



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 2003 as set out below:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2003	2002
		(unaudited)	(unaudited)
	Note	HK\$'000	HK\$'000
TURNOVER	2	30,092	37,734
COST OF SALES		(18,597)	(22,649)
GROSS PROFIT		11,495	15,085
OTHER REVENUE		568	151
DISTRIBUTION COSTS		(1,866)	(1,954)
ADMINISTRATIVE EXPENSES	3	(7,024)	(7,786)
PROFIT FROM OPERATIONS		3,173	5,496
SHARE OF RESULT OF AN ASSOCIATE		71	(44)
AMORTISATION OF GOODWILL		(1,396)	(1,396)
EXCEPTIONAL ITEM	4	(31,006)	0
FINANCE COSTS	5	(4,038)	(3,062)
(LOSS)/PROFIT BEFORE TAXATION		(33,196)	994
TAXATION	6	(371)	(326)
(LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS		(33,567)	668
INTERIM DIVIDENDS	7	—	—
(LOSS)/EARNINGS PER SHARE (Basic)	8	(1.640 cent)	0.039 cent

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 2002.

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. ADMINISTRATIVE EXPENSES

Included in administrative expenses is depreciation and amortisation of HK\$1,749,000 (HK\$1,363,000 for the six months ended 30 June 2002).

4. EXCEPTIONAL ITEM

The exceptional item represents the provision for diminution of value of goodwill arising on acquisition of 75% interest of Sino Richest Ltd. which was subsequently realized upon its disposal on 31 July 2003.

5. FINANCE COSTS

	Six months ended 30 June	
	2003	2002
	HK\$'000	HK\$'000
Interest on		
Bank loans, overdrafts and other borrowings wholly repayable		
– within five years	3,009	4,283
– over five years	1,029	859
	4,038	5,142
<i>Less:</i> Amounts capitalised in properties under development for sale	–	(2,080)
	4,038	3,062

6. TAXATION

	Six months ended 30 June	
	2003	2002
	HK\$'000	HK\$'000
The charges comprise:		
Hong Kong profits tax	–	–
Income tax in the PRC	371	326
	371	326

No provision for Hong Kong profits tax has been made 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.

The Group did not have any significant deferred taxation for the period.

7. INTERIM DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the period (six months ended 30 June 2002: Nil).

8. (LOSS)/EARNINGS PER SHARE

The calculation of loss per share is based on the loss for the period of HK\$33,567,000 (earnings HK\$668,000 for the six months ended 30 June 2002) and on the weighted average number of shares of 2,046,650,000 (1,699,400,000 for the six months ended 30 June 2002).

No dilute (loss)/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 2002).

9. COMPARATIVE FIGURES

With a review of income statement's presentation, certain items in the income statement were reclassified which would result in a more appropriate presentation of events or transaction. Accordingly, comparative figures have been reclassified to conform to the current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

In the environment with keen competition of PRC property market, the Group continues to adopt an aggressive marketing and sales strategy in maintaining the Group's leadership position in the region. The Group has achieved a good level of turnover of HK\$30.1 million which represents 80% of that of the same period last year despite the impact of the outbreak of Severe Acute Respiratory Syndrome during the period. Most of the sales of the period were attributable to Telford Garden in Shenzhen which represented 81% of turnover for the period. In addition to maintaining a profitable gross margin of 38%, the Group has achieved profit from operations amounting to HK\$3.2 million. The cash flow generated from operations for the period amounted to HK\$7.5 million.

Liquidity and financial resources

The Group continues to enforce the conservative financial policy during the period. As at 30 June 2003, the Group recorded net liabilities of HK\$24.2 million, shareholders equity HK\$308.9 million, total assets HK\$546.6 million and total bank loans and borrowings HK\$78.1 million with the gearing ratio (total liabilities to total assets) of 43% following repayment of loans of HK\$25.0 million for the period. There were not changes on the charge on assets as disclosed in the Group's annual report 2002 for the period. As at 30 June 2003, the Group had cash and bank balances of HK\$4.4 million. The net asset value per share as at 30 June 2003 amounted to 15 cents per share.

Employees

As at 30 June 2003, the total number of employees for the Group was 81; and the staff cost for the period amounted to HK\$2.05 million. 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. Besides provident fund scheme, discretionary bonus and employee share options are also awarded to employees having regard to the results of the Group and the individual performance of employees.

Prospects

The PRC economy has undergone a fast robust growth during the past five years and it has been forecast that the growth will be continued in the coming years. In view of this and the established leading position in carrying on property development in PRC, the Group is well positioned to capitalize the growth of the property market in achieving the growth of the Group. Currently, the Group is in the process of development of luxurious residential complex of Prince Dragon Garden with area of more than 45,000 square metres in Buji, Shenzhen which will bring promising returns to the Group following the current Telford Garden.

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 2003.

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, 18 September 2003

* *For identification only*

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