	**2,132**	–

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

6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) *Taxation in the consolidated income statement represents:*

	2011	2010
	HK$'000	*HK$'000*
Current tax		
Enterprise Income Tax in the PRC	**–**	58
Land Appreciation Tax in the PRC	**415**	(694)
Deferred tax		
Origination and reversal of temporary differences *(note 16(b))*	**3,652**	(1,710)
	4,067	(2,346)

PRC Enterprise Income Tax for the subsidiaries incorporated in the PRC is calculated at 25% of the estimated assessable profit for the year (2010: 25%).

PRC Enterprise Income Tax for the subsidiaries incorporated in Hong Kong, which have property development investments in the PRC, is calculated at 3% (2010: 3%) of the sales revenue on the respective property development projects.

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

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

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

	2011	2010
	HK$'000	*HK$'000*
Loss before taxation	**(8,917)**	(27,492)
Notional tax credit on loss before taxation, calculated at the rates applicable to profits in the countries concerned	**(1,013)**	(8,110)
Effect of different tax calculation basis for the PRC property development projects operated by the Hong Kong subsidiaries	**579**	1,794
Tax effect on non-deductible expenses	**8,846**	235
Tax effect on non-taxable income	**(6,404)**	(688)
Tax effect on tax losses not recognised	**1,644**	5,117
Land Appreciation Tax	**415**	(694)
Actual tax expense/(credit)	**4,067**	(2,346)

7 LOSS PER SHARE

Basic loss per share is calculated based on the loss attributable to equity shareholders of approximately HK$12,984,000 (2010: HK$25,146,000) and on the weighted average number of 2,516,810,000 (2010: 2,516,810,000) shares in issue during the year.

Diluted loss per share is not presented as there are no diluting events during the years ended 31 December 2011 and 2010.

8 INVESTMENT PROPERTIES

	The Group	
	2011	2010
	HK$'000	*HK$'000*
At 1 January	**60,736**	68,465
Exchange differences	**3,381**	1,409
Additions	**–**	360
Fair value gain/(loss) on investment properties	**6,513**	(9,498)
Disposals	**(550)**	–
At 31 December	**70,080**	60,736

Investment properties of the Group were revalued as at 31 December 2011 and 2010 on an open market value basis calculated using the Comparison Approach assuming sales in their existing states with the benefit of vacant possession and by reference to comparable sales/rental evidence as available in the relevant markets. The valuations were carried out by an independent firm of surveyors, BMI Appraisals Limited.

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

9 PROPERTIES UNDER DEVELOPMENT

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Development and incidental costs	**34,326**	32,036
Interest capitalised	**8,001**	7,459
	42,327	39,495
Less: Provision for impairment loss *(note 9(c))*	**(28,864)**	(26,733)
	13,463	12,762

The carrying amounts of properties under development are analysed below:

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Property development projects with co-operative partner *(note 9(b))*	**–**	–
Property development project on its own	**13,463**	12,762
	13,463	12,762

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

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

(c) A provision for impairment of properties under development, in an aggregate amount of HK$28,864,000, was made as at 31 December 2011 (2010: HK$26,733,000) as, in the opinion of the Directors, the piling and foundation works for which development costs were incurred were no longer useful for contemporary building development.

10 OTHER FINANCIAL ASSETS

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Unlisted investment, at cost	**829**	–

Unlisted investment is the cash capital contribution to 深圳棕科置業有限公司 (“深圳棕科”) *(note 17(a)(i)).*

11 MORTGAGE LOAN RECEIVABLES

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Total loan receivables *(note 11(a))*	**6,253**	8,963
Less: Provision for impairment loss *(note 11(b))*	**(5,675)**	(7,513)
	578	1,450
Less: Current portion classified as current assets	**(413)**	(771)
Balance due after one year	**165**	679

Mortgage loan receivables represent the interest-free loans provided by the Group to the purchasers of properties, which are repayable by instalments as stipulated in the loan agreements. The loans are secured by the purchasers' 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 mortgage loan receivables are denominated in Renminbi ("RMB").

The carrying amounts of the current portions and non-current portions of mortgage loan receivables approximate their fair values. The fair value is determined based on cash flows discounted using the bank borrowings rate of 6.56% per annum (2010: 5.81% per annum).

(a) Maturity analysis

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Total mortgage loans are receivable as below:		
Within one year	**443**	806
In more than one year but less than five years	**5,810**	8,157
	6,253	8,963

(b) Impairment of mortgage loan receivables

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

	The Group	
	2011	2010
	HK$'000	*HK$'000*
At 1 January	**7,513**	8,329
Exchange differences	**408**	176
(Reversal of impairment loss)/impairment loss recognized	**(2,246)**	106
Uncollectable amount written off	**–**	(1,098)
At 31 December	**5,675**	7,513

(c) Mortgage loan receivables that are not impaired

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

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Full performing under credit terms, impaired as discounted	**578**	1,450
Past due and impaired	**–**	–
	578	1,450

12 GOODWILL

	The Group
	HK$'000
Cost:	
At 1 January 2010, 31 December 2010, 1 January 2011 and 31 December 2011	997
Accumulated impairment losses:	
At 1 January 2010, 31 December 2010, 1 January 2011 and 31 December 2011	997
Carrying value:	
At 31 December 2011	–
At 31 December 2010	–

13 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Other receivables	**1,853**	1,746
Deposit for purchase of property *(note 13(b))*	**–**	–
Security deposit for property management services *(note 13(c))*	**–**	–
Amount receivable on sale of investment properties *(note 13(d))*	**–**	1,163
Other deposits and prepayments	**631**	1,211
	2,484	4,120

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

(a) ***Currency analysis***

The carrying amounts of other receivables, deposits and prepayments are denominated in the following currencies:

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Hong Kong dollars	**551**	1,141
Renminbi	**1,933**	2,979
	2,484	4,120

(b) Pursuant to a memorandum entered into with 深圳市寶瀾投資股份有限公司 ("深圳市寶瀾") dated 1 December 2008, the Group's wholly owned subsidiary, Yuan Cheng Real Estate (Shenzhen) Limited ("Yuan Cheng") made a deposit of RMB5,000,000 (equivalent to HK$6,135,000) with 深圳市寶瀾 in connection with a possible property project "華僑新苑" in Shenzhen developed by 深圳市寶瀾. The memorandum sets out a 1-year period, during which Yuan Cheng has an option to purchase the property at a consideration of RMB89,871,700 (equivalent to HK$110,272,000) or to be reimbursed the deposit should Yuan Cheng not proceed with the property purchase. Yuan Cheng has not further proceeded the property purchase.

In the opinion of the Directors, the recoverability of the deposit was uncertain and an allowance of impairment loss of RMB2,300,000 (equivalent to HK$2,614,000) was made as at 31 December 2010. During the year ended 31 December 2011, part of the deposit of RMB2,300,000 (equivalent to HK$2,822,000) has been refunded in cash to the Group and thus an allowance of impairment loss of RMB2,300,000 (equivalent to HK$2,822,000) has been reversed and credited to the consolidated income statement for the year ended 31 December 2011.

(c) On 25 March 2008, Yuan Cheng entered into an agreement with Dongguan City Hua Jia Fu Industry and Trading Limited ("Hua Jia Fu") and Dongguan City Min Tai Industry and Investment Limited ("Dongguan City Min Tai") for provision of property management and consultancy services for a shopping plaza located in Tang Xia Town, Dongguan at an annual fee of RMB1,450,000 for a term of 2 years. Yuan Cheng made a security deposit of RMB8,000,000 (equivalent to HK$9,091,000), which was refundable on expiry of the contract on 31 March 2010.

In the opinion of the Directors, the recoverability of the deposit was uncertain and an allowance of impairment loss of RMB5,900,000 (equivalent to HK$6,705,000) was made as at 31 December 2010. During the year ended 31 December 2011, part of the deposit of RMB2,500,000 (equivalent to HK$2,877,000) has been refunded in cash to the Group and thus an allowance of impairment loss of RMB400,000 (equivalent to HK$491,000) has been reversed and credited to the consolidated income statement for the year ended 31 December 2011.

(d) In 2009, the Group sold investment properties to a third party for a consideration of RMB8,900,000 (equivalent to HK$10,676,000). At 31 December 2011, RMB1,000,000 (equivalent to HK$1,227,000) of the consideration was unsettled. In the opinion of the Directors, the recoverability of the receivable is uncertain and an allowance of impairment loss has been made for this receivable.

14 TRADE AND OTHER PAYABLES

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Trade payables to building contractors *(note 14(a))*	**1,064**	1,008
Accrued salaries and other operating expenses	**8,021**	7,245
Accrued interest expense	**1,424**	–
Accrued legal fees	**1,087**	1,096
Deposits received on sale of properties	**1,202**	1,293
Rental deposits received on investment properties	**428**	350
Receipts in advance	**145**	137
Amounts payable on return of properties	**4,105**	5,821
Provision for litigation settlement *(note 14(c))*	**2,310**	5,473
Other payables	**1,604**	1,836
	21,390	24,259

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

(a) Ageing analysis

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

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Current to 90 days past due	**–**	–
91 to 180 days past due	**–**	–
181 to 360 days past due	**–**	–
Over 360 days past due	**1,064**	1,008
	1,064	1,008

(b) Currency analysis

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

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Hong Kong dollars	**8,896**	8,962
Renminbi	**12,494**	15,297
	21,390	24,259

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

	The Group	
	2011	2010
	HK$'000	*HK$'000*
At 1 January	**5,473**	5,389
Exchange differences	**262**	112
Provision for the year	**–**	330
Payment during the year	**(3,425)**	(358)
At 31 December	**2,310**	5,473

Details of the Group's litigations are disclosed in note 20(a).

15 INTEREST-BEARING BORROWINGS

At 31 December 2011, the interest-bearing borrowings are repayable as follows:

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Loans from third parties payable within 1 year or on demand		
– secured *(note 15(a))*	**5,907**	–
– unsecured *(note 15(b))*	**1,227**	1,168
	7,134	1,168

(a) Loan from 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-bearing at 25% per annum and repayable within 4 months from the draw down date. In the event that the loan is overdue, interest is charged at 40% per annum calculated from the draw down date.

At 31 December 2011, HK$5,907,000 of the loan has been overdue and bears interest at 40% per annum. The loan has been fully repaid in 2012.

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 a third party is unsecured and interest-bearing at 3% per month. At 31 December 2010, loans from third parties were unsecured, interest-bearing at the weighted average effective interest rate of 5.5% per annum.

(c) The carrying amounts of interest-bearing borrowings are denominated in RMB.

16 INCOME TAX IN THE CONSOLIDATED BALANCE SHEET

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

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Enterprise Income Tax payable in the PRC	**605**	573
Land Appreciation Tax payable in the PRC	**28**	(63)
	633	510

Reconciliation to the consolidated balance sheet:

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Tax recoverable	**(438)**	(374)
Tax payable	**1,071**	884
	633	510

(b) Deferred tax assets and liabilities recognised:

The Group

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

	Revaluation of investment properties	
	2011	2010
	HK$'000	*HK$'000*
Deferred tax liabilities arising from revaluation of investment properties:		
At 1 January	**310**	2,013
Exchange differences	**17**	7
Charged/(credited) to the consolidated income statement *(note 6(a))*	**3,652**	(1,710)
At 31 December	**3,979**	310

(c) Deferred tax assets not recognised:

The Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately HK$82,307,000 (2010: HK$75,765,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The unrecognised tax losses will expire during 2012 to 2016 (2010: 2011 to 2015).

17 COMMITMENTS

(a) Capital commitments outstanding at 31 December 2011 not provided for in the consolidated financial statements:

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Contracted but not provided for:		
Capital contribution to a PRC company *(note 17(a)(i))*	**275,392**	–
Property development expenditures	**456**	–

(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 was formed to develop a parcel of leasehold land in Shenzhen, the PRC (the "Shenzhen Land"). The registered capital of 深圳棕科 is RMB450,240,000 (equivalent to HK$552,442,000), to which the Group agreed to contribute RMB225,120,000 (equivalent to HK$276,221,000), representing 50% of the registered capital of 深圳棕科. The Group is to contribute the capital by way of transfer of the Group's 50% interest in the Shenzhen Land, with a carrying amount of HK$169,045,000 in prepaid premium for the land leases as at 31 December 2011, to 深圳棕科 and cash of RMB67,536,000 (equivalent to HK$82,866,000). According to the memorandum of association of 深圳棕科, the cash capital is to be contributed within 2 years after business license is obtained.

At 31 December 2011, the Group has contributed RMB675,000 (equivalent to HK$829,000) of the cash capital *(note 10)*.

(b) At 31 December 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Within one year	572	409
In the second to fifth year inclusive	763	–
	1,335	409

The Group is the lessee in respect of office premises held under operating leases. The leases typically run for an initial period of 3 years, at the end of which period all terms are renegotiated. None of the leases includes contingent rentals.

(c) Properties leased out under operating leases

The Group leases out investment property under operating leases. The leases typically run for an initial period of one to eight years, at the end of which period all terms are renegotiated. None of the leases includes contingent rentals.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Within one year	**1,257**	1,548
In the second to fifth year inclusive	**2,618**	2,977
Over five years	**–**	186
	3,875	4,711

18 DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2011 (2010: HK$nil).

19 SHARE CAPITAL

	2011		2010	
	No. of shares		No. of shares	
	('000)	***HK$'000***	*('000)*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.02 each	**5,000,000**	**100,000**	5,000,000	100,000
Ordinary shares, issued and fully paid:				
At 1 January and 31 December	**2,516,810**	**50,336**	2,516,810	50,336

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

20 CONTINGENT LIABILITIES

(a) Litigation

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

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

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

(ii) Legal proceedings by a tenant

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.

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

Mr. Au Kwok Chuen Vincent, a former executive director of the Company, lodged a claim at the Labour Department against the Company for his salary for the period from 1 May 2009 to 30 September 2009 in the total sum of HK$350,000. On 10 May 2010, Mr. Au formulated a claim at the Labour Tribunal against the Company for a total sum of HK$700,000 being the wages in lieu of notice, the arrear of wages, annual leave pay and severance payment. On 3 June 2010, the case was transferred to be heard at High Court.

A provision of HK$296,000 has been made in respect of the case in prior year. As no judgement has been made as at 31 December 2011, in the opinion of the Directors, no further provision is required to be made for the year.

(b) Sales return of properties sold

In the previous years, the Group had provided mortgage loans to purchasers of the Group's properties, which were interest-free and repayable by monthly instalments in 5 years. Upon default in mortgage payments by these purchasers, the Group shall reach agreement through negotiations with the defaulted purchasers and take over the possession of the relevant properties. In the two financial years of 2011 and 2010, there was no property returned to the Group. At 31 December 2011, there were 149 (2010: 172) properties under which mortgage loans were not yet repaid, with an aggregate contractual sales value of HK$32,880,000 (2010: HK$38,855,000) and the corresponding cost of sales amounting to HK$20,804,000 (2010: HK$24,646,000). In the absence of any reliable information on the probability of loan defaults and property returns, the Directors are unable to estimate the amount of any specific provision against these properties sold in the previous years.

21 SUBSEQUENT EVENTS

Apart from as disclosed elsewhere in the consolidated financial statements, the following significant events took place subsequent to 31 December 2011.

The Group has entered into a loan agreement with Thrive Season Limited ("Thrive Season"), as lender, on 20 February 2012 for a loan facility of RMB41,000,000 (equivalent to HK$50,307,000). In order to obtain the facility, the Group entered into a share charge with Thrive Season on the same day for pledging the shares of Grand Field Group Limited, the Group's wholly owned subsidiary, to Thrive Season. The loan bears interest at 25% per annum and is repayable within 12 months from the draw down date.

FINANCIAL RESULTS

For the year ended 31 December 2011, the Group's revenue [increased] by [38]% to approximately HK$[5,618,000] (2010: HK$4,058,000).

During the year, the Group reported a [loss] attributable to equity shareholders of the Company of approximately HK$[12,984,000], which was [lower] than last year's net loss of approximately HK$25,146,000.

The [loss] of the Group for the year ended 31 December 2011 was mainly attributable to income tax expense and finance cost.

BUSINESS REVIEW

In 2011, the PRC real estate market faced both global economic uncertainties as well as continuous austerity measures on real estate market by the central government. The People's Bank of China raised the interest rates successively on three occasions whereas the RMB benchmark deposit and loan interest rates were also raised on six occasions since the beginning of the year. The shortage of market funding brought uncertainties to the turnover of the enterprise operating funds in the industry. Stringent measures such as limitation in purchasing, loan financing and pricing, and increase in government-subsidized houses supply had resulted corresponding adjustments in market prices and struck the confidence of homebuyers tremendously. The turnover in real estate market saw a dampening growth towards the end of the year. However, market turnover has been recovering since the beginning of 2012.

2011 was a year of reformation for the Group. The lawsuit regarding the "misuse of capital fund amounting to HK$50,000,000" is subject to the judgment by the court upon its hearing. During the year, the Directors and the management of the Group co-operated closely with a renowned financial advisory company in planing and seeking for resumption of trading. They made appropriate arrangements and prepared project development proposal to comply with the requirements on resumption of trading stipulated by The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2011, the Group's cash and bank deposits were approximately HK$[1,415,000] (2010: HK$1,537,000) and the percentage of cash and cash equivalent denominated in Hong Kong Dollar ("HK$") and Renminbi ("RMB") was [39]% and [61]% respectively (2010: 27% and 73%).

The Group had total current assets of approximately HK$[13,543,000] (2010: HK$17,203,000), and total current liabilities of approximately HK$[29,637,000] (2010: HK$26,353,000). The Group recorded total assets of approximately HK$[298,904,000] (2010: HK$289,959,000) and total bank loans and borrowings of approximately HK$[7,134,000] (2010: HK$1,168,000). As at 31 December 2011, the Group's total interest-bearing borrowings amounted to approximately HK$[7,134,000] (2010: HK$1,168,000), of which HK$[7,134,000] was repayable within 1 year (2010: HK$1,168,000), [nil] was repayable from 1-2 years (2010: nil) and [nil] was repayable from 2-5 years (2010: nil).

As at 31 December 2011, the percentage of the Group's interest-bearing borrowings denominated in HK$ and RMB was [0]% and [100]% (2010: 0% and 100%) respectively and such borrowings carried interest rates ranged from [36]% to [40]% per annum (2010: 5.52% to 5.55% per annum).

The gearing ratio for 31 December 2011, which was defined to be net debt over shareholders' equity, was [11]% (2010: 9%).

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 2011, 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 2011, 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 19.

CHARGE ON GROUP ASSETS

As at 31 December 2011, the Group had 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$5,907,000) (31 December 2010: HK$Nil).

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 2011.

CONTINGENT LIABILITIES

The Group's contingent liabilities are disclosed in note 20.

SEGMENT INFORMATION

The details of the segment information of the Group are set out in note 4.

EMPLOYEES

As of the end of 2011, the Group employed 19 employees (2010: 28) and had 9 Directors (2010: 10). The total costs (staff salary & director emolument) for the year amounted to approximately HK$[5,317,000] (2010: HK$5,699,000). The Group's emolument policies are formulated such that the emoluments are made by reference to the performance of individual employees and will be reviewed every year. Apart from basic salary and statutory provident fund scheme, employees will also be offered bonus based on the results of the Group and their individual performance.

PROSPECT

On the ground of the continuous growth in economy and urbanization in China, the Group remains confident about the medium and long-term development of domestic real estate market in China. The Group believes that the austerity measures by the central government are merely temporary adjustments in the long-term market development perspective. However, the adjustments will lay a solid foundation in the future and enable the market to become more mature and stable.

The Group plans to sell its interests in Sunning Plaza and the proceeds are expected to be invested in projects with more development potential. The Group is actively seeking investments in small- and medium-sized real estate projects with potential in the second- and third-tier cities in Mainland China. It is anticipated that it will lay a good foundation for the Group's exploration of revenues in different segments and can generate steady cash flow. The Board expects that the current development of Riviera Garden and Telford Garden Phase 3 will be speeded up. With the co-operation with the financial advisory company, the Group looks forward to the acceptance of resumption proposal by the Stock Exchange and strives to achieve the success of resumption of trading in 2012.

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

During the year ended 31 December 2011, 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 2011 (2010: nil). No interim dividend was declared for the six months ended 30 June 2011 (2010: nil).

CORPORATE GOVERNANCE

The Group has complied with most of the code provisions on Corporate Governance Practices as set out in Appendix 14 Code on Corporate Governance Practices (the "Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the year ended 31 December 2011, except for the deviation from provision A.2.1 of the Code which are explained in the relevant paragraphs as below:

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

During the year ended 31 December 2011, the role of the Chairman was performed by Mr. Ma Xuemian but the role of the CEO was performed by Mr. Chen Mudong until 15 April 2011. This segregation ensures a clear distinction between the Chairman's and the CEO's responsibilities which allows a balance of power between the Board and the management of the Group and ensures their independence and accountability.

However, upon the resignation of Mr. Chen Mudong as the CEO on 15 April 2011, the office of the CEO was vacated. 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.

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 2011.

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 2011, with external auditors. There were no disagreements from the auditors or the Audit Committee in respect of the accounting policies adopted by the Company.

QUALIFIED AUDITORS' OPINION

The auditors' report on the Group's financial statements for the year ended 31 December 2011 contains a qualified opinion which is as follows:

Basis for qualified opinion

Due to the lack of certain accounting books and records of the Group's subsidiary, Yuan Cheng Real Estate (Shenzhen) Limited ("Yuan Cheng") and changes in key management of Yuan Cheng during the year, we were unable to carry out audit procedures to satisfy ourselves as to whether the income, expenses, assets, liabilities and related disclosures relating to Yuan Cheng which have been included in the consolidated financial statements of the Group as stated below, have been accurately recorded and properly accounted for in the consolidated financial statements.

Income and expenses of Yuan Cheng for the year ended 31 December 2011:

	HK$'000
Other net gains	3,313
Distribution expenses	112
Administrative expenses	4,474

Assets and liabilities of Yuan Cheng as at 31 December 2011:

	HK$'000
Trade and other payables	479

There were no other satisfactory audit procedures that we could adopt to obtain sufficient evidence regarding the above matter. Accordingly, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Any adjustments to these figures may have consequential significant effect on the net assets at 31 December 2011 and the loss for the year then ended of the Group.

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 2011 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 30(a)(i) to the consolidated financial statements concerning the possible outcome of various legal proceedings initiated by a former director and shareholder of the Company, Mr. Tsang Wai Lun, Wayland, against 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) As mentioned in note 2(b) to the consolidated financial statements, the Group incurred a consolidated net loss attributable to the equity shareholders of the Company of approximately HK$12,984,000 (2010: HK$25,146,000) for the year ended 31 December 2011, and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$16,094,000 (2010: HK$9,150,000). These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the appropriateness of which is dependent on the Group's ability to generate sufficient working capital to meet its financial requirements. The consolidated financial statements do not include any adjustments that may be necessary should the Group fail to finance its future working capital and financial requirements. We consider that adequate disclosures have been made.

REVIEW OF THE PRELIMINARY ANNOUNCEMENT BY AUDITORS

The figures in respect of the preliminary announcement of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 December 2011 have been agreed by the Group's auditors, Messrs. Baker Tilly Hong Kong Limited, to the amount set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Baker Tilly Hong Kong Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the Company's website (http://www.irasia.com/listco/hk/grandfield/) and the Stock Exchange's website (http://www.hkex.com.hk). The 2011 Annual Report containing all the information required by the Listing Rules will be dispatched to the shareholders and available on the same websites in due course.

By order of the Board
Ma Xuemian
Chairman

Hong Kong, 19 April 2012

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.