



GRAND FIELD GROUP HOLDINGS LIMITED

鈞濠集團有限公司*

(Incorporated in Bermuda with limited liability)

The Board of Directors of Grand Field Group Holdings Limited (The “Company”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2002 as set out below:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2002	2001
		(unaudited)	(unaudited)
	Note	HK\$'000	HK\$'000
TURNOVER	2	37,734	44,694
COST OF SALES		<u>(22,649)</u>	<u>(28,743)</u>
GROSS PROFIT		15,085	15,951
OTHER REVENUE		151	4,784
DISTRIBUTION COSTS		(1,954)	(1,864)
ADMINISTRATIVE EXPENSES		<u>(9,182)</u>	<u>(8,476)</u>
PROFIT FROM OPERATIONS		4,100	10,395
SHARE OF RESULT OF AN ASSOCIATE		(44)	–
FINANCE COSTS	3	<u>(3,062)</u>	<u>(3,812)</u>
PROFIT BEFORE TAXATION		994	6,583
INCOME TAX EXPENSE	4	<u>(326)</u>	<u>(1,746)</u>
NET PROFIT FOR THE PERIOD		<u>668</u>	<u>4,837</u>
INTERIM DIVIDENDS	5	<u>–</u>	<u>–</u>
EARNINGS PER SHARE (Basic)	6	<u>0.039 cent</u>	<u>0.371 cent</u>

Notes:

1. ACCOUNTING POLICIES

The condensed consolidated income statement has been prepared under the historical cost convention.

The interim report has been prepared in accordance with the Statement of Standard Accounting Practice No. 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants.

The accounting policies adopted are consistent with those followed in the Group’s annual financial statements for the year ended 31 December 2001.

2. TURNOVER

The Group is principally engaged in property development and investment. The Group’s turnover comprises sales of developed properties and property rental.

All the Group’s turnover are derived from the People’s Republic of China (the “PRC”), excluding Hong Kong.

3. FINANCE COSTS

	Six months ended 30 June	
	2002	2001
	HK\$'000	HK\$'000
Interest on		
Bank loans, overdrafts and other borrowings wholly repayable		
– within five years	4,283	4,290
– over five years	859	570
Hire purchase contracts	–	27
	<u>5,142</u>	<u>4,887</u>
<i>Less:</i> Amounts capitalised in properties under development for sale	<u>(2,080)</u>	<u>(1,075)</u>
	<u><u>3,062</u></u>	<u><u>3,812</u></u>

4. TAXATION

	Six months ended 30 June	
	2002	2001
	HK\$'000	HK\$'000
The charges comprise:		
Hong Kong profits tax	–	–
Income tax in the PRC	<u>326</u>	<u>1,746</u>
	<u><u>326</u></u>	<u><u>1,746</u></u>

No provision for Hong Kong profits tax has been made in the financial statements as the Group’s income neither arises in, nor is derived from, Hong Kong.

PRC income tax for enterprises is calculated at 15% of the estimated assessable profit for the period.

PRC income tax for property development projects arises from the sales of developed properties in the PRC. Pursuant to several tax co-ordination agreements signed between the Group and a co-operative partner, the co-operative partner is primarily responsible for income tax arising from the relevant projects. The Group is required to pay to the co-operative partner its share of income tax arising from the projects at an amount equal to 1.5% of the gross amounts received and receivable for developed properties sold and the co-operative partner will assume the responsibilities to discharge all income tax arising from the projects to the relevant governmental authorities.

5. INTERIM DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the period (2001: Nil).

6. EARNINGS PER SHARE

The calculation of earnings per share is based on the earnings for the period of HK\$668,000 (HK\$4,837,000 for the six months ended 30 June 2001) and on the weighted average number of Shares of 1,699,400,000 (1,302,953,000 for the six months ended 30 June 2001).

No dilute earnings per share has been presented as the exercise of the Company's options does not result in any dilution effect (no dilution effect for the six months ended 30 June 2001).

MANAGEMENT DISCUSSION AND ANALYSIS

Results

In the light of the keen competition of PRC property market, the Group has adopted an aggressive marketing and sales strategy in order to maintain the Group's leadership position in the region. The Group has achieved a good level of turnover of HK\$37.7 million which represents 84.4% of that of the same period last year in which period most of the development projects were completed and started to be sold. In addition to maintaining a profitable gross margin of 40%, the Group has achieved profit from operations amounting to HK\$4.1 million despite the fact that we did not generate the similar project management fee as in last year, which mainly accounted for the 39% decrease over the result of the same period last year.

Business Development and Prospects

The Group has adopted a development strategy in diversifying its existing businesses into natural gas business in the PRC in view of the PRC government policy of encouraging the use of natural gas to lessen environmental pollution problems. As such, the Group, in May 2002, made a conditional acquisition of 75% interest in Sino Richest Ltd. which holds 80% interest in a sino-foreign equity joint venture 重慶市溢億萬盛燃氣有限公司 ("Chongqing JV") whose approved scope of business includes development and construction of main piping network and ancillary works for fueling gas, application promotion and research development of new technology such as city pipeline air-liquefying enforcing vaporisation technique and the technology development, production and sales of fueling gas equipment and appliances. In the light of the promising markets of Chongqing and the neighbouring provinces, the Chongqing JV is in a good position to bring substantial profit contributions to the Group in the future.

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

Neither the Company nor any of its subsidiaries has repurchased, sold, redeemed or cancelled any of the Company's listed securities during the six months ended 30 June 2002.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited throughout the period.

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed internal control and financial reporting matters including the review of the unaudited interim financial statements.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

A detailed announcement containing all information required by paragraphs 46(1) to 46(6) of Appendix 16 to the Listing Rules will be published on the website of the Stock Exchange in due course.

By order of the board
Kwok Wai Man, Nancy
Director

Hong Kong, 19 September 2002

* *For identification only*

“Please also refer to the published version of this announcement in The Standard”