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鈞豪集團有限公司*

GRAND FIELD GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 115)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

The board of directors (the “Directors”) (the “Board”) of Grand Field Group Holdings Limited (the “Company”) hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2012 and the comparative figures as set out below:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2012

	<i>Notes</i>	Six months ended 30 June	
		2012	2011
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	4	814	1,820
Cost of sales		—	(1,159)
Gross profit		814	661
Other revenue		38	8
Distribution costs		(38)	(286)
Administrative expenses		(9,823)	(9,908)
Reversal of impairment loss (impairment loss) in respect of other receivables, net		376	(682)
Reversal of impairment loss in respect of loan receivables, net		280	1
Loss from operations		(8,353)	(10,206)
Finance costs	7	(2,026)	(492)

* *For identification purposes only*

		Six months ended 30 June	
		2012	2011
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Loss before tax		(10,379)	(10,698)
Income tax expenses	6	<u>—</u>	<u>—</u>
Loss for the period	7	<u>(10,379)</u>	<u>(10,698)</u>
Loss for the period attributable to owners of the Company	9	<u>(10,379)</u>	<u>(10,698)</u>
Loss per share			
– Basic		(0.41 cents)	(0.43 cents)
– Diluted		<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss for the period	(10,379)	(10,698)
Other comprehensive (expense) income		
Exchange differences arising on translations of foreign operations	<u>(249)</u>	<u>8,726</u>
Total comprehensive expense for the period	<u>(10,628)</u>	<u>(1,972)</u>
Total comprehensive expense attributable to owners of the Company	<u>(10,628)</u>	<u>(1,972)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2012

		30 June 2012	31 December 2011
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		16,741	17,399
Investment properties		43,955	70,080
Prepaid premium for land leases		172,512	183,302
Properties under development		13,463	13,463
Deposit paid for the investment in a subsidiary		6,981	829
Loan receivables due after one year	<i>10</i>	–	165
Goodwill		–	–
Restricted cash		123	123
		<hr/> 253,775	<hr/> 285,361
CURRENT ASSETS			
Completed properties held for sale		42,618	8,793
Loan receivables	<i>10</i>	331	413
Other receivables, deposits and prepayments		1,568	2,484
Tax recoverable		438	438
Bank balances and cash		4,840	1,415
		<hr/> 49,795	<hr/> 13,543
CURRENT LIABILITIES			
Trade and other payables	<i>11</i>	18,570	21,390
Interest-bearing borrowings		25,252	7,134
Tax payable		1,071	1,071
Dividend payable		42	42
		<hr/> 44,935	<hr/> 29,637
NET CURRENT ASSETS (LIABILITIES)		<hr/> 4,860	<hr/> (16,094)
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 258,635	<hr/> 269,267

	30 June	31 December
	2012	2011
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
NON-CURRENT LIABILITIES		
Deferred tax liabilities	<u>3,975</u>	<u>3,979</u>
NET ASSETS	<u>254,660</u>	<u>265,288</u>
CAPITAL AND RESERVES		
Share capital	50,336	50,336
Reserves	<u>204,324</u>	<u>214,952</u>
TOTAL EQUITY	<u>254,660</u>	<u>265,288</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Grand Field Group Holdings Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liabilities. The shares of the Company are listed on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

During the six months ended 30 June 2012, the principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are property development and property investment.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (HK\$), which is the same as the functional currency of the Group.

2 BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

3 PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2011.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Accounting Standards (“HKASs”) issued by the HKICPA.

Amendment to HKFRS 1	First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopter
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets
Amendments to HKFRS 12	Deferred Tax: Recovery of Underlying Assets

The application of the above amendments to HKFRSs and HKASs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied the following new and revised HKASs, HKFRSs, amendments and interpretation that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 cycle ²
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities ²
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ⁴
HKFRS 9	Financial Instruments ⁴
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²
Amendments to HKAS 1	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income ¹
HKAS 19 (as revised in 2011)	Employee Benefits ²
HKAS 27 (as revised in 2011)	Separate Financial Statements ²
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ²
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ³
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition guidance ²

1 Effective for annual periods beginning on or after 1 July 2012

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

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

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

Save as disclosed in the annual report of the Company for the year ended 31 December 2011, the Directors anticipate that the application of the other new and revised standards and amendments issued but not yet effective will have no material impact on the results and financial position of the Group.

4 REVENUE

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, and is analysed as follows:

	Six months ended 30 June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Sales of properties held for sale	–	955
Property rental	814	865
	814	1,820

5 SEGMENT INFORMATION

The following is analysis of the Group's revenue and results by reportable and operating segments:

Six months ended 30 June 2012 (Unaudited)

	Property development	Property rental	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue			
Revenue from external customers	–	814	814
Segment loss	(5,058)	(483)	(5,541)
Unallocated income and gains, net			4
Unallocated expenses			(2,816)
Loss from operations			(8,353)
Finance costs			(2,026)
Loss before tax			(10,379)

Six months ended 30 June 2011 (Unaudited)

	Property development <i>HK\$'000</i>	Property rental <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue			
Revenue from external customers	<u>955</u>	<u>865</u>	<u>1,820</u>
Segment loss	<u>(3,766)</u>	<u>(285)</u>	(4,051)
Unallocated income and gains, net			463
Unallocated expenses			<u>(6,618)</u>
Loss from operations			(10,206)
Finance costs			<u>(492)</u>
Loss before tax			<u>(10,698)</u>

6 INCOME TAX EXPENSES

	Six months ended 30 June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong	-	-
People's Republic of China ("PRC") Enterprise Income Tax	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

PRC Enterprise Income Tax for the subsidiaries incorporated in the PRC is calculated at 25% of the estimated assessable profit for the period (six months ended 30 June 2011: 25%).

PRC Enterprise Income Tax for the subsidiaries incorporated in Hong Kong, which have property development investments in the PRC, is calculated at 3% of the sales revenue on the respective property development projects (six months ended 30 June 2011: 3%).

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises, nor is derived, from Hong Kong in both financial periods. 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.

No provision for deferred tax has been made (six months ended 30 June 2011: HK\$Nil) as there was no temporary difference arisen during the six months ended 30 June 2012.

7 LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging (crediting):

	Six months ended 30 June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Amortisation of prepaid premium for land leases	3,015	2,781
Auditor's remuneration	204	596
Cost of completed properties sold	–	1,059
Depreciation	774	815
Loss on disposal of investment properties	–	14
(Gain) loss on disposal of property, plant and equipment	(1)	2
Net foreign exchange loss	388	42
Rental charges under operating leases for office premises	292	320
Staff costs, including directors' remuneration		
– Salaries and other staff costs	2,001	2,641
– Contributions to defined contribution retirement plans	39	34
	<u> </u>	<u> </u>

Note: The outgoings related to the gross rental income from investment properties for each of the two periods ended 30 June 2012 and 2011 are negligible.

8 DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

9 LOSS PER SHARE

Basic loss per share is calculated based on the loss attributable to owners of the Company for the six months ended 30 June 2012 of approximately HK\$10,379,000 (six months ended 30 June 2011: HK\$10,698,000) and on weighted average number of 2,516,810,000 (six months ended 30 June 2011: 2,516,810,000) shares issued during the six months ended 30 June 2012.

Diluted loss per share is not presented as there are no diluted events during the six months ended 20 June 2012 and 2011.

10 LOAN RECEIVABLES

	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
Total loan receivables, net of accumulated impairment loss	331	578
<i>Less:</i> current portion classified as current assets	<u>(331)</u>	<u>(413)</u>
Balance due after one year	<u><u>–</u></u>	<u><u>165</u></u>

A maturity analysis of loan receivables at the end of the reporting period is as follows:

	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
Total loans receivables as below:		
Within one year	331	443
In more than one year less than five years	<u>–</u>	<u>135</u>
	<u><u>331</u></u>	<u><u>578</u></u>

11 TRADE AND OTHER PAYABLES

	30 June 2012 <i>HK\$'000</i> (Unaudited)	31 December 2011 <i>HK\$'000</i> (Audited)
Trade payables to building contractors	1,064	1,064
Accrued expenses	5,731	10,532
Receipts in advance	6,796	5,735
Provision for litigation settlement	1,027	2,310
Other payables	3,952	1,749
	<hr/>	<hr/>
Total trade and other payables	<u>18,570</u>	<u>21,390</u>

An ageing analysis of trade payables is as follows:

	30 June 2012 <i>HK\$'000</i> (Unaudited)	31 December 2011 <i>HK\$'000</i> (Audited)
Over 1 year	<u>1,064</u>	<u>1,064</u>

12 CONTINGENT LIABILITIES

(a) *Litigation*

- (i) On 6 June 2008, the Company was served with an originating summons (“Originating Summons”) issued on 4 June 2008 under High Court Miscellaneous Proceedings No. 1059 of 2008 by Mr. Tsang Wai Lun Wayland (“Tsang”), a former director and shareholder of the Company, as the plaintiff and the Company as the defendant under section 168BC of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong). In the Originating Summons which was amended on 26 February 2009 (“the Amended Originating Summons”), Tsang seeks relief from the High Court of Hong Kong for, inter alia, leave to bring proceedings on behalf of the Company against its 8 then directors, namely, Chu King Fai (“Chu”), Huang Bing Huang (“Huang”), Au Kwok Chuen Vincent (“Au”), Hwang Ho Tyan (“Hwang”), Zhao Juqun (“Zhao”), Yang Biao (“Yang”), Wong Yun Kuen (“Wong”) and Mok King Tong (“Mok”). Upon hearing the Amended Originating Summons on 25 and 26 February 2009, the court granted leave to Tsang on 26 February 2009 to bring a statutory derivative action on behalf of the Company against the aforesaid 8 then directors with costs of the application in respect of the Amended Originating Summons be deferred with liberty to apply.
- (ii) Pursuant to statutory leave granted under High Court Miscellaneous Proceedings No. 1059 of 2008, Tsang suing as a shareholder for and on behalf of the Company as the plaintiff issued a writ of summons against the aforesaid 8 then directors as 1st to 8th defendants in the High Court of Hong Kong on 18 March 2009 under High Court Action No. 771 of 2009 (“the Action”). The title of the plaintiff was subsequently amended as the name of the Company by a court order dated 29 March 2011.

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

- (1) a resolution was purportedly passed by the then board of directors of the Company on or about 14 January 2008 (“the Remittance Resolution”) to approve a remittance of HK\$50,000,000 (equivalent to RMB44,000,000) to a company in the PRC known as Yuan Cheng Real Estate (Shenzhen) Limited (遠程置業(深圳)有限公司) (“Yuan Cheng”), which was set up as a wholly owned subsidiary of Grand Field Group Limited (“Grand Field HK”), despite questions having been raised specifically over the legality of the formation of Yuan Cheng. Grand Field HK is a wholly owned subsidiary of the Group. Thus, the sum of HK\$50,000,000 remitted by the Company to Yuan Cheng may have been put under the control of an unauthorized and unlawful entity.
- (2) a resolution was purportedly passed by the then board of directors of the Company on or about 27 May 2008 (“the Yangzhou Project Resolution”) to sanction an acquisition of a project known as Yi Zheng Economic Development Zone High Technology Industrial Park (儀征經濟開發區高新技術產業園) from Min Tai Development Company Limited (閩泰建設有限公司) at a consideration of HK\$88,000,000 with an up-front payment of HK\$5,000,000 paid out of the funds of Yuan Cheng.
- (3) a resolution was purportedly passed by the then board of directors of the Company on or about 15 March 2008 (“the Management Services Resolution”) to sanction the entry of management services agreements by Yuan Cheng with Dongguan City Hua Jia Fu Industry and Trading Limited (東莞市華家富工貿有限公司) and Dongguan City Min Tai Industry and Investment Limited (東莞市閩泰實業投資有限公司), which involve an up-front payment of RMB8,000,000 by Yuan Cheng.
- (4) a resolution was purportedly passed by the then board of directors of the Company on or about 27 May 2008 (“the Zhong Cheng Resolution”) to sanction the entry of a co-operation framework agreement by Yuan Cheng with a PRC entity known as Shenzhen Zhong Cheng Construction Engineering Company Limited (深圳市中城建設工程有限公司) (“Zhong Cheng”), which required an upfront payment of RMB5,000,000. Yuan Cheng also made 2 subsequent payments to satisfy third parties of the credit worthiness of Zhong Cheng, involving RMB17,000,000.

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

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

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

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

- (a) damages or equitable compensation in the sum of HK\$50,000,000;
- (b) an account of all benefits, payments or profits received as a result of the breaches of fiduciary duties by the 8 then directors;
- (c) a declaration that the Remittance Resolution, the Yangzhou Project Resolution, the Management Services Resolution, the Zhong Cheng Resolution and the Loan Resolutions passed as board resolutions of the Company were not made bona fide in the interest of the Company;
- (d) an order that the Remittance Resolution, the Yangzhou Project Resolution, the Management Services Resolution, the Zhong Cheng Resolution and the Loan Resolutions be set aside; further or alternatively, a declaration that the aforesaid resolutions are invalid, null and void and of no legal effect;
- (e) restitution of payment received directly or indirectly by the 8 then directors, or any of them, in breach of their duties;

- (f) an injunction against the 8 then directors restraining each of them from continuing as the Company's director and/or exercising the powers as director;
- (g) interest;
- (h) costs; and
- (i) further and/or other relief.

Upon legal advice, Tsang suing in the name of the Company has discontinued the Action against Hwang on 4th August 2010.

The Action is presently being 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, upon legal advice, settled the Action with Zhao, Yang and Mok that Tsang suing in the name of the Company will not pursue the Action against Zhao, Yang and Mok and with no order as to costs. As for the Action against Chu, Huang, Au and Wong, it is scheduled that the final submission of the Action will be made on 6 September 2012, hence, no judgment of the Action has been pronounced or handed down as of the reporting date. The 8 then directors have already resigned from the Company. They did not remain with the Company and/or have no relationship with the management of the Company. In the opinion of the Directors, the Amended Originating Summons and the Action will have no material impact on the operations of the Group. The Directors cannot reliably measure the financial impact of the Amended Originating Summons and Action on the Group until the judgment of the Action is pronounced or handed down.

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

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

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

A provision of HK\$296,000 has been made in respect of the case in prior year. As no judgement has been made as at the date of this interim financial report, in the opinion of the Directors, no further provision is required to be made for the period.

13 COMPARATIVE FIGURES

In order to confirm to the current period presentation, certain items in the condensed consolidated income statement for the six months ended 30 June 2011 have been reclassified.

EXTRACT OF INDEPENDENT AUDITOR'S REVIEW REPORT

The following is an extract of the Independent Auditor's Report on Review of Condensed Consolidated Financial Statements of the Group for the six months ended 30 June 2012:

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Other matters

- (1) The consolidated financial statements of the Group for the year ended 31 December 2011 were audited by another auditor who expressed a qualified opinion on those statements on 19 April 2012.
- (2) Without qualifying our review conclusion, we draw attention that the comparative condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period ended 30 June 2011 and the relevant explanatory notes disclosed in these condensed consolidated financial statements have not been reviewed in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

MANAGEMENT DISCUSSION AND ANALYSIS

1 Business Review

Looking back into the first half of 2012, the gradual recovery of the property market in Shenzhen, downward adjustments in loan interest rates by the central bank on two occasions and the launching of the Shenzhen housing provident fund lending policies in the second half of the year are favorable factors that will undoubtedly bring new hopes to the property market in Shenzhen.

During the first half of 2012, the Group was still striving to rejuvenate and regain its business momentum. The hearing of legal proceedings in respect of the former director's "misuse of fund amounting to HK\$50,000,000" has commenced at the beginning of August 2012 and is entering into the end of hearing. Furthermore, the Directors and management of the Group co-operated closely with a renowned financial advisory company to actively pursue, plan and prepare for complying with the requirements on resumption of trading as stipulated by the Stock Exchange. It is hoped to bring good news to the shareholders of the Company.

2 Financial Review

During the six months ended 30 June 2012, the Group's revenue amounted to approximately HK\$814,000, representing a 55.27% decrease when compared with that of the same period last year. All the Group's revenue were properties rental income.

During the period under review, the Group recorded a net loss attributable to equity shareholders of the Company of approximately HK\$10,379,000 (six months ended 30 June 2011: HK\$10,698,000).

3 Prospects

Through the efforts and co-operation with the financial advisory company, the Group looks forward to the acceptance of its submitted resumption proposal by the Stock Exchange. After obtaining the Stock Exchange's approval on resumption of trading, the Group will actively explore various projects with development potential and accelerate the current development of Riviera Garden and Telford Garden Phase 3. In order to maintain the stability of the cash flow of the Group, other than the active negotiation regarding the financing proposal with potential investors, the Group has aggressively sought investors to dispose of its interests in Sunning Plaza and the constructed projects and units held for sale, thereby laying a sound economic foundation for the Group.

4 Liquidity and financial resources

As at 30 June 2012, the Group's bank balances and cash were approximately HK\$4,840,000 (as at 31 December 2011: HK\$1,415,000). The percentage of bank balances and cash denominated in HKD and RMB were 97.5% and 2.5% respectively (as at 31 December 2011: 39% and 61% respectively).

As at 30 June 2012, the Group recorded total current assets of approximately HK\$49,795,000 (as at 31 December 2011: HK\$13,543,000) and total current liabilities of approximately HK\$44,935,000 (as at 31 December 2011: HK\$29,637,000). The Group recorded total assets of approximately HK\$303,570,000 (as at 31 December 2011: HK\$298,904,000) and the Group's total interest-bearing borrowings amounted to approximately HK\$25,252,000 (as at 31 December 2011: HK\$7,134,000), all of them are repayable within one year.

All of the Group's borrowings for the period under review were denominated in RMB and such borrowings carried interest rates ranged from 25% to 40% (as at 31 December 2011: 36% to 40%).

The Group's gearing ratio, which was calculated on the basis of total borrowings to total assets, was 8.3% as at 30 June 2012 (as at 31 December 2011: 2.4%).

5 Share Capital

	Number of shares	Amount HK\$'000
<i>Authorized:</i>		
Ordinary shares of HK\$0.02 each		
At the beginning and end of period	<u>5,000,000,000</u>	<u>100,000</u>
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.02 each		
At the beginning and end of period	<u>2,516,810,000</u>	<u>50,336</u>

6 Exchange risk

Borrowings and sales and purchases of the Group are generally transacted in Hong Kong Dollar and Renminbi. For the six months ended 30 June 2012, the Group was not subject to any significant exposure to foreign exchange rate risk. Hence, no financial instrument for hedging was employed.

7 Charge on assets

As at 30 June 2012, the Group had pledged the shares of its wholly owned subsidiary, Grand Field Group Limited, to the lender, Thrive Season Limited, for the loan of RMB41,000,000 (equivalent to HK\$50,256,000).

8 Employees

For the six months ended 30 June 2012, the Group employed 22 employees (six months ended 30 June 2011: 25) and appointed 9 directors (six months ended 30 June 2011: 9) and the related staff cost amounted to approximately HK\$2,040,000 (six months ended 30 June 2011: HK\$2,675,000). 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 base salary and statutory provident fund scheme, employees will also be offered discretionary bonus based on the results of the Group and their individual performance. No option under the Company's share option scheme was granted to employee of the Group during the period under review.

9 Material Acquisitions and Disposals

There was no material acquisition or disposal of subsidiaries or associates during the six months ended 30 June 2012.

10 Contingent Liabilities

Details of contingent liabilities are set out in Note 12 to the condensed consolidated financial statements.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

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

Neither the Company nor any of its subsidiaries has repurchased, sold, redeemed or cancelled any of the Company's listed securities during the six months ended 30 June 2012.

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures. The Company has complied with all the code provisions as set out in the Code on Corporate Governance Practices to the former Appendix 14 of the Listing Rules (the "Old CG Code") from 1 January 2012 to 31 March 2012 and has complied with all the code provisions as set out in Corporate Governance Code and Corporate Governance Report to the existing Appendix 14 of the Listing Rules (the "New CG Code") from 1 April 2012 to 30 June 2012 except the code provisions A.2.1 of the Old CG Code and A.1.8 of the New CG Code as disclosed below:

Chairman and Chief Executive Officer

According to the code provision A.2.1 of the Old CG 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 six months ended 30 June 2012, the role of the Chairman is performed by Mr. Ma Xuemian but the office of the CEO is vacated. However, the Board will keep reviewing the current structure of the Board from time to time and should candidate with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post as appropriate.

Directors' and Officers' Liabilities

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

CODE FOR DEALING IN COMPANY'S SECURITIES BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules (the "Model Code").

All Directors, after specific enquiries by the Company, confirmed they have complied with the required standard set out in the Model Code and the said code of conduct during the six months ended 30 June 2012.

AUDIT COMMITTEE

As at 30 June 2012, the audit committee of the Company (the "Audit Committee") currently comprises three independent non-executive Directors, namely Mr. David Chi-ping Chow, Mr. Liu Chaodong and Ms. Chui Wai Hung.

The Board has adopted a set of written terms of reference, which described the authority and duties of the Audit Committee, and the contents of which were revised on 28 March 2012 in compliance with the New CG Code.

The Audit Committee is accountable to the Board and the principal duties of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls. The Audit Committee is also provided with other resources enabling it to discharge its duties fully.

The Audit Committee has reviewed with the management of the Company, the accounting principles and practices adopted by the Group, and has discussed internal controls and financial reporting matters including the review of the unaudited interim financial results for the six months ended 30 June 2012.

REMUNERATION COMMITTEE

As at 30 June 2012, the remuneration committee of the Company (the “Remuneration Committee”) comprises one executive Director, namely Mr. Ma Xuemian and three independent non-executive Directors, namely Mr. Liu Chaodong, Mr. David Chi-ping Chow and Ms. Chui Wai Hung.

The Board has adopted a set of written terms of reference, which described the authority and duties of the Remuneration Committee, and the contents of which were revised on 28 March 2012 in compliance with the New CG Code.

The main responsibilities of Remuneration Committee include reviewing and making recommendation to the Board on the Company’s policies, structure and remuneration packages of Directors and senior management of the Group.

NOMINATION COMMITTEE

As at 30 June 2012, the nomination committee of the Company (the “Nomination Committee”) comprises one executive Director, namely Mr. Ma Xuemian and two independent non-executive Directors, namely Ms. Chui Wai Hung and Mr. Liu Chaodong.

The Board has adopted a set of written terms of reference, which described the authorities and duties of the Nomination Committee, and the contents of which are in compliance with the New CG Code.

The main responsibilities of the Nomination Committee include reviewing the structure, size and composition of the Board (including the skills, knowledge and experience) on a regular basis and making recommendations on any proposed changes to the Board.

CORPORATE GOVERNANCE COMMITTEE

As at 30 June 2012, the corporate governance committee of the Company (the “Corporate Governance Committee”) comprises one executive Director, namely Mr. Ma Xuemian and two independent non-executive Directors, namely Mr. Liu Chaodong and Ms. Chui Wai Hung.

The Board has adopted a set of written terms of reference, which described the authorities and duties of the Corporate Governance Committee, and the contents of which are in compliance with the New CG Code.

The main responsibilities of the Corporate Governance Committee include formulating and reviewing corporate governance policies and practices of the Group and providing recommendations.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This 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 interim 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
Grand Field Group Holdings Limited
Ma Xuemian
Chairman

Hong Kong, 29 August 2012

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