



Grand Field Group Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 115)



Contents

Corporate Information	2
Chairman's Statement	3
Profiles of Directors and Senior Management	8
Corporate Governance Report	11
Directors' Report	16
Independent Auditor's Report	23
Consolidated Income Statement	25
Consolidated Balance Sheet	27
Balance Sheet	29
Statement of Changes in Equity	30
Consolidated Cash Flow Statement	31
Notes to the Financial Statements	33
Five Years Financial Summary	91
Particulars of Properties	92

Corporate Information

EXECUTIVE DIRECTORS

Mr. Chu King Fai (*Chairman*)
Mr. Huang Bing Huang
(*Chief Executive Officer and Chief Operation Officer*)
Mr. Au Kwok Chuen, Vincent
Mr. Chan Sung Wai

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hui Pui Wai, Kimber
Mr. Lum Pak Sum
Dr. Wong Yun Kuen

COMPANY SECRETARY

Madam Leung Lai Si, Rosena

ASSISTANT SECRETARY

Mr. Ira Stuart Outerbridge III

QUALIFIED ACCOUNTANT

Mr. Cheng Mei Chau

AUDIT COMMITTEE/REMUNERATION COMMITTEE

Mr. Lum Pak Sum
Mr. Hui Pui Wai, Kimber
Dr. Wong Yun Kuen

AUTHORIZED REPRESENTATIVES

Mr. Au Kwok Chuen, Vincent
Madam Leung Lai Si, Rosena

REGISTERED OFFICE IN BERMUDA

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 08, 43/F
Far East Finance Centre
16 Harcourt Road, Admiralty
Hong Kong

LEGAL ADVISERS ON BERMUDA LAW

Conyers Dill & Pearman
2901 One Exchange Square
8 Connaught Place
Hong Kong

AUDITORS

Baker Tilly Hong Kong Limited
Certified Public Accountants
12/F China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

PROPERTY VALUERS

BMI Appraisals Limited
Suite 06-12
33/F Shui On Centre
6-8 Harbour Road
Wanchai, Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

The Bank of Bermuda Limited
Bank of Bermuda Building
6 Front Street
Hamilton HM 11
Bermuda

SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Secretaries Limited
26/F Tesbury Centre
28 Queen's Road East
Hong Kong
Stock Code: 0115

PRINCIPAL BANKER

The Bank of East Asia, Limited

WEBSITE

<http://www.irasia.com/listco/hk/grandfield/>

Chairman's Statement

On behalf of the board of directors of the Company and its subsidiary companies (the "Group"), I am pleased to present the audited annual report of the Group for the year ended 31 December 2007 to the shareholders.

FINANCIAL RESULTS

For the year ended 31 December 2007, the Group's revenue decreased by 36% to approximately HK\$12,522,000. During the year, the Group reported a loss attributable to equity shareholders of the Company of approximately HK\$48,243,000, which was higher than last year's net loss of approximately HK\$23,799,000. The decrease in revenue for the year ended 31 December 2007 was due to lack of new property for sale, and also due to increase in the return of sold properties from customers who failed to meet their mortgage commitment. Sales return from returned properties amounted to HK\$18,909,000, a 104% increase from previous year.

During the year, revenue from property sales was HK\$10,693,000 (2006: HK\$18,093,000). Revenue from properties rental was HK\$1,829,000 (2006: HK\$1,464,000).

During the year, the Group had made a deferred tax expenses of HK\$6,272,000 (2006: HK\$nil) for the appreciation of the PRC investment property value.

BUSINESS REVIEW

In 2007, the Chinese economy maintained steady growth. However, in weight of mounting pressure of inflation, and surge in prices of various daily necessities and raw materials, the PRC government had to intensify its macroeconomic austerity measures. In the second half of 2007, the domestic property market had been the main target of the austerity measures. As the result, the real estate sector was affected by the tightened credit terms from financial institutions. In Guangzhou and Shenzhen, prices of the properties declined significantly in the fourth quarter of 2007, creating some uncertainties in the cities' markets.

The aforementioned factors had impacted on some of the property buyers, ability to secure mortgage loans and their confidence in satisfying the sale and purchase. The Group's results were thus under pressure.

The Group formed a joint venture company in October 2006 to conduct cultural and carnival events. Due to delay in commencement of the project, it has resulted an impairment loss of HK\$10,154,000 set aside for the project. The Board therefore decided to discontinue the cultural and carnival business at the end of 2007.

Chairman's Statement

The Group's development project in Buji town, Shenzhen has obtained the land title certificate from the relevant authorities. Construction work is expected to commence in 2008. The project has a site area of 26,000 sq.m. and is planned to develop into a 98,000 sq.m. gross floor area of residential and commercial complex.

During the year of 2007, the Group has introduced a number of professional executives to its management team, and restructured its Board of Directors. The Group is committed to strengthen its business management and corporate governance, to lay a solid foundation for its long-term stable development.

PROSPECT

Despite the State government's intensified austerity measures to prevent the overheating economy from the economic growth in Mainland China remains stable. The market generally believes the focus of the State government's austerity measures is shifting from targeting the overheated property sector to rapid upsurge of commodity prices and rising inflation. Demand for properties in the PRC remains strong and continued, development and growth should be beneficial to the Group.

Although the Group reported a net loss during 2007, the Group's three placing during 2007, raising HK\$104,678,000, strengthened its cash on hand, increasing by HK\$70,000,000 at the end of the period, when compared to that at the beginning of the period, and the gearing ratio improved to -8%, reflecting a gradual improvement in the Group's financial position. The Group is actively seeking for market opportunities to boost its profitability and broaden its income base.

The Group's phase III development project Buji town in Shenzhen will commence in 2008. The Group will decide the best timing for the launch of the property in accordance with the properties market movement. The development of this property will provide additional revenue for the Group from property sales and rental.

In addition, Yuan Cheng, a wholly owned subsidiary of the Group, entered into a management business in China services agreement with Dongguan City Hua Jia Fu Industry and Trading Limited (DHJF) and Dongguan City Min Tai Industry and Investment Limited (DCMT), to provide planning, management and consultancy services to DHJF. The contract signified the Group's expansion to commercial, shopping mall and hotel property management business in China. Pursuant to the relevant agreement, the annual management services fees payable to Yuan Cheng will be RMB1,450,000 per annum.

Chairman's Statement

The Management foresees year 2008 will be the turning point of the Group that enters into a new era of development. The consolidation of its strengths under the leadership of the reorganized Board of Directors and the new management team, the Group will strive to enhance its operation scale, brand awareness, workforce and its market position. It will also finetune the responsibilities of its functional departments, to ensure effective implementation of its corporate strategy. In addition, in reactive to market competition, the Group will focus on strengthening its core competitiveness, and to face and accept the challenge brought along by changing environment, to improve its utility in policy execution.

The year 2008 represents a new milestone of the Group's development. The Group has full confidences in its improvement initiatives and in the blueprint of its ambition development courage for innovation, a pragmatic and assiduous attitude, and an emphasis on quality and efficiency. We believe the dedication and efforts of the Board and the staff of the Group will be able to realize the management's vision.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2007, the Group's cash and bank deposits were approximately HK\$71,564,000 (2006: HK\$2,518,000) and the percentage of cash and cash equivalent denominated in Hong Kong Dollar ("HK\$") and Renminbi ("RMB") was 98% and 2% respectively (2006: 12% and 88%).

The Group had total current assets of approximately HK\$100,340,000 (2006: HK\$56,922,000), and total current liabilities of approximately HK\$39,275,000 (2006: HK\$65,591,000). The Group recorded total assets of approximately HK\$439,098,000 (2006: HK\$379,859,000) and total bank loans and borrowings of approximately HK\$15,062,000 (2006: HK\$35,741,000). As at 31 December 2007, the Group's total interest-bearing borrowings amounted to approximately HK\$15,062,000 (2006: HK\$35,741,000), of which HK\$15,062,000 was repayable within 1 year (2006: HK\$33,403,000), HK\$0 was repayable from 1-2 years (2006: HK\$2,338,000) and nil was repayable from 2-5 years (2006: HK\$nil).

As at 31 December 2007, the percentage of the Group's interest-bearing borrowings denominated in HK\$ and RMB was 23% and 77% (2006: 35% and 65%) respectively and such borrowings carried interest rates ranged from 7.25% to 12.6% (2006: 7.25% to 12.6%).

The gearing ratio for 31 December 2007, which was defined to be total borrowings over shareholders' equity, was -8% (2006: 20%).

Chairman's Statement

The Group's major operations are located in the PRC and the main operational currencies are HK\$ and RMB. There was an exchange rate appreciation of RMB against HK\$ for about 7% in 2007, 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.

CHARGE OF ASSETS

Pledged bank deposits as at 31 December 2007 of the Group amounted to approximately HK\$2,090,000 (2006: HK\$9,433,000), of which HK\$2,090,000 (2006: HK\$3,433,000) had been acting as a security for the mortgage loans made available from banks to the buyers of the Group's properties, and there was nil (2006: HK\$1,000,000) as a security for a security instrument issued to the PRC customs authority, and also nil (2006: HK\$5,000,000) acting as a security for the overdraft facility made available from a bank for the working capitals of the carnival business.

Buildings of the Group amounted to approximately HK\$4,641,000 (2006: HK\$34,576,000) had been pledged to banks to secure bank loans and facilities granted to the Group.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

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

CONTINGENT LIABILITIES

The Company had given a corporate guarantee to a bank in respect of fully utilised general banking facilities granted to a subsidiary company amounting to HK\$7,390,000 as at 31 December 2007 (2006: HK\$10,000,000).

EMPLOYEES

As of end of 2007, the Group employed 53 employees (2006: 58) and the staff costs for the year amounted to approximately HK\$6,757,000 (2006: HK\$3,959,000). 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 discretionary bonus based on the results of the Group and their individual performance.

Chairman's Statement

APPRECIATION

On behalf of the Board, I would like to extend our wholehearted gratitude to the Group's employees for their dedication and efforts in servicing the Group for the year as well as to our customers, suppliers, bankers and shareholders for their continued valuable supports.

Chu King Fai

Chairman

Hong Kong, 28 April 2008

Profiles of Directors and Senior Management

(I) DIRECTORS

Executive Directors

Mr. CHU King Fai, aged 46, appointed on 31 January 2008, is the Chairman and Executive Director of the Company. Mr. Chu graduated from the Shenzhen University – Real Estate Management and Administration. Mr. Chu is a member of the 10th and 11th CPPCC National Committee. He is also the vice-president of both the Shenzhen Overseas Chinese International Association and the Promotion of Guangcai. Prior to the joining of the Company, he was the president of The Min Tai Group Co., Ltd..

Mr. HUANG Bing Huang, aged 37, appointed on 5 February 2007, is the Executive Director of the Company. Mr. Huang was also appointed Chief Executive Officer and Chief Operation Officer of the Company in April 2007. He is responsible for the management of property business of the Group. Mr. Huang has been in the architecture and decoration business for more than 11 years and he is specializing in the property development business. Mr. Huang is the managing director of Hongkong Zhongxing Group Co., Limited (a wholly owned company of Mr. Huang) which is currently holding 497,500,000 Company's shares.

Mr. AU Kwok Chuen, Vincent, aged 54, appointed on 16 March 2007, is an Executive Director of the Company. Mr. Au holds MBA qualification, is the Chartered Member of The Chartered Institute of Logistics and Transport, Certified Professional Marketer of Asia, and a member of the Hong Kong Institute of Human Resource Management. Mr. Au has extensive China experience, and is Visiting Professor for universities and colleges in China. He has served a NYSE company as CEO China and Hong Kong and was responsible for Asia Pacific business development. Mr. Au has been senior management at local listed companies for different industries: airlines and railway, car parking, sports and recreation, education, and information technology.

Mr. CHAN Sung Wai, aged 60, appointed on 14 November 2007, is an Executive Director of the Company. Mr. Chan has extensive experience in trading, real property and freight industries. He is a licensed person in security industry and engaged in financial consultation. Mr. Chan also has extensive experience in financial and media business. He has been working for years in the major media companies in Hong Kong, and is responsible for covering, editing and writing commentaries. Mr. Chan has acted as a chief editor of the petroleum magazine and has a comprehensive knowledge on the media industry in the PRC.

Independent Non-Executive Directors

Mr. HUI Pui Wai, Kimber, aged 37, appointed on 4 August 1999, is an Independent Non-Executive Director of the Company. Mr. Hui holds a Bachelor of Arts Degree majoring in Economics and Political Science from The University of New South Wales in Australia. He has over 11 years' experience in the marketing industry.

Mr. LUM Pak Sum, aged 47, appointed on 5 July 2004, is an Independent Non-Executive Director of the Company. Mr. Lum is a professional accountant. He holds a master degree in business administration from the University of Warwick, UK and a LLB (Honor) degree from the University of Wolverhampton, UK. He is currently a fellow member of the Hong Kong Institute of Certified Public Accountants, HK and the Association of Chartered Certified Accountants, UK. He is a registered person with Securities and Futures Commission in Hong Kong. Mr. Lum has over 20 years' experience in the financial field, the money market and capital market. He is also the independent non-executive director of four other listed companies in HK.

Dr. WONG Yun Kuen, aged 50, appointed on 2 September 2004, is an Independent Non-Executive Director of the Company. He received a Ph.D. Degree from Harvard University, and was "Distinguished Visiting Scholar" at Wharton School of the University of Pennsylvania. Dr. Wong has worked in financial industries in the United States and Hong Kong for more than 10 years, and has considerable experience in Corporate Finance, Investment and Derivative Products. He is a member of Hong Kong Securities Institute. Dr. Wong is an executive director of UBA Investments Limited, and an INED respectively of Harmony Asset Limited, Golden Resorts Group Limited, Bauhaus International (Holdings) Limited, Challenger Group Holdings Limited, Superb Summit International Timber Company Limited, Poly Investments Holdings Limited, Climax International Company Limited, ProSticks International Holdings Limited and Kong Sun Holdings Limited. Dr. Wong was an INED of Haywood Investments Limited until July 7, 2005.



Profiles of Directors and Senior Management

(II) QUALIFIED ACCOUNTANT

Mr. CHENG Mei Chau, aged 51, joined the Group as Financial Controller in April 2007. He has over 20 years experience in finance and accounting fields. Mr. Cheng holds a Bachelor's Degree in Management & Marketing from Curtin University of Technology and a Master's Degree in Accounting from Monash University in Australia. He is also an associate member of The Hong Kong Institute of Certified Public Accountants and CPA Australia.

(III) COMPANY SECRETARY

Madam LEUNG Lai Si, Rosena, aged 52, was appointed as the Company Secretary of the Company in April 2007. Madam Leung is a fellow member of The Institute of Chartered Secretaries & Administrators and The Hong Kong Institute of Chartered Secretaries. She has over 30 years of experience in the company secretarial field. Prior to the joining to this Company, she was the company secretary of a company listed on the Main Board of The Stock Exchange of Hong Kong Limited for over 13 years.

Corporate Governance Report

The Group has complied with most of the code provisions on Corporate Governance Practices as set out in Appendix 14 Code on Corporate Governance (“the Code”) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”) throughout the year ended 31 December 2007. This report describes its corporate governance practices and explains the applications of the principles on the Code of the Listing Rules except for the deviations from Code Provision A.4.1 which is explained in the relevant paragraph as below.

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 2007.

BOARD OF DIRECTORS

The Board comprises a total of seven Directors, of whom four are executive Directors and three are Independent Non- executive Directors. More than one third of the Board is Independent Non-executive Directors and one of them has appropriate professional qualifications. Reviews are made regularly of the Board composition to ensure that it has a balance of expertises, skills and experience appropriate for the requirements of the business of the Company. All Independent Non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

The Board, led by the Chairman, is responsible for the approval and monitoring of the Group’s overall strategies and policies; approval of business plans; evaluating the performance of the Group and oversight of management. The Board is also responsible for promoting the success of the Company and its businesses by directing and supervising the Company’s affairs. One of the important roles of the Chairman is to provide leadership to the Board to ensure the Board acts in the best interests of the Group.

The Board delegates day-to-day operations of the Group to executive Directors and senior management while reserving certain key matters for the Board’s approval. Decisions of the Board are put through to the management by the executive Directors who have attended the Board meetings.

Corporate Governance Report

During the year ended 31 December 2007, twenty-two Board meetings were held. The attendance records of each director at such meetings is set out below:

Directors	Attendance
Executive Directors:	
Tsang Wai Lun, Wayland	9/22
Huang Bing Huang	17/22
Kwok Wai Man, Nancy	9/22
Siu King Nin, Peter	6/22
Hwang Ho-Tyan	9/22
Wong King Lam, Joseph	16/22
Au Kwok Chuen, Vincent	17/22
Chan Sung Wai	3/22
Independent Non-executive Directors:	
Hui Pui Wai, Kimber	15/22
Lum Pak Sum	16/22
Wong Yun Kuen	16/22

Minutes of Board/committee members would be maintained, and draft minutes would be circulated to all Directors members for comments before being approved by the Chairman. Minutes of the Board meetings are kept by the Company Secretary and shall open for inspection by Directors. Minutes of the Audit Committee and the Remuneration Committee are kept by the secretary of these two Committees. Where Directors have a material or conflict of interests in any transaction discussed in the Board meeting would not be dealt with by way of written resolutions. The Directors concerned could express views but would not be counted as part of the quorum and shall abstain from voting on the relevant resolutions.

All Directors have access to the Company Secretary who is responsible for ensuring that the Board procedures are complied with and for advising the Board on compliance matter.

CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER (“CEO”)

Under the code provision A2.1 of the Code stipulates that the role of both the Chairman and CEO should be separate and should not be performed by the same individual. During the year ended 31 December 2007, there is a clear division of responsibilities between the Chairman and the CEO, in that the Chairman bears primary responsibility for the functioning of the Board, by ensuring its effective operation, while the CEO is authorised and responsible for the management of the day-to-day business of the Group as well as the implementation of the strategies approved by the Board.

NON-EXECUTIVE DIRECTORS

Under the code provision A4.1 of the Code, the appointment of independent non-executive directors should have been appointed for a specific term.

During the year ended 31 December 2007, the Independent Non-executive Directors were not appointed for any specific terms as they are subject to retirement by rotation and re-election at the Company’s annual general meeting in accordance with the Company’s Bye-Laws.

REMUNERATION COMMITTEE

The remuneration committee of the Company comprised of three Independent Non-executive Directors, namely Mr. Lum Pak Sum (“Mr. Lum”), Mr. Hui Pui Wai, Kimber (“Mr. Hui”) and Dr. Wong Yun Kuen (Dr. Wong) was established in 2005 with written terms of reference in compliance with the requirement stipulated in the Code of the Listing Rules. The full terms of reference of the remuneration committee are available on the Company’s website.

The principal responsibilities of the remuneration committee include making recommendations to the Board on the Company’s policy and structure for all remuneration of all Directors and senior management on the establishment of a formal and transparent procedure for developing policy on such remuneration; reviewing the specific remuneration packages of all executive Directors and senior management by reference to corporate goals and objective resolved by the Board from time to time; ensuring no Director or any of his associates is involved in deciding his own remuneration and advising shareholders on how to vote with respect to any service contracts of directors that requires shareholder’s approval.

Four remuneration committee meetings were held in 2007 to review the remuneration of Executive Directors and senior management for the financial year ended 31 December 2007 and all the committee members attended the meetings.

Corporate Governance Report

AUDIT COMMITTEE

The audit committee was established with written terms of reference with the requirement stipulated in the Code of the Listing Rules. The full terms of reference of the audit committee are available on the Company's website.

The audit committee has three members comprising three Independent Non-executive Directors, Mr. Lum, Mr. Hui and Dr. Wong and its primary duties are to monitor integrity of the annual report and accounts and half-year report of the Company and to review significant reporting judgements contained in such reports; to review the Group's financial and accounting policies and practices; to review the Group's financial control, internal control and risk management system of the Group with particular regard to their effectiveness and to make recommendations to the Board where the monitoring activities of the committee reveal cause for concern or scope for improvement.

The audit committee held three meetings during the year ended 31 December, 2007. The attendance records of the three meetings are as follows:

Members	Attendance
Lum Pak Sum	3/3
Hui Pui Wai, Kimber	3/3
Wong Yun Kuen	3/3

NOMINATION OF DIRECTORS

In accordance with the Company's Bye-Laws, nomination of directors is determined by the Board with approvals by the shareholders in the general meeting.

INTERNAL CONTROLS

The Board believes that the system of internal controls maintained by the Company's management, which was in place throughout the financial year and up to the date of this report, provides reasonable, but not absolute, assurance against material financial misstatements or loss, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, the compliance with appropriate legislation and regulation and the identification of business risk. The Board is aware that no system of internal controls could provide absolute assurance against the occurrence of material errors, human errors, improper judgement in decision-making, fraud or irregularities.

The Audit Committee has reviewed the internal control system review report conducted by the Company on the effectiveness of the Company's internal controls during the financial year.

EXTERNAL AUDITORS

The external auditors of the Company for the two years ended 2007 and 2006 was Baker Tilly Hong Kong Limited and the auditor's responsibility is to form an independent opinion based on their audit results on the Company's financial statement and to report their opinion to the Company, as a body, and for no other purposes. They do not assume responsibilities towards or accept liability to any other person for the contents of the report of auditors.

The auditor's remuneration for the provision of annual audit services of approximately HK\$550,000 was charged to the Group's income statement for the year ended 31 December 2007 (2006: HK\$350,000). Apart from the provision of annual audit services, the Group's external auditor also performed tax consultancy works and high-level accounting review works to the Group and approximately HK\$40,000 was charged to the Group's income statement for the year ended 31 December 2007 (2006: HK\$30,000).

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

The Company values communication with shareholders and investors. Enquires and suggestions from shareholders or investors are welcomed through the following channels to the Company Secretary:

Telephone number: (852) 2399 0223
Fax number: (852) 2380 1996
Postal address: Unit 08, 43/F
Far East Finance Centre
16 Harcourt Road
Admiralty, Hong Kong
E-mail: gfgcosec@biznetvigator.com
Website: <http://www.irasia.com/listco/hk/grandfield/>

On behalf of the Board

Chu King Fai

Chairman

Hong Kong, 28 April 2008

Directors' Report

The directors have pleasure in presenting their annual report and the audited financial statements of Grand Field Group Holdings Limited (the "Company") and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries of the Company are set out in the note 16 to the financial statements. There have been no significant changes in the nature of the Group's principal activities during the year.

SEGMENT INFORMATION

The Group's turnover and loss from operations are substantially derived from the sales of properties and property rental in the People's Republic of China (the "PRC"). Segment information is therefore presented in the note 4 to the financial statements.

RESULTS

The consolidated results of the Group for the year ended 31 December 2007 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 25 to 90.

INVESTMENT PROPERTIES

The Group revalued all of its investment properties at year end date. The revaluation resulted in a surplus of HK\$7,107,000 (2006: a deficit of (HK\$182,000)), which has been credited/debited directly to the consolidated income statement respectively. The deferred tax arising from the revaluation amounted to HK\$6,272,000 in 2007 (2006: HK\$nil). Details of such revaluation are set out in note 15 to the financial statements.

DIVIDENDS

The directors do not recommend the payment of final dividend in respect of the year ended 31 December 2007 (2006: HK\$nil). No interim dividend was declared for the six months ended 30 June 2007 (2006: HK\$nil).

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of the movements in property, plant and equipment and investment properties of the Group during the year are set out in notes 14 and 15 to the financial statements respectively.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 29(c) to the financial statements.

RESERVES

Details of the movements in reserves of the Group and the Company during the year are set out in the statements of changes in equity on page 30 of the financial statements.

FINANCIAL SUMMARY

A summary of the published results, and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and restated and reclassified as appropriate, is set out on page 91. The summary does not form part of the audited financial statements.

MAJOR PROPERTIES

Details of the major properties of the Group at 31 December 2007 are set out on pages 92 to 96.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, revenue made from the five largest customers of the Group accounted for approximately 26% (2006: 7%) of the Group's turnover, before deducting sales return of properties, for the year. Turnover from the Group's largest customer accounted for approximately 9% (2006: 2%) of the Group's total turnover for the year.

During the year, no construction was performed and thus no major suppliers were identified.

As far as the directors are aware, neither the directors, their associates, nor the shareholders which to the best knowledge of the directors own more than 5% of the Company's issued share capital, had any beneficial interest in the Group's five largest customers and suppliers during the year.

Directors' Report

BANK LOANS AND OTHER BORROWINGS

Details of bank and other borrowings are set out in note 27 to the financial statements.

PURCHASE, SALE REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Chu King Fai (*Chairman*) (Appointed on 31 January 2008)

Mr. Huang Bing Huang (*Chief Executive Officer and Chief Operating Officer*) (Appointed on 5 February 2007)

Mr. Hwang Ho-Tyan (Appointed on 28 August 2007 and Resigned on 31 January 2008)

Mr. Tsang Wai Lun, Wayland (Resigned on 11 July 2007)

Madam Kwok Wai Man, Nancy (Resigned on 11 July 2007)

Mr. Siu King Nin, Peter (Resigned on 31 May 2007)

Mr. Wong King Lam, Joseph (Appointed on 16 March 2007 and Resigned on 31 December 2007)

Mr. Au Kwok Chuen, Vincent (Appointed on 16 March 2007)

Mr. Chan Sung Wai (Appointed on 14 November 2007)

Independent Non-executive Directors

Mr. Hui Pui Wai, Kimber

Mr. Lum Pak Sum

Dr. Wong Yun Kuen

In accordance with clauses 111 and 115 of the Company's Bye-Laws, Mr. Chan Sung Wai, Mr. Chu King Fai, Mr. Hui Pui Wai, Kimber, and Mr. Lum Pak Sum will retire and, being eligible, offer themselves for re-election.

The Company has received annual confirmations of independence from each of the three independent directors of the Company, and as at the date of this report still considers them to be independent.

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Group which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 8 to 10 of the Company's annual report.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

(i) Long positions in shares of the Company

As at 31 December 2007, the interests and long positions of the directors and chief executive in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in the Listing Rules were as follows:

Name of director	Number of ordinary shares held			Total interests	Total interests as percentage of the issued share capital
	Personal interests	Family interests	Corporate interests		
Mr. Huang Bing Huang	-	-	297,500,000 (Note)	297,500,000	11.82%
Mr. Hwang Ho-Tyan	230,000	-	-	230,000	0.01%

Note: These shares are held through Hongkong Zhongxing Group Co., Limited, the entire issued capital of which is owned by Mr. Huang Bing Huang. By virtue of the provision of Part XV of SFO, Mr. Huang Bing Huang is deemed to be interested in the Company's shares in which Hongkong Zhongxing Group Co., Limited is interested.

(ii) Share options in the Company

No share option was outstanding as at balance sheet date.

Directors' Report

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed under the headings "Directors' interests in shares and options" above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors or chief executives of the Company (including their spouses or children under 18 years of age) to have any rights to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS

No director of the Company had a significant beneficial interest, either directly or indirectly, in any contracts of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party during the year or at the end of the year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December, 2007, other than the interests disclosed above in respect of certain directors, so far as is known to the directors, the following parties (other than the directors and chief executives of the Company) had interests of 5% or more in the issued share capital of the Company as recorded in the register required to be kept under Section 336 of SFO:

Name of shareholders	Number of ordinary shares	Percentage of interest
Rhenfield Development Corp.*	679,050,000	26.98%
Worldgate Developments Ltd.	126,000,000	5.01%
Logistics China Enterprises Ltd.	126,000,000	5.01%

*Note: Rhenfield Development Corp. is owned by Mr. Tsang Wai Lun, Wayland and Madam Kwok Wai Man, Nancy in equal shares. Mr. Tsang Wai Lun, Wayland and Madam Kwok Wai Man, Nancy resigned as directors of the Company during the year.

SHARE OPTION SCHEME

On 23 June 2006, the Company adopted a share option scheme (the "Share Option Scheme"), pursuant to which the Board may, at its discretion, grant options to (i) any director, employee, consultant, customer, supplier, business introduction agent, or legal, financial or marketing adviser or contract to any company in the Group or any affiliate; (ii) any discretionary trust the discretionary objects of which include any of the foregoing parties in (i) above. The subscription price for the shares under the Share Option Scheme will be a price determined by the Board in its absolute discretion but shall be not less than the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of offer of the grant, which must be a business day; and (ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of offer of the grant; and (iii) the nominal value of a share.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes shall not exceed 30% of the nominal amount of the issued share capital of the Company from time to time and the maximum number of shares in respect of which options may be granted to each eligible participant shall not exceed 1% of the issued share capital of the Company for the time being in any 12-month period up to and including the date of offer of the grant.

The Share Option Scheme will remain in force for a period of 10 years commencing from the date of adoption of the Scheme from 23 June 2006.

As at 31 December 2007, no option was granted under the Share Option Scheme.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors as at the date of this report, there is sufficient public float of the Company's issued shares as required under the Listing Rules throughout the year ended 31 December 2007.

Directors' Report

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws, or the laws of Bermuda, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

COMPLIANCE

In the opinion of the directors, the Company has complied with the code provisions set out in the Code on Corporate Governance in Appendix 14 of the Listing Rules throughout the year except deviations stated in the Corporate Governance Report on pages 11 to 15.

AUDIT COMMITTEE

The audit committee has reviewed with the management of the Group the accounting principles and practices adopted by the Group and discussed auditing, internal control and financing reporting matters including the review of the audited financial statements for the year ended 31 December 2007, with external auditors. There were no disagreements from the auditors or the audit committee with the accounting policies adopted by the Company.

AUDITORS

Baker Tilly Hong Kong Limited were first appointed as auditors of the Company in 2004 upon retirement of Chu and Chu Certified Public Accountants.

Baker Tilly Hong Kong Limited retire and being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Baker Tilly Hong Kong Limited as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board

Chu King Fai

Chairman

Hong Kong

28 April 2008

Independent Auditor's Report



BAKER TILLY
HONG KONG LIMITED
CERTIFIED PUBLIC ACCOUNTANTS

香港天華會計師事務所有限公司

12/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong
香港干諾道中168-200號信德中心招商局大廈12樓

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS of Grand Field Group Holdings Limited

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Grand Field Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 25 to 90 which comprise the consolidated and company balance sheets as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.



Independent Auditor's Report

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2007 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 Hong Kong Companies Ordinance.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, 28 April 2008

Lo Wing See

Practising Certificate number P04607

Consolidated Income Statement

For the year ended 31 December 2007 (Expressed in Hong Kong dollars)

	Note	2007 HK\$'000	2006 HK\$'000
CONTINUING OPERATIONS:			
Revenues	4	12,522	19,557
Cost of revenue		(9,535)	(15,912)
		2,987	3,645
Less: Sales return of properties sold	4	(18,909)	(9,268)
Cost of properties returned		6,063	2,935
		(12,846)	(6,333)
Gross loss		(9,859)	(2,688)
Other revenue	5	5,247	1,690
Distribution costs		(852)	(2,042)
Administrative expenses		(23,779)	(12,512)
Fair value gain/(loss) on investment properties	15	7,107	(182)
Gain on forfeiture of land deposits		–	340
Impairment loss on properties under development		–	(560)
Impairment loss on prepaid premium for land leases		(3,300)	(1,409)
Impairment loss on other receivables, deposits and prepayments		(1,653)	(1,653)
(Impairment loss)/reversal of impairment loss on mortgage loan receivables		(2,523)	343
Loss from operations	6	(29,612)	(18,673)
Finance costs	7	(2,546)	(530)
Loss before taxation		(32,158)	(19,203)
Income tax (expense)/credit	9	(5,931)	141
Loss for the year from continuing operations		(38,089)	(19,062)
DISCONTINUED OPERATION:			
Loss for the year from discontinued operation	10	(10,154)	(5,137)
Loss for the year		(48,243)	(24,199)

Consolidated Income Statement

For the year ended 31 December 2007 (Expressed in Hong Kong dollars)

	Note	2007 HK\$'000	2006 HK\$'000
Attributable to:			
Equity shareholders of the Company	11	(48,243)	(23,799)
Minority interests		–	(400)
Loss for the year		(48,243)	(24,199)
Dividends	12	–	–
		HK\$	HK\$
Loss per share (basic and diluted)			
– from continuing operations		(1.67 cents)	(0.93 cents)
– from discontinued operation	10	(0.44 cents)	(0.23 cents)
	13	(2.11 cents)	(1.16 cents)

The notes on pages 33 to 90 form part of these financial statements.

Consolidated Balance Sheet

As at 31 December 2007 (Expressed in Hong Kong dollars)

	Note	2007 HK\$'000	2006 HK\$'000
Non-current assets			
Property, plant and equipment	14	22,081	16,836
Investment properties	15	90,391	79,264
Prepaid premium for land leases	17	183,486	179,796
Properties under development	18	36,802	34,156
Mortgage loan receivables due after one year	19	3,908	8,452
Pledged bank deposits	20	2,090	4,433
		338,758	322,937
Current assets			
Completed properties held for sale	21	18,180	23,770
Mortgage loan receivables	19	3,554	8,583
Other receivables, deposits and prepayments	22	7,042	9,511
Cash and cash equivalents	23	71,564	2,518
		100,340	44,382
Assets directly associated with discontinued operation	10	–	12,540
		100,340	56,922
Current liabilities			
Trade and other payables	24	11,891	12,392
Deposits received on properties held for sale	25	1,017	613
Amounts due to directors	26	–	8,407
Amounts due to related parties	26	3,790	–
Interest-bearing borrowings	27	11,683	23,415
Taxes payable	28	3,874	4,881
Bank overdrafts – secured	23	521	–
Dividend payable		42	42
		32,818	49,750
Liabilities directly associated with discontinued operation	10	6,457	15,841
		39,275	65,591
Net current assets/(liabilities)		61,065	(8,669)

Consolidated Balance Sheet

As at 31 December 2007 (Expressed in Hong Kong dollars)

	Note	2007 HK\$'000	2006 HK\$'000
Non-current liabilities			
Deferred tax liabilities	28	6,272	–
NET ASSETS		393,551	314,268
CAPITAL AND RESERVES			
Share capital	29(c)	50,336	41,926
Reserves	29(a)	343,215	272,342
TOTAL EQUITY		393,551	314,268

CHU King Fai
Director

HUANG Bing Huang
Director

The notes on pages 33 to 90 form part of these financial statements.

Balance Sheet

As at 31 December 2007 (Expressed in Hong Kong dollars)

	Note	2007 HK\$'000	2006 HK\$'000
Non-current assets			
Investments in subsidiaries	16	159,056	159,056
Current assets			
Other receivables, deposits and prepayments	22	290	37
Amounts due from subsidiaries	16	206,270	162,478
Cash and cash equivalents	23	53,721	42
		260,281	162,557
Current liabilities			
Other payables	24	55	343
Dividend payable		42	42
		97	385
Net current assets		260,184	162,172
NET ASSETS		419,240	321,228
CAPITAL AND RESERVES			
Share capital	29(c)	50,336	41,926
Reserves	29(b)	368,904	279,302
TOTAL EQUITY		419,240	321,228

CHU King Fai
Director

HUANG Bing Huang
Director

The notes on pages 33 to 90 form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2007 (Expressed in Hong Kong dollars)

The Group

	Attributable to equity holders of the Company					Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Exchange reserve HK\$'000	Accumulated profits HK\$'000			
At 1 January 2006	40,933	163,446	(2,215)	10,601	109,276	322,041	-	322,041
Issue of share capital	993	2,235	-	-	-	3,228	-	3,228
Acquisition of a subsidiary	-	-	-	-	-	-	400	400
Net loss for the year	-	-	-	-	(23,799)	(23,799)	(400)	(24,199)
Exchange differences arising on translation of foreign operations	-	-	-	12,798	-	12,798	-	12,798
At 31 December 2006 and 1 January 2007	41,926	165,681	(2,215)	23,399	85,477	314,268	-	314,268
Issue of share capital	8,410	96,268	-	-	-	104,678	-	104,678
Net loss for the year	-	-	-	-	(48,243)	(48,243)	-	(48,243)
Exchange differences arising on translation of foreign operations	-	-	-	22,848	-	22,848	-	22,848
At 31 December 2007	50,336	261,949	(2,215)	46,247	37,234	393,551	-	393,551

The Company

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
	At 1 January 2006	40,933	163,446	140,281	(25,051)
Issue of share capital	993	2,235	-	-	3,228
Net loss for the year	-	-	-	(1,609)	(1,609)
At 31 December 2006 and 1 January 2007	41,926	165,681	140,281	(26,660)	321,228
Issue of share capital	8,410	96,268	-	-	104,678
Net loss for the year	-	-	-	(6,666)	(6,666)
At 31 December 2007	50,336	261,949	140,281	(33,326)	419,240

The notes on pages 33 to 90 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2007 (Expressed in Hong Kong dollars)

	Note	2007 HK\$'000	2006 HK\$'000
Cash flows from operating activities			
Loss before taxation			
Continuing operations		(32,158)	(19,203)
Discontinued operation	10	(10,154)	(5,137)
		(42,312)	(24,340)
Adjustments for:			
Amortisation of prepaid premium for land leases	6	5,432	122
Depreciation	6	1,509	1,384
Interest income		(519)	(100)
Interest expenses		3,262	632
Gain on forfeiture of land deposits		–	(340)
Loss on disposals of property, plant and equipment	6	35	27
Fair value (gain)/loss on investment properties		(7,107)	182
Impairment loss on properties under development		–	560
Impairment loss on prepaid premium for land leases		3,300	1,409
Impairment loss on prepaid carnival expenses and deposits	10(a)	8,605	5,000
Impairment loss/(reversal of impairment loss) on mortgage loan receivables		2,523	(343)
Impairment loss on other receivables, deposits and prepayments		1,653	1,653
		(23,619)	(14,154)
Operating loss before working capital changes			
Decrease in completed properties held for sale		3,884	9,502
Decrease in mortgage loan receivables		8,579	9,623
Increase in prepaid carnival expenses and deposits		(1,808)	(11,797)
Decrease in other receivables, deposits and prepayments		1,720	10,537
(Decrease)/increase in trade payables and other payables		(1,469)	4,539
Increase in deposits received on properties held for sale		361	299
		(12,352)	8,549
Cash (used in)/generated from operations			
Interest received		519	100
Interest paid		(3,262)	(632)
Overseas tax (paid)/refund		(233)	725
		(15,328)	8,742
Net cash (used in)/generated from operating activities			

Consolidated Cash Flow Statement

For the year ended 31 December 2007 (Expressed in Hong Kong dollars)

	Note	2007 HK\$'000	2006 HK\$'000
Cash flows from investing activities			
Purchases of property, plant and equipment		(341)	(365)
Acquisition of a subsidiary	31	–	400
Additions to investment properties		(856)	(2,800)
Additions to prepaid premium for land leases		(107)	(60)
Increase in properties under development		(255)	(11,729)
Proceeds from disposal of prepaid premium for land leases		–	2,650
Decrease in pledged bank deposits		2,600	958
Net cash generated from/(used in) investing activities		1,041	(10,946)
Cash flows from financing activities			
Net proceeds from issue of shares		104,678	3,228
New loans raised		–	24,818
Repayments of loans		(13,371)	(32,069)
(Repayments of advances)/advances from directors		(3,214)	2,622
Net cash generated from/(used in) financing activities		88,093	(1,401)
Net increase/(decrease) in cash and cash equivalents		73,806	(3,605)
Cash and cash equivalents at the beginning of the year		(2,277)	1,375
Effect of foreign exchange rate changes		(486)	(47)
Cash and cash equivalents at the end of the year	23	71,043	(2,277)

The notes on pages 33 to 90 form part of these financial statements.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

1 CORPORATE INFORMATION

The Company was incorporated in Bermuda on 13 May, 1999 as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The principal activity of the Company is investment holding. During the year, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in property development and investment. Details of the principal activities of its subsidiaries are set out in note 16 to the financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These 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 requirements of the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the Group 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. Note 3 provides information on the changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.



Notes to the Financial Statements

(Expressed in Hong Kong dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the investment properties are stated at their fair value as explained in the accounting policies note 2(g).

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 36.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Group accounting

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2007.

Subsidiaries are those entities in which the Company, directly or indirectly, controls the composition of board of directors, controls more than half the voting power or holds more than half of the issued share capital.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets including goodwill on acquisition net of any accumulated impairment loss and any related exchange reserve.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the reporting format for the purposes of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financial expenses.

(e) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operation is abandoned.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Discontinued operation (Continued)

Where an operation is classified as discontinued, a single amount is presented on the face of the income statement, which comprises:

- the post-tax profit or loss of the discontinued operation; and
- the post-tax or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

(f) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Translation of foreign currencies (Continued)

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

(g) Investment properties

Investment properties are land and buildings which are owned or held under a leasehold interest to earn rental income or for capital appreciation. These include land held for a currently undetermined future use.

Investment properties are stated in the balance sheet at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(s)(ii).

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the consolidated income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of the fixed assets.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives using the straight-line method. The annual rates used are as follows:

Buildings	2.5% or over the lease term, whichever is shorter
Leasehold improvements	20% – 33.3%
Furniture, fixtures and office equipment	20%
Motor vehicles	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Development cost of property comprises construction costs and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

(j) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Leased assets (Continued)

(ii) Operating lease charges

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 2(g)). Except where the property is classified as an investment property, impairment losses are recognised in accordance with the accounting policy set out in note 2(m).

Where the Group has the use of other assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(k) Mortgage loan receivables

Mortgage loan receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of mortgage loan receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement. Once mortgage loan receivables have been written down as a result of impairment loss, the reversal of previous provision will be charged to the administrative expenses.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and the estimated net realisable value. In the case of properties developed by the Group, cost is determined by apportionment of the total land and development costs attributable to unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

(m) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation. Such assets are at least tested annually for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognised in the income statement except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement except where the asset is carried at valuation, in which case the reversal of impairment loss is treated as a revaluation increase.

(n) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would not be material, in which case they are stated at cost.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(p) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Borrowing costs

Borrowing costs are expensed in the consolidated income statement in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditures for the asset are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(r) Provisions and contingencies

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sales of properties

Revenue from sales of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectibility of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheets as advanced proceeds received from customers under current liabilities.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(t) Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Employee retirement benefits

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of this subsidiary in an independently administered fund. The employer contributions vest fully with the employees when contributed into the MPF Scheme.

Pursuant to the relevant regulations of the PRC government, the Company and its subsidiaries operating in the PRC have participated in central pension schemes (the "Schemes") operated by local municipal governments, whereby the Company and its subsidiaries in the PRC are required to contribute a certain percentage of the basic salaries of their employees to the Scheme to fund their retirement benefits. The local municipal governments undertake to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries in the PRC. The only obligation of the Group with respect to the Schemes is to pay the ongoing required contributions under the Schemes mentioned above. Contributions under the Schemes are charged to the income statement as incurred.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Employee benefits (Continued)

(iii) Share-base payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in employee equity (Employee share-based compensation reserve).

(v) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- (ii) the Group and the party are subject to common control;
- (iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;
- (iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

3 CHANGES IN ACCOUNTING POLICIES

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.

There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7, Financial instruments: Disclosures and the amendment to HKAS 1, Presentation of financial statements: Capital disclosures, there have been some additional disclosures provided as follows:

As a result of the adoption of HKFRS 7, the financial statements included expanded disclosures about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, Financial instruments: Disclosure and presentation. The disclosures are provided throughout these financial statements, in particular in note 30.

The amendment to HKAS 1 introduces additional disclosures requirements to provide information about the level of capital and the Group's objectives, policies and processes for managing capital. These new disclosures are set out in note 29.

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. (see note 37)

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

4 REVENUES AND SEGMENT INFORMATION

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

	2007	2006
	HK\$'000	HK\$'000
Sales of properties held for sale	10,693	18,093
Less: Sales return of properties sold	(18,909)	(9,268)
Property rental	1,829	1,464
Total	(6,387)	10,289

Segment information is presented by way of 2 segment formats: (a) on a primary segment reporting basis, by business segment; and (b) on a secondary segment reporting basis, by geographical segment.

(a) Business segments

The Group's three business segments comprise (i) property development, (ii) property rental, and (iii) carnival operation.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

4 REVENUES AND SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

The following tables present revenue, results and certain asset, liability and expenditure information for the Group's business segments for 2007:

	Continuing operations			Discontinued operation	Consolidated HK\$'000
	Property development HK\$'000	Property rental HK\$'000	Total HK\$'000	Carnival operation HK\$'000	
Turnover					
Segment turnover					
Sales to external customers	10,693	1,829	12,522	–	12,522
Sales return from external customers	(18,909)	–	(18,909)	–	(18,909)
	<u>(8,216)</u>	<u>1,829</u>	<u>(6,387)</u>	<u>–</u>	<u>(6,387)</u>
Result					
Segment result	<u>(20,717)</u>	<u>8,936</u>	<u>(11,781)</u>	<u>(9,438)</u>	<u>(21,219)</u>
Unallocated income and gains, net			666	–	666
Unallocated expenses			(18,497)	–	(18,497)
Loss from operations			(29,612)	(9,438)	(39,050)
Finance costs			(2,546)	(716)	(3,262)
Loss before taxation			(32,158)	(10,154)	(42,312)
Income tax			(5,931)	–	(5,931)
Loss for the year			<u>(38,089)</u>	<u>(10,154)</u>	<u>(48,243)</u>
Asset and liability					
Segment assets	<u>245,576</u>	<u>91,461</u>	<u>337,037</u>	<u>–</u>	<u>337,037</u>
Unallocated assets			102,061	–	102,061
Total assets			<u>439,098</u>	<u>–</u>	<u>439,098</u>
Segment liabilities	<u>13,782</u>	<u>343</u>	<u>14,125</u>	<u>6,457</u>	<u>20,582</u>
Unallocated liabilities			24,965	–	24,965
Total liabilities			<u>39,090</u>	<u>6,457</u>	<u>45,547</u>

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

4 REVENUES AND SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

Year ended 31 December 2007

	Continuing operations			Discontinued operation	Consolidated HK\$'000
	Property development HK\$'000	Property rental HK\$'000	Total HK\$'000	Carnival operation HK\$'000	
Expenses					
Depreciation	1,509	–	1,509	–	1,509
Amortisation of prepaid premium for land leases	5,432	–	5,432	–	5,432
Impairment loss on mortgage loan receivables	2,523	–	2,523	–	2,523
Impairment loss on other receivables	1,653	–	1,653	–	1,653
Impairment loss on prepaid carnival expenses and deposits	–	–	–	8,605	8,605
Impairment loss on prepaid premium for land leases	3,300	–	3,300	–	3,300
Loss on disposal of property, plant and equipment	35	–	35	–	35
Fair value gain on investment properties	–	(7,107)	(7,107)	–	(7,107)

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

4 REVENUES AND SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

The following tables present revenue, results and certain asset, liability and expenditure information for the Group's business segments for 2006:

	Continuing operations			Discontinued operation	Consolidated HK\$'000
	Property development HK\$'000	Property rental HK\$'000	Total HK\$'000	Carnival operation HK\$'000	
Turnover					
Segment turnover					
Sales to external customers	18,093	1,464	19,557	–	19,557
Sales return from external customers	(9,268)	–	(9,268)	–	(9,268)
	<u>8,825</u>	<u>1,464</u>	<u>10,289</u>	<u>–</u>	<u>10,289</u>
Result					
Segment result	<u>(9,312)</u>	<u>3,739</u>	<u>(5,573)</u>	<u>(5,035)</u>	<u>(10,608)</u>
Unallocated income and gains, net			404	–	404
Unallocated expenses			<u>(13,504)</u>	<u>–</u>	<u>(13,504)</u>
Loss from operations			<u>(18,673)</u>	<u>(5,035)</u>	<u>(23,708)</u>
Finance costs			<u>(530)</u>	<u>(102)</u>	<u>(632)</u>
Loss before taxation			<u>(19,203)</u>	<u>(5,137)</u>	<u>(24,340)</u>
Income tax credit			<u>141</u>	<u>–</u>	<u>141</u>
Loss for the year			<u><u>(19,062)</u></u>	<u><u>(5,137)</u></u>	<u><u>(24,199)</u></u>
Asset and liability					
Segment assets	<u>254,599</u>	<u>82,610</u>	<u>337,209</u>	<u>12,540</u>	<u>349,749</u>
Unallocated assets			<u>30,110</u>	<u>–</u>	<u>30,110</u>
Total assets			<u><u>367,319</u></u>	<u><u>12,540</u></u>	<u><u>379,859</u></u>
Segment liabilities	<u>13,620</u>	<u>94</u>	<u>13,714</u>	<u>15,841</u>	<u>29,555</u>
Unallocated liabilities			<u>36,036</u>	<u>–</u>	<u>36,036</u>
Total liabilities			<u><u>49,750</u></u>	<u><u>15,841</u></u>	<u><u>65,591</u></u>

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

4 REVENUES AND SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

Year ended 31 December 2006

	Continuing operations			Discontinued operation	Consolidated HK\$'000
	Property development HK\$'000	Property rental HK\$'000	Total HK\$'000	Carnival operation HK\$'000	
Expenses					
Depreciation	1,384	–	1,384	–	1,384
Amortisation of prepaid premium for land leases	122	–	122	–	122
Impairment loss on other receivables	1,653	–	1,653	–	1,653
Reversal of impairment loss on mortgage loan receivables	(343)	–	(343)	–	(343)
Impairment loss on prepaid carnival expenses and deposits	–	–	–	5,000	5,000
Impairment loss on prepaid premium for land leases	1,409	–	1,409	–	1,409
Impairment loss on properties under development	560	–	560	–	560
Loss on disposal of property, plant and equipment	27	–	27	–	27
Fair value loss on investment properties	–	182	182	–	182

(b) Geographical segments

The Group principally operates in the People's Republic of China ("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.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

5 OTHER REVENUE

	2007 HK\$'000	2006 HK\$'000
Interest income	422	90
Foreclosure income from sales return of properties	4,067	1,069
Net exchange gains	38	236
Penalty income	101	189
Other income	619	106
	5,247	1,690

6 LOSS FROM OPERATIONS

Loss from operations is stated after charging/(crediting) the following items:

	2007 HK\$'000	2006 HK\$'000
Auditors' remuneration	662	405
Amortisation of prepaid premium for land leases	5,432	122
Business tax and other levies	848	3,474
Cost of completed properties sold	9,535	15,912
Less: Cost of properties returned	(6,063)	(2,935)
Depreciation	1,509	1,384
Loss on disposal of property, plant and equipment	35	27
Minimum lease payments under operating leases for office premises	880	254
Staff costs, including directors' remuneration (note 8):		
– Contributions to defined contribution retirement plans	74	92
– Salaries and other staff costs	6,683	3,867

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

7 FINANCE COSTS

	2007	2006
	HK\$'000	HK\$'000
Interest on bank loans, overdrafts and other loans wholly repayable		
– Within five years	2,546	2,321
– Over five years	–	–
Others	–	38
Total borrowing costs	2,546	2,359
Less: Amount capitalised in the cost of qualifying assets	–	(1,829)
	2,546	530

No borrowing costs have been capitalised during the year (2006: 7.25% per annum).

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

8 DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The aggregate amounts of emoluments payable to the directors of the Company during the year are as follows:

	2007			Total HK\$'000
	Directors' fees HK\$'000	Basic salaries and other benefits HK\$'000	Provident fund contributions HK\$'000	
Executive Directors				
Mr. Hwang Ho-Tyan (<i>Chairman</i>)	–	206	–	206
Mr. Huang Bing Huang	–	428	–	428
Mr. Au Kwok Chuen, Vincent	–	616	10	626
Mr. Chan Sung Wai	–	47	2	49
Mr. Wong King Lam, Joseph	–	476	10	486
Mr. Tsang Wai Lun, Wayland	–	395	16	411
Madam Kwok Wai Man, Nancy	–	196	6	202
Mr. Siu King Nin, Peter	–	392	–	392
Independent Non-executive Directors				
Mr. Hui Pui Wai, Kimber	79	–	6	85
Mr. Lum Pak Sum	79	–	6	85
Dr. Wong Yun Kuen	79	–	6	85
	237	2,756	62	3,055

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

8 DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

	2006			Total HK\$'000
	Directors' fees HK\$'000	Basic salaries and other benefits HK\$'000	Provident fund contributions HK\$'000	
Executive Directors				
Mr. Tsang Wai Lun, Wayland (Chairman)	–	786	12	798
Madam Kwok Wai Man, Nancy	–	295	12	307
Mr. Lau Tam Wah	–	173	9	182
Mr. Siu King Nin, Peter	–	320	–	320
Independent Non-executive Directors				
Mr. Hui Pui Wai, Kimber	50	–	3	53
Mr. Lum Pak Sum	50	–	3	53
Dr. Wong Yun Kuen	50	–	3	53
	<u>150</u>	<u>1,574</u>	<u>42</u>	<u>1,766</u>

During the year, no options were granted to directors of the Company.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

8 DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included five (2006: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining nil (2006: two) individuals during the year are as follows:

	2007	2006
	HK\$'000	HK\$'000
Basic salaries and other benefits	–	626
Provident fund contributions	–	23
	<u>–</u>	<u>649</u>

The emoluments of the remaining highest paid individuals fell within the following bands:

Emoluments bands

	Number of individuals	
	2007	2006
HK\$nil to HK\$1,000,000	<u>nil</u>	<u>2</u>

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

9 INCOME TAX IN THE INCOME STATEMENT

	2007 HK\$'000	2006 HK\$'000
Current tax – the PRC		
– The subsidiary incorporated in the PRC	–	–
– Subsidiaries incorporated in Hong Kong with property development investments in the PRC	(341)	(141)
Deferred tax		
– Origination of temporary differences	6,272	–
	5,931	(141)

Enterprise income tax for the subsidiary incorporated in the PRC is calculated at 15% of the estimated assessable profit for the year (2006: 15%).

Enterprise income tax for the subsidiaries incorporated in Hong Kong which have property development investments in the PRC is calculated at 3% (2006: 3%) of the sales revenue on the respective property development projects.

No provision for Hong Kong profits tax has been made in the financial statements as the Group's income neither arises, nor is derived, from Hong Kong in both financial years. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

9 INCOME TAX IN THE INCOME STATEMENT (Continued)

The Group's subsidiaries in the Mainland China were subject to Enterprise Income Tax of Mainland China ("PRC Enterprise Income Tax") at 15% (2006:15%). The Group's certain operating subsidiaries are property development enterprises located in economic development areas.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("the New Tax Law"), which will take effect on 1 January 2008. From 1 January 2008, the income tax rate for the operating subsidiaries mentioned above will be gradually changed to the standard rate of 25% over a five-year transition period. According to the Circular 39 passed by the State Council on 26 December 2007, the tax exemption and reduction will be terminated latest by 2012.

Reconciliation between tax expense/(credit) and accounting loss at applicable tax rates of 17.5% (2006: 17.5%):

	2007 HK\$'000	2006 HK\$'000
Loss before taxation	(32,158)	(19,203)
Notional tax credit on loss before taxation	(5,628)	(3,361)
Effect of different tax rates of a subsidiary company incorporated in the PRC	141	1,137
Effect of different tax calculation basis for the PRC property development projects operated by the Hong Kong subsidiaries	8,906	1,670
Tax effect on non-deductible expenses	3,606	405
Tax effect on accelerated depreciation allowance	–	10
Tax effect on non taxable income	(1,094)	(2)
Actual tax expense/(credit)	5,931	(141)

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

10 DISCONTINUED OPERATION

On 20 November 2006, the Group acquired 78% interest in a Hong Kong company, All Right Holdings Limited to operate a carnival project in Shenzhen. The carnival was originally scheduled to launch in Christmas 2006 throughout the Lunar Chinese New Year. Due to the failure to obtain approval from the local government in late 2006 for the operating licence, the project did not take place and was rescheduled to commence at Easter 2007. The rescheduling of the carnival resulted in an impairment loss of HK\$5,000,000, upon the directors' reassessment of its estimated cash flows, set aside for the project in the financial year 2006.

In April 2007, the Group unfortunately failed to obtain the operating licence from the local government for the carnival in that the project came into a complete failure. No revenue or cash flow was generated from the project. The directors of the Company have written off all prepaid expenses and deposits relating to the carnival and; consequently made an additional impairment loss of HK\$8,605,000 in the income statement for the year ended 31 December 2007. The directors have decided to discontinue carnival operation.

- (a) An analysis of the results of discontinued operation, after elimination of intra company transactions, is as follows:

	2007 HK\$'000	2006 HK\$'000
Turnover	–	–
Other revenue	97	10
Administrative expenses	(930)	(45)
Impairment loss on prepaid carnival expenses and deposits	(8,605)	(5,000)
Loss from operations	(9,438)	(5,035)
Finance costs	(716)	(102)
Loss before taxation	(10,154)	(5,137)
Income tax	–	–
Loss for the year	(10,154)	(5,137)

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

10 DISCONTINUED OPERATION (Continued)

- (b) The major classes of assets and liabilities of the discontinued operation, after elimination of intra company balances, are as follows:

	2007	2006
	HK\$'000	HK\$'000
Assets		
Current assets		
Prepaid carnival expenses and deposits	–	6,797
Deposits and other receivables	–	350
Amount due from a shareholder	–	200
Pledged time deposit	–	5,000
Cash and cash equivalents	–	193
	<hr/>	<hr/>
Assets directly associated with discontinued operation	–	12,540
	<hr/> <hr/>	<hr/> <hr/>
Liabilities		
Current liabilities		
Trade payables and accrued expenses	(3,599)	(3,515)
Interest-bearing borrowings	(2,858)	(2,338)
Bank overdrafts, secured	–	(9,988)
	<hr/>	<hr/>
Liabilities directly associated with discontinued operation	(6,457)	(15,841)
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

10 DISCONTINUED OPERATION (Continued)

(c) An analysis of the cash flows of discontinued operation is as follows:

	2007	2006
	HK\$'000	HK\$'000
Net cash flow from operating activities	(2,829)	(8,876)
Net cash flow from financing activities	88	4,076
Net cash flow incurred by discontinued operation	(2,741)	(4,800)

(d) Loss per share from discontinued operation

	2007	2006
	HK\$'000	HK\$'000
Basic and diluted from discontinued operation	(0.44 cents)	(0.23 cents)

11 LOSS ATTRIBUTABLE TO SHAREHOLDERS

The Group's consolidated loss attributable to shareholders of the Company includes a loss of approximately HK\$6,666,000 (2006: HK\$1,609,000) which has been dealt with in the financial statements of the Company.

12 DIVIDENDS

The directors do not recommend the payment of any dividends in respect of the year ended 31 December 2007 (2006: HK\$nil).

13 LOSS PER SHARE

Basic loss per share is calculated based on the loss attributable to equity shareholders of approximately HK\$48,243,000 (2006: HK\$23,799,000) and on the weighted average number of 2,286,709,000 (2006: 2,054,685,000) shares issued during the year.

Diluted loss per share is not presented as there are no diluting events during the years ended 31 December 2006 and 2007.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

14 PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings HK\$'000	Furniture, fixtures and office equipment HK\$'000	Leasehold improvements HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost					
At 1 January, 2006	20,572	4,316	579	2,013	27,480
Exchange differences	697	97	23	41	858
Additions	–	91	–	274	365
Disposals	–	(15)	–	(547)	(562)
At 31 December 2006	21,269	4,489	602	1,781	28,141
Exchange differences	1,263	178	42	53	1,536
Additions	–	341	–	–	341
Transfer from investment properties	5,350	–	–	–	5,350
Disposals	–	(475)	(357)	(217)	(1,049)
At 31 December, 2007	27,882	4,533	287	1,617	34,319
Accumulated depreciation					
At 1 January, 2006	4,876	2,971	572	1,814	10,233
Exchange differences	105	59	23	32	219
Charge for the year	958	348	–	78	1,384
Elimination on disposals	–	(14)	–	(517)	(531)
At 31 December, 2006	5,939	3,364	595	1,407	11,305
Exchange differences	250	121	41	26	438
Charge for the year	1,023	377	–	109	1,509
Elimination on disposals	–	(451)	(357)	(206)	(1,014)
At 31 December, 2007	7,212	3,411	279	1,336	12,238
Net book value					
At 31 December, 2007	20,670	1,122	8	281	22,081
At 31 December, 2006	15,330	1,125	7	374	16,836

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

The carrying amount of the buildings, all being held on long term leases, comprises:

	2007	2006
	HK\$'000	HK\$'000
Buildings situated in Hong Kong	898	930
Buildings situated in the PRC	19,772	14,400
	20,670	15,330

Buildings situated in the PRC mainly represent car park space and other facilities built in the construction projects.

Buildings situated in Hong Kong have been pledged to a bank (see also note 17).

15 INVESTMENT PROPERTIES

	The Group	
	2007	2006
	HK\$'000	HK\$'000
Fair value		
At 1 January	79,264	73,924
Exchange differences	5,308	2,722
Transfer from completed properties held for sale	3,206	–
Transfer to property, plant and equipment	(5,350)	–
Additions	856	2,800
Fair value gain/(loss) on investment properties	7,107	(182)
At 31 December	90,391	79,264

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

15 INVESTMENT PROPERTIES (Continued)

The fair values of the Group's investment properties at 31 December 2007 have been arrived at on the basis of valuation by BMI Appraisals Limited, an independent professional valuer, using the basis date as at 31 December 2007 on an open market value basis.

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

Certain investment properties with an aggregate carrying amount of HK\$nil (2006: HK\$20,717,000) have been pledged to the banks as collateral for the banking facilities granted to the companies within the Group.

16 INVESTMENTS IN SUBSIDIARIES

	The Company	
	2007 HK\$'000	2006 HK\$'000
Unlisted shares, at cost	<u>159,056</u>	<u>159,056</u>
Amounts due from subsidiaries	<u>206,270</u>	<u>162,478</u>

The carrying amount of the unlisted shares is based on the book values of the underlying net assets of the subsidiaries attributable to the Group as at the date on which the Company became the ultimate holding company of the Group under the group reorganisation in 1999.

Amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

16 INVESTMENTS IN SUBSIDIARIES (Continued)

Details of the Company's subsidiaries at 31 December 2007 are as follows:

Name of subsidiary	Place/country of incorporation (or establishment)/ operations	Proportion of nominal value of issued capital/ registered capital held by the Company		Issued and fully paid share capital/ registered capital	Principal activities
		Directly	Indirectly		
Grand Field Group Holdings (BVI) Limited	British Virgin Islands/ Hong Kong	100%	–	US\$1	Investment holding
Grand Field Group Investments (BVI) Limited	British Virgin Islands/ Hong Kong	100%	–	US\$1	Investment holding
Grand Field Group Limited	Hong Kong	–	100%	Ordinary shares of HK\$200 and non-voting deferred shares of HK\$200	Investment holding and property development
Grand Field Property Development (Shenzhen) Company Limited (note a)	PRC	–	100%	RMB19,232,100	Property development
Ka Fong Industrial Company Limited	Hong Kong/PRC	–	100%	Ordinary shares of HK\$200 and non-voting deferred shares of HK\$200,000	Property development
Kwan Cheung Holdings Limited	Hong Kong/PRC	–	100%	Ordinary shares of HK\$200 and non-voting deferred shares of HK\$200	Property development

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

16 INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiary	Place/country of incorporation (or establishment)/ operations	Proportion of nominal value of issued capital/ registered capital held by the Company		Issued and fully paid share capital/ registered capital	Principal activities
		Directly	Indirectly		
Shing Fat Hong Limited	Hong Kong/PRC	–	100%	Ordinary shares of HK\$4 and deferred non-voting shares of HK\$2	Property development
Grand Field New Energy Company Limited	Hong Kong	–	100%	HK\$2	Property holding
All Right Holdings Limited	Hong Kong/PRC	–	78%	HK\$1,840,000	Operation of folk cultural, recreational and other carnival events
Yuan Cheng Real Estate (Shenzhen) Limited	PRC	–	100%	HK\$50,000,000 (note b)	Property management, information services and property agent

Note (a): The subsidiary is a wholly foreign owned enterprise established in the PRC for an operating period of 24 years up to 2019.

Note (b): On 21 January 2008, the Group made remittance of HK\$50,000,000 to its wholly-owned subsidiary company with its registered capital credited as fully paid.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

17 PREPAID PREMIUM FOR LAND LEASES

The Group

	Leasehold land in PRC (note i) HK\$'000	Leasehold land in Hong Kong (note v) HK\$'000	Total HK\$'000
Cost			
At 1 January 2006	5,038	4,100	9,138
Exchange differences	202	–	202
Additions	60	–	60
Transfer from deposits for acquisition of land	174,667	–	174,667
Disposals	(2,310)	–	(2,310)
	<u>177,657</u>	<u>4,100</u>	<u>181,757</u>
At 31 December 2006	177,657	4,100	181,757
Exchange differences	12,337	–	12,337
Additions	107	–	107
	<u>190,101</u>	<u>4,100</u>	<u>194,201</u>
At 31 December 2007	190,101	4,100	194,201
Accumulated amortisation and impairment			
At 1 January 2006	223	198	421
Exchange differences	9	–	9
Charge for the year	77	45	122
Impairment loss	1,409	–	1,409
	<u>1,718</u>	<u>243</u>	<u>1,961</u>
At 31 December 2006	1,718	243	1,961
Exchange differences	22	–	22
Charge for the year	5,319	113	5,432
Impairment loss (note iv)	3,300	–	3,300
	<u>10,359</u>	<u>356</u>	<u>10,715</u>
At 31 December 2007	10,359	356	10,715
Net book value			
At 31 December 2007	179,742	3,744	183,486
At 31 December 2006	<u>175,939</u>	<u>3,857</u>	<u>179,796</u>

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

17 PREPAID PREMIUM FOR LAND LEASES (Continued)

	The Group	
	2007 HK\$'000	2006 HK\$'000
Leases of over 50 years (note ii)	15,916	18,294
Leases of between 10 to 50 years (note iii)	167,570	161,502
	183,486	179,796

Note:

- (i) Leasehold land in PRC comprises cost of acquiring rights to use land in PRC for property development over fixed periods. Amortisation of prepaid premium for land leases is recognised as an expense on a straight-line basis over the unexpired period of the land leases.
- (ii) The leasehold land in PRC held under long term leases amounts to HK\$12,172,000 (2006: HK\$14,437,000), comprising parcels of land in Dongguan. The land use right certificates are registered under the name of co-operative partners (see also note 18).
- (iii) The leasehold land in PRC held under a medium term lease in the amount of HK\$167,570,000 (2006: HK\$161,502,000) represents the Group's 50% interest in a parcel of land in Shenzhen.
- (iv) A provision for impairment loss was made against a parcel of land in Dongguan, by reference to the valuation report prepared by BMI Appraisals Limited, an independent professional valuer, using the basis date at 31 December 2007 on an open market value basis.
- (v) Leasehold land in Hong Kong held for own use under a long-term operating lease and the buildings thereon have been pledged to a bank as collateral for banking facilities of HK\$7,390,000 (2006: HK\$4,000,000) granted to the Group.

18 PROPERTIES UNDER DEVELOPMENT

	The Group	
	2007 HK\$'000	2006 HK\$'000
Development and incidental costs	30,321	27,901
Interest capitalised	7,081	6,815
	37,402	34,716
Less: Provision for impairment loss	(600)	(560)
	36,802	34,156

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

18 PROPERTIES UNDER DEVELOPMENT (Continued)

The balance represents the costs incurred by the Group on the properties under construction in the PRC. Under the contracts of property development projects entered into between the Group and the co-operative partner, the co-operative partner is responsible for making available the land use rights of the construction sites while the Group is responsible for the construction of these properties.

19 MORTGAGE LOANS RECEIVABLES

	The Group	
	2007 HK\$'000	2006 HK\$'000
Total loan receivables	14,982	23,401
Less: Provision for impairment loss	(7,520)	(6,366)
Total loan receivables, net of impairment loss	7,462	17,035
Less: Balance due within one year included under current assets	(3,554)	(8,583)
Balance due after one year	3,908	8,452

Mortgage loan receivables represent the interest-free loans provided by the Group to the purchasers of properties which are repayable by instalments as stipulated in the loan agreement. The loans are secured by the purchasers' properties. Pursuant to the terms of the purchases and sales agreements, upon default in instalment payments by these purchasers, the Group is entitled to take over the legal title and possession of the related properties.

All mortgage loan receivables are denominated in Renminbi.

The carrying amounts of the current portion and non-current portion of mortgage loan receivables approximate to their fair value. The fair value is determined based on cash flows discounted using the Group's bank borrowings rate of 7.25% per annum (2006: 7.25% per annum).

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

19 MORTGAGE LOANS RECEIVABLE (Continued)

The following is a maturity analysis of mortgage loan receivables at the balance sheet date:

	The Group	
	2007 HK\$'000	2006 HK\$'000
Within one year	7,579	9,190
In more than one year but less five years	7,065	14,211
In more than five years	338	–
	14,982	23,401

20 PLEDGED BANK DEPOSITS

The balance represents the bank deposits pledged as a security for the mortgage loans made available by the banks to the purchasers of the Group's properties. As the deposits will continue to be pledged to the banks in the next twelve months, the balance is classified as a non-current asset.

21 COMPLETED PROPERTIES HELD FOR SALE

All completed properties held for sale are situated in the PRC and are held on long term leases.

Certain completed properties held for sale with an aggregate carrying amount of HK\$nil (2006: HK\$9,072,000) have been pledged to the banks as collateral for the banking facilities granted to the companies within the Group.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

22 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in other receivables, deposits and prepayments are the following amounts denominated in a currency other than the Company's presentation currency:

	The Group		The Company	
	2007 '000	2006 '000	2007 '000	2006 '000
Renminbi	RMB3,754	RMB6,092	–	–

23 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Bank and cash balances	71,564	2,518	53,721	42
Bank overdrafts	(521)	–	–	–
Cash and cash equivalents attributable to discontinued operation	–	(4,795)	–	–
Cash and cash equivalents	71,043	(2,277)	53,721	42

Included in cash and cash equivalents are the following amounts denominated in a currency other than the Company's presentation currency:

	The Group		The Company	
	2007 '000	2006 '000	2007 '000	2006 '000
Renminbi	RMB1,589	RMB2,226	–	–

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

24 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Trade payables	941	9,848	–	–
Other payables	10,950	2,544	55	343
	11,891	12,392	55	343

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

	The Group		The Company	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Current to 90 days	–	3,505	–	–
91 to 180 days	–	–	–	–
181 to 360 days	–	–	–	–
Over 360 days	941	6,343	–	–
	941	9,848	–	–

Included in trade and other payables are the following amounts denominated in a currency other than the Company's presentation currency:

	The Group		The Company	
	2007 '000	2006 '000	2007 '000	2006 '000
Renminbi	RMB8,036	RMB3,823	–	–

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

25 DEPOSITS RECEIVED ON PROPERTIES HELD FOR SALE

Included in deposits received on properties held for sale are the following amounts denominated in a currency other than the Company's presentation currency:

	The Group	
	2007 '000	2006 '000
Renminbi	RMB950	RMB613

26 AMOUNTS DUE TO DIRECTORS AND RELATED PARTIES

The amounts due to Mr. Tsang Wai Lun, Wayland and Madam Kwok Wai Man, Nancy who resigned as directors of the Company during the year, are unsecured, interest free and have no fixed terms of repayment.

27 INTEREST-BEARING BORROWINGS

	The Group	
	2007 HK\$'000	2006 HK\$'000
Loans from third parties, unsecured and wholly repayable		
– On demand or within one year	11,683	1,715
– Between one and two years	–	–
– Between two and five years	–	–
– After five years	–	–
	11,683	1,715
Less: Portion classified as current liabilities	(11,683)	(1,715)
Total shown as non-current liabilities	–	–
Current portion of loans from third parties	11,683	1,715
Secured bank loans	–	21,700
Total shown as current liabilities	11,683	23,415
Total interest-bearing borrowings	11,683	23,415

Interest of the loans from third parties are charged on the outstanding balances at the weighted average effective interest rate of 12% (2006: 11.4%) per annum.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

28 INCOME TAX IN THE BALANCE SHEET

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

	The Group	
	2007 HK\$'000	2006 HK\$'000
PRC tax payable	<u>3,874</u>	<u>4,881</u>

- (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:

Deferred tax arising from:	Revaluation of investment properties HK\$'000
At 1 January 2007	–
Charged to profit or loss	<u>6,272</u>
At 31 December 2007	<u>6,272</u>

29 CAPITAL AND RESERVES

(a) The Group

	Share premium HK\$'000	Special reserve HK\$'000	Exchange reserve HK\$'000	Accumulated profits HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 January 2006	163,446	(2,215)	10,601	109,276	-	281,108
Issue of share capital	2,235	-	-	-	-	2,235
Acquisition of a subsidiary	-	-	-	-	400	400
Net loss for the year	-	-	-	(23,799)	(400)	(24,199)
Exchange differences arising on translation of foreign operations	-	-	12,798	-	-	12,798
At 31 December 2006 and 1 January 2007	165,681	(2,215)	23,399	85,477	-	272,342
Issue of share capital	96,268	-	-	-	-	96,268
Net loss for the year	-	-	-	(48,243)	-	(48,243)
Exchange differences arising on translation of foreign operations	-	-	22,848	-	-	22,848
At 31 December 2007	261,949	(2,215)	46,247	37,234	-	343,215

(b) The Company

	Share premium HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2006	163,446	140,281	(25,051)	278,676
Issue of share capital	2,235	-	-	2,235
Net loss for the year	-	-	(1,609)	(1,609)
At 31 December 2006 and 1 January 2007	165,681	140,281	(26,660)	279,302
Issue of share capital	96,268	-	-	96,268
Net loss for the year	-	-	(6,666)	(6,666)
At 31 December 2007	261,949	140,281	(33,326)	368,904

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

29 CAPITAL AND RESERVES (Continued)

(c) Share capital

(i) Authorised and issued share capital

	2007		2006	
	No. of shares ('000)	HK\$'000	No. of shares ('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	2,096,310	41,926	2,046,650	40,933
Exercise of share options	–	–	49,660	993
Issue of shares	420,500	8,410	–	–
At 31 December	2,516,810	50,336	2,096,310	41,926

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.

29 CAPITAL AND RESERVES *(Continued)*

(c) Share capital *(Continued)*

(ii) *Issue of share capital*

On 15 January 2007, 180,500,000 ordinary shares in the Company were issued at a consideration of HK\$19,078,000 of which HK\$3,610,000 was credited to share capital and the balance of HK\$15,468,000 was credited to the share premium account.

On 2 November 2007, 100,000,000 ordinary shares in the Company were issued at a consideration of HK\$31,000,000 of which HK\$2,000,000 was credited to share capital and the balance of HK\$29,000,000 was credited to the share premium account.

On 31 December 2007, 140,000,000 ordinary shares in the Company were issued at a consideration of HK\$54,600,000 of which HK\$2,800,000 was credited to share capital and the balance of HK\$51,800,000 was credited to the share premium account.

(d) Nature and purpose of reserves

(i) *Share premium*

The application of the share premium account is governed by Bermuda Companies Act 1981.

(ii) *Special reserve*

Special reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries and the nominal value of the Company's shares issued as part of the group reorganisation in 1999 for the listing of the Company's shares on the Stock Exchange.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

29 CAPITAL AND RESERVES (Continued)

(d) Nature and purpose of reserves (Continued)

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(f).

(iv) Contributed surplus

The contributed surplus of the Company arose as a result of the same group reorganisation and represents the excess of the then combined net assets of the subsidiaries acquired, over the nominal value of the Company's shares issued in exchange therefor.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) it is, or would be after the payments, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

29 CAPITAL AND RESERVES *(Continued)*

(e) Distributability of reserves

In the opinion of the directors, the Company's reserves available for distribution to equity shareholders are as follows:

	2007	2006
	HK\$'000	HK\$'000
Contributed surplus	140,281	140,281
Accumulated losses	(33,326)	(26,660)
	106,955	113,621

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes judgements to the capital structure in light of changes in economic conditions.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings and trade and other payables, as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

29 CAPITAL AND RESERVES (Continued)

(f) Capital management (Continued)

The gearing ratio at 31 December 2007 and 2006 was as follows:–

	The Group		The Company	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Current liabilities:				
Creditors and accrued charges	38,754	55,603	97	385
Less: cash and cash equivalents	(71,043)	7,277	(53,721)	(42)
Net (asset)/debt	(32,289)	62,880	(53,624)	343
Total equity and adjusted capital	393,551	314,268	419,240	321,228
Gearing ratio	(8%)	20%	(13%)	0.1%

The improvement in gearing ratio at 31 December 2007 is due to a significant increase in cash and cash equivalents derived from the net proceeds of share placement, amounting to approximately HK\$104,678,000.

30 FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables, and cash deposits with banks.

The carrying amounts of mortgage loans and other receivables, restricted cash, cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

The Company is subject to the credit risk from the recoverability of mortgage loan receivable in order to minimize the credit risk. The management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual receivable at each balance sheet date to ensure that adequate impairment losses are recognized for irrecoverable amounts. In this regard, the directors of the Group consider that the Group's credit risk is significantly reduced.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, in the balance sheet. The Group does not provide any other guarantees which would expose the company to credit risk.

Further quantitative disclosures in respect of the company's exposure to credit risk arising from mortgage loan receivable are set out in note 19.

(b) Liquidity risk

The company's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

30 FINANCIAL INSTRUMENTS (Continued)

(c) Interest-rate risk

The Group's interest rate risk arises primarily from short-term borrowings. Borrowing issued at variable rates and at fixed rates expose the group to cash flow interest rate risk and fair value interest rate risk respectively.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

As at 31 December 2007 and 2006, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, profit for the current/prior year would have been HK\$23,000 and HK\$23,000, lower/higher respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(d) Foreign currency risk

The currency risk of the Group is primarily attributable to the net investments in the PRC. The Group seeks to finance these investments by Renminbi borrowings. The Group monitors foreign exchange exposure and will consider to enter into forward foreign exchange contracts to reduce exposure should the market conditions require.

(e) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2007 and 2006.

31 ACQUISITION OF A SUBSIDIARY

	2007	2006
	HK\$'000	HK\$'000
Net assets acquired:		
Cash and bank balances	-	1,840
Minority interest	-	(400)
	<u>-</u>	<u>1,440</u>
Discharged by:		
Cash paid	<u>-</u>	<u>1,440</u>
Analysis of net cash flows of cash and cash equivalents in respect of acquisition of a subsidiary		
Cash and bank balances acquired	-	1,840
Cash consideration	-	(1,440)
	<u>-</u>	<u>400</u>

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

32 COMMITMENTS

- (a) The Group's capital commitments outstanding at 31 December 2007 not provided for in the financial statements were as follows:

	2007 HK\$'000	2006 HK\$'000
Contracted but not provided for:		
Premium for land leases	386	4,777
Authorised but not contracted for:		
Property development expenditure (note)	31,145	224,026
	31,531	228,803

Note: With changes in management of the Group in 2007, the new board members of the Company were in process of reconsidering capital expenditure on a property development project. Accordingly, the respective amount of capital commitments authorised but not contracted for in respect of the project are excluded from the current year disclosure.

- (b) At 31 December 2007, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2007 HK\$'000	2006 HK\$'000
Within one year	1,419	235
In the second to fifth years inclusive	828	–
	2,247	235

The Group is the lessee in respect of office premises held under operating leases. The leases typically run for an initial period of 2 years, at the end of which period all terms are renegotiated. None of the leases includes contingent rentals.

32 COMMITMENTS *(Continued)*

(c) Fixed assets 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:

	2007	2006
	HK\$'000	HK\$'000
Within one year	927	1,280
In the second to fifth years inclusive	3,128	1,771
Over five years	1,074	2,100
	5,129	5,151

33 CONTINGENT LIABILITIES

At the balance sheet date, the Group had the following contingent liabilities:

	2007	2006
	HK\$'000	HK\$'000
Land appreciation tax on properties sold (note a)	–	17,254
Guarantees in favour of the PRC custom authority in respect of imported equipment for carnival event (note b)	–	5,000

- (a) The directors of the Company have consulted an independent professional tax adviser and concluded that it would be unlikely for the local tax authority to re-open tax assessments in excess of 3 years and the tax assessments be final and conclusive. Consequently, the directors of the company considered that no contingent liabilities in respect of land appreciation tax on the properties sold in the financial years 1999, 2000 and 2001 were disclosed in the current year.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

33 CONTINGENT LIABILITIES (Continued)

- (b) It represented guarantees provided in favor of the PRC custom authority in respect of imported equipment for carnival event in Shenzhen, which had been released as at 31 December 2007.
- (c) 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 installments 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 FY2007 and FY2006, there were 63 and 43 properties returned to the Group, in an aggregate sales amount of HKD18,909,000 and HKD9,268,000 respectively. At 31 December 2007, there were 254 properties under which mortgage loans were not yet repaid, with an aggregate contractual sales value of HKD59,039,000 and the corresponding cost of sales amounting to HKD40,099,000. In the absence of any reliable information on the probability of loan defaults and property returns, the directors of the Company are unable to estimate the amount of any specific provision against these properties sold in the previous years.

34 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel

The remuneration of the Group's key management personnel is disclosed in note 8 to the financial statements.

(b) Transactions with other related parties

Balances with related parties are disclosed in the balance sheet and in notes 26 to the financial statements.

35 RECLASSIFICATIONS AND COMPARATIVE FIGURES

(a) Leasehold land in Hong Kong

Land held in Hong Kong for own use under a long term operating lease and buildings thereon had been previously classified as a finance lease and recognised in the property, plant and equipment on the consolidated balance sheet. Based on a valuation report prepared by BMI Appraisals Limited recently, the land element can reliably be allocated from the buildings element; as a result, the land cost of HK\$4,100,000 and the accumulated amortisation of HK\$243,000 as at 31 December 2006 have been reclassified under prepaid premium for land leases to conform to the current year's presentation.

(b) Business tax and other levies

Business tax and other levies have been reclassified and included in the cost of sales, rather than deducted from turnover, in FY2007. Accordingly, turnover for FY2006 has been increased by HK\$3,474,000 to reclassify the business tax and other levies to conform to the current year's presentation.

36 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future course of business. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Income taxes and deferred taxation

Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

36 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(b) Land appreciation taxes

The Group is subject to land appreciation taxes in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of PRC, and the Group has not finalised its land appreciation taxes calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related taxes. The Group recognised these land appreciation taxes based on management's best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the costs of sales and deferred income tax provisions in the periods in which such taxes have been finalised with local tax authorities.

(c) Depreciation

Depreciation of certain operating assets constitutes a substantial operating cost for the Group. The costs of fixed assets are charged as depreciation expense over the estimated useful lives of the respective assets using the straight-line method. The Group periodically reviews changes in technology and industry conditions, asset retirement activity and salvage values to determine adjustments to estimates remaining useful lives and depreciation rates.

Actual economic lives may differ from estimates useful lives. Periodic reviews could result in a change in depreciable lives and therefore depreciation expense in future periods.

37 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2007

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2007 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

38 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 28 April 2008.

Five Years Financial Summary

The following is a summary of the consolidated results and of the consolidated assets and liabilities of the Group for the five years ended 31 December 2007.

CONSOLIDATED RESULTS

	2007 HK\$'000	Year ended 31 December,			
		2006 HK\$'000	2005 HK\$'000	2004 HK\$'000	2003 HK\$'000
Turnover	(6,387)	10,289	10,507	144,737	72,631
(Loss)/profit before income tax	(42,312)	(24,340)	3,103	47,707	(66,118)
Income tax	(5,931)	141	(68)	(7,089)	(733)
(Loss)/profit for the year	(48,243)	(24,199)	3,035	40,618	(66,851)

CONSOLIDATED ASSETS AND LIABILITIES

	2007 HK\$'000	As at 31 December,			
		2006 HK\$'000	2005 HK\$'000	2004 HK\$'000	2003 HK\$'000
Total assets	439,098	379,859	375,851	411,956	456,795
Total liabilities	(45,547)	(65,591)	(53,810)	(79,702)	(171,716)
Net assets	393,551	314,268	322,041	332,254	285,079

Note: Business tax and other levies have been reclassified and included in the cost of sales, rather than deducted from turnover, in FY2007. Accordingly, the turnover for FY2006, FY2005, FY2004 and FY2003 have been increased by HK\$3,474,000, HK\$731,000, HK\$6,109,000 and HK\$3,675,000 to reclassify the corresponding business tax and other levies to conform to the current year's presentation.

Particulars of Properties

Name/location	Type	Effective % held	Stage of completion	Anticipated completion
PROPERTIES HELD FOR DEVELOPMENT				
A parcel of land in Xu Zhen Management District Zhangmutou Dongguan Guangdong Province The PRC	Residential and commercial	100%	Planning stage	N/A
A parcel of land in Bai Guo Dong Management District Zhangmutou Dongguan Guangdong Province The PRC	Residential and commercial	100%	Planning stage	N/A
A parcel of land in Cao Bu Xi Huan Road Buji Town Long Gang District Shenzhen Guangdong Province The PRC	Residential and commercial	50%	Planning stage	N/A

Particulars of Properties

Name/location	Type	Effective % held	Stage of completion	Anticipated completion
PROPERTIES HELD FOR SALE				
Various units in Rado Garden Phase II Zhenxing Road Zhangmutou Dongguan Guangdong Province The PRC	Residential	100%	N/A	N/A
Various units in Rado Garden Phase I Yonglong Street and Zhengxing Road Zhangmutou Dongguan Guangdong Province The PRC	Residential and commercial	100%	N/A	N/A
Various units in Elegance Garden Yongning Street and Guan-Hui Highway Zhang Luo Management District Zhangmutou Dongguan Guangdong Province The PRC	Residential and commercial	100%	N/A	N/A
Various units in Riviera Garden Phase II Lijing Da Dao Xu Zhen Management District Zhangmutou Dongguan Guangdong Province The PRC	Residential	100%	N/A	N/A

Particulars of Properties

Name/location	Type	Effective % held	Stage of completion	Anticipated completion
PROPERTIES HELD FOR SALE				
Various units in Tao Ran Ju Xu Jing Zhu Hi-Technology Park Bin Huan Di Road Nan Shan District Shenzhen Guangdong Province The PRC	Residential	100%	N/A	N/A
A unit in Telford Garden Phase I Huanchengxi Road Buji Town Long Gang District Shenzhen Guangdong Province The PRC	Commercial	100%	N/A	N/A
Various units in Telford Garden Phase II Huanchengxi Road Buji Town Long Gang District Shenzhen Guangdong Province The PRC	Residential	100%	N/A	N/A

Particulars of Properties

Name/location	Type	Effective % held	Stage of completion	Anticipated completion
PROPERTIES HELD FOR INVESTMENT				
Various units in Elegance Garden Yongning Street and Guan-Hui Highway Zhang Luo Management District Zhangmutou Dongguan Guangdong Province The PRC	Commercial and residential	100%	N/A	N/A
Various units in Riviera Garden Phase I Lijing Da Dao Xu Zhen Management District Zhangmutou Dongguan Guangdong Province The PRC	Commercial	100%	N/A	N/A
Various units in Rado Garden Phase I Yonglong Street and Zhengxing Road Zhangmutou Dongguan Guangdong Province The PRC	Commercial and residential	100%	N/A	N/A

Particulars of Properties

Name/location	Type	Effective % held	Stage of completion	Anticipated completion
PROPERTIES HELD FOR INVESTMENT				
Various units in Rado Garden Phase II Zhengxing Road Zhangmutou Dongguan Guangdong Province The PRC	Commercial	100%	N/A	N/A
Various units in Telford Garden Phase I Huanchengxi Road Buji Town Long Gang District Shenzhen Guangdong Province The PRC	Commercial	100%	N/A	N/A
Various units and car parking spaces in Telford Garden Phase II Huanchengxi Road Buji Town Long Gang District Shenzhen Guangdong Province The PRC	Commercial	100%	N/A	N/A
Flat A, 6th Floor and Car Parking Space No. 11 on the 2nd Lower Ground Floor Fortune Well Height 152 Boundary Street Hong Kong	Residential	100%	N/A	N/A