Grand Field Group Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 115)

2007 Interim Report

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CORPORATE INFORMATION

Executive Directors
Mr. Hwang Ho-Tyan *(Chairman)*
Mr. Huang Bing Huang *(Chief Executive Officer and Chief Operation Officer)*
Mr. Wong King Lam, Joseph
Mr. Au Kwok Chuen, Vincent

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

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

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF
GRAND FIELD GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

We have reviewed the interim financial information of Grand Field Group Holdings Limited (the "Company") and its subsidiary companies (collectively referred to the "Group") set out on pages 5 to 17, which comprises the condensed consolidated balance sheet as of 30 June 2007 and the condensed consolidated income statement, the condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing Securities on the Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and fair presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our review conclusion, we draw your attention that the comparative condensed consolidated income statement, the condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six-month period ended 30 June 2006 disclosed in the interim financial information have not been reviewed in accordance with the standards applicable to review engagements issued by the HKICPA.

BAKER TILLY HONG KONG LIMITED
Certified Public Accountants
Hong Kong, 27 September 2007
Andrew David Ross
Practising Certificate number P01183

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 2007 as set out below:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

		Six months ended 30 June	
		2007	2006
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Turnover	*2*	**4,674**	6,466
Cost of sales		**(3,061)**	(4,936)
		1,613	1,530
Less: Sales return of properties		**(7,264)**	(357)
Cost of properties returned		**1,736**	130
		(5,528)	(227)
Gross (loss)/profit		**(3,915)**	1,303
Other revenue		**1,585**	562
Distribution costs		**(241)**	(617)
Administrative expenses		**(7,792)**	(4,533)
Impairment loss on prepaid carnival expenses and deposits	*3*	**(8,605)**	–
Loss from operations	*4*	**(18,968)**	(3,285)
Finance costs		**(1,024)**	(1,330)
Loss before taxation		**(19,992)**	(4,615)
Taxation	*5*	**–**	(2)
Loss after taxation		**(19,992)**	(4,617)
Attributable to:			
Shareholders of the Company		**(19,992)**	(4,617)
Minority Interests		**–**	–
		(19,992)	(4,617)
Loss per share			
– Basic	*7*	**(0.883) cents**	(0.226) cents
– Diluted	*7*	**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2007

	Notes	**30 June 2007 (Unaudited) *HK$'000***	31 December 2006 (Audited) *HK$'000*
ASSETS			
Non-current assets			
Fixed assets		**20,057**	20,693
Investment properties	*8*	**82,063**	79,264
Properties under development		**34,778**	34,156
Prepaid premium for land leases		**175,900**	175,939
Mortgage loans receivable due after one year	*9*	**4,912**	8,452
Pledged bank deposits		**2,637**	9,433
Total non-current assets		**320,347**	327,937
Current assets			
Completed properties held for sale		**20,458**	23,770
Mortgage loans receivable	*9*	**6,831**	8,583
Prepaid carnival expenses and deposits		**–**	6,797
Other receivables, deposits and prepayments		**10,234**	10,061
Cash and bank balances		**613**	2,711
Total current assets		**38,136**	51,922
Total assets		**358,483**	379,859
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital		**45,536**	41,926
Reserves		**202,341**	186,865
Accumulated profits		**65,485**	85,477
Total equity		**313,362**	314,268

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2007

	Notes	30 June 2007 (Unaudited) HK$'000	31 December 2006 (Audited) HK$'000
LIABILITIES			
Non-current liabilities			
Non-current portion of interest-bearing borrowings	11	**2,658**	2,338
Current liabilities			
Trade and other payables		**18,633**	15,907
Deposits received on properties held for sale		**730**	613
Amounts due to directors		**7,106**	8,407
Current portion of interest-bearing borrowings	11	**7,574**	23,415
Taxes payable		**4,226**	4,881
Bank overdrafts, secured		**4,152**	9,988
Dividend payable		**42**	42
Total current liabilities		**42,463**	63,253
Total liabilities		**45,121**	65,591
Total equity and liabilities		**358,483**	379,859
Net current liabilities		**(4,327)**	(11,331)
Total assets less total liabilities		**313,362**	314,268

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007

	Attributable to shareholders of the Company					
	Share capital	**Share premium**	**Special reserve**	**Translation reserve**	**Accumulated profits**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2006 (Audited)	40,933	163,446	(2,215)	10,601	109,276	322,041
Exchange difference arising on translation of foreign operations	–	–	–	2,456	–	2,456
Net loss for the period	–	–	–	–	(4,617)	(4,617)
At 30 June 2006 (Unaudited)	40,933	163,446	(2,215)	13,057	104,659	319,880
At 1 January 2007 (Audited)	**41,926**	**165,681**	**(2,215)**	**23,399**	**85,477**	**314,268**
Issue of share capital	**3,610**	**15,468**	**–**	**–**	**–**	**19,078**
Exchange difference arising on translation of foreign operations	**–**	**–**	**–**	**8**	**–**	**8**
Net loss for the period	**–**	**–**	**–**	**–**	**(19,992)**	**(19,992)**
At 30 June 2007 (Unaudited)	**45,536**	**181,149**	**(2,215)**	**23,407**	**65,485**	**313,362**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2007

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net cash (used in)/generated from operating activities	**(3,368)**	3,017
Net cash generated from investing activities	**3,903**	1,435
Net cash generated from/(used in) financing activities	**3,195**	(5,214)
Net increase/(decrease) in cash and cash equivalents	**3,730**	(762)
Cash and cash equivalents at 1 January	**(7,277)**	1,375
Effect of foreign exchange rate changes	**8**	10
Cash and cash equivalents at 30 June	**(3,539)**	623
Analysis of the balance of cash and cash equivalents		
Cash and bank balances	**613**	1,070
Bank overdrafts, secured	**(4,152)**	(447)
	(3,539)	623

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It has been reviewed by the Company's auditors, Messrs. Baker Tilly Hong Kong Limited, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, and by the Company's Audit Committee.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes on the interim financial report include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the 2006 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRSs.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2006 annual financial statements.

The accounting policies adopted are consistent with those of the annual accounts for the year ended 31 December 2006. The new/revised standards, amendments to standards and interpretations, which became effective for the accounting periods on or after 1 January 2007, did not result in substantial changes to the Group's balance sheet and income statement.

2. TURNOVER

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, after a deduction of 5% business tax, and is analysed as follows:

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Sales on Properties	**3,760**	5,535
Property rental	**914**	931
	4,674	6,466

No geographical analyses are presented for the period as substantially all the Group's turnover and contribution to results were derived from the PRC property business.

3. IMPAIRMENT LOSS IN PREPAID CARNIVAL EXPENSES AND DEPOSITS

In late 2006, the group made a foray into operation of folk cultural and carnival events by forming a subsidiary, All Right Holdings Limited, to organize a carnival event in Shenzhen. The event was scheduled to launch in the 2006 Christmas throughout the Lunar Chinese New Year in order to capture the high spending spree in the long holidays. The project has not commenced due to the failure to obtain an approval for the operating licence by the local government. Consequently, further to an impairment loss of HK$5 million set aside for the project in the financial year 2006, the group made an additional impairment of HK$8.6 million in the consolidated income statement for the six months ended 30 June 2007.

4. LOSS FROM OPERATIONS

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

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans wholly repayable		
– Within five years	**941**	1,330
– Over five years	**83**	–
Auditors' remuneration	**259**	–
Amortization of prepaid premium for land leases	**39**	38
Cost of completed properties held for sale sold	**3,061**	4,936
Cost of properties returned	**(1,736)**	(130)
Depreciation	**730**	685
Impairment loss on prepaid carnival expenses and deposits	**8,605**	–
Minimum lease payments under operating leases for land and buildings	**31**	141
Net exchange losses/(gains)	**13**	(173)
Staff costs, including directors' remuneration		
– Contributions to defined contribution retirement plans	**62**	46
– Salaries and other staff costs	**2,351**	1,765
Gross rental income from investment properties *(Note)*	**(914)**	(931)
Interest income	**(17)**	(23)

Note: The outgoings related to the gross rents from investment properties for each of the two periods ended 30 June 2006 and 2007 are negligible.

5. TAXATION

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Income tax in the PRC		
– The subsidiary company incorporated in the PRC	**–**	–
– Subsidiaries incorporated in Hong Kong with property development investments in the PRC	**–**	2
	–	2

Enterprise income tax for the subsidiary incorporated in the PRC is calculated at 15% of the estimated assessable profit for the period (30 June 2006: 15%).

Enterprise income tax for the subsidiaries incorporated in Hong Kong, which have property development investments in the PRC is calculated at 3% (30 June 2006: 3%) of the sales revenue on respective property development projects.

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

Deferred tax has not been provided (six months ended 30 June 2006: Nil) because the Company and the Group had no significant temporary differences at the balance sheet date.

6. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the period (six months ended 30 June 2006: Nil).

7. LOSS PER SHARE

Basic loss per share is calculated based on the loss attributable to shareholders for the six months ended 30 June 2007 of HK$19,992,000 (six months ended 30 June 2006: HK$4,617,000) and on the weighted average number of 2,263,846,000 (six months ended 30 June 2006: 2,046,650,000) shares issued.

Diluted loss per share is not presented as there are no diluting events during the six months ended 30 June 2006 and 2007.

8. INVESTMENT PROPERTIES

Investment properties were assessed annually by BMI Appraisals Limited ("BMI"), an independent professional valuer. The valuation is performed on the basis of open market value of each individual property. On 23 April 2007, BMI issued a valuation report of the investment properties as at the date of 31 December 2006. The Directors have considered that there are no significant changes by the market on the valuation of investment property since 31 December 2006 except for adjustment for the appreciation of Renminbi ("RMB") against Hong Kong Dollar ("HKD"). Therefore, the Directors considered that the fair value of investment properties at 30 June 2007 was approximately the same as that of 31 December 2006.

9. MORTGAGE LOANS RECEIVABLE

	30 June 2007 (Unaudited) ***HK$'000***	31 December 2006 (Audited) *HK$'000*
Total loans receivable, secured	**18,714**	22,957
Exchange differences	**–**	444
Less: Provision for impairment loss	**(6,971)**	(6,366)
	11,743	17,035
Less: Balance due within one year included under current assets	**(6,831)**	(8,583)
Balance due after one year	**4,912**	8,452

The carrying amounts of the current portion and non-current portion of mortgage loans receivable 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 (31 December 2006: 7.25% per annum).

Mortgage loans receivable represent interest-free loans provided by the Group to buyers of properties which are repayable by instalments as stipulated in the loan agreements.

10. TRADE PAYABLES

An ageing analysis of trade payables is set out below:

	30 June 2007 (Unaudited) ***HK$'000***	31 December 2006 (Audited) *HK$'000*
Current to 90 days	**339**	3,505
91 to 180 days	**4,062**	–
181 to 360 days	**3,453**	–
Over 360 days	**5,961**	6,343
	13,815	9,848

11. INTEREST-BEARING BORROWINGS

	30 June 2007 (Unaudited) *HK$'000*	31 December 2006 (Audited) *HK$'000*
Loan from a third party, unsecured and wholly repayable		
– On demand or within one year	**7,574**	1,715
– Between one and two years	**2,658**	2,338
	10,232	4,053
Less: Portion classified as current liabilities	**(7,574)**	(1,715)
Total shown as non-current liabilities	**2,658**	2,338
Current portion of loan from a third party	**7,574**	1,715
Secured bank loans	**–**	21,700
Total shown as current liabilities	**7,574**	23,415
Total interest-bearing borrowings	**10,232**	25,753

Interest on the loan from a third party is charged on the outstanding balances at a rate of 11.4% (31 December 2006: 11.4%) per annum. The loans are repayable by monthly installments up to 15 June 2010.

Interest on the bank loans is charged on the outstanding balances at a rate ranging from 8% to 8.25% (31 December 2006: 8% to 8.25%) per annum and these are secured by the buildings of the Group with a carrying amount of approximately HK$4.8 million (31 December 2006: HK$4.8 million).

12. CONTINGENT LIABILITIES

As at 30 June 2007, the Company has given corporate guarantees to a bank in respect of general banking facilities granted to and utilised by a subsidiary amounting to HK$Nil million (31 December 2006: HK$10 million).

In the opinion of the Directors, the total Land Appreciation Tax ('LAT') related to the properties sold during the years ended 1999, 2000 and 2001 in the amount of approximately HK$17.3 million has not yet been levied by the tax authorities of Shenzhen, the PRC and the Directors consider that there is low possibility that LAT will be levied. Should the levies applied to the properties sold in 1999, 2000 and 2001, then additional LAT attributable to the Group amount to approximately HK$17.3 million (31 December 2006: HK$17.4 million)

The Group has provided guarantees in favour of the PRC custom authority for custom duties in respect of fairground machines and equipment imported for the carnival event.

13. CAPITAL COMMITMENTS OUTSTANDING NOT PROVIDED FOR IN THE INTERIM FINANCIAL REPORT

At the balance sheet date, the Group had the following capital commitments:

	30 June 2007 (Unaudited) ***HK$'000***	31 December 2006 (Audited) *HK$'000*
Contracted but not provided for:		
Premium for land leases	**4,777**	4,777
Authorised but not contracted for:		
Property development expenditure	**224,026**	224,026
	228,803	228,803

MANAGEMENT DISCUSSION AND ANALYSIS

1. Business review

For the six months ended 30 June 2007, the Group reported a turnover of HK$4.7 million (30 June 2006: HK$6.5 million), representing a decrease of 27.7% compared with the same period of last year. This was due to a decline in sales revenue from the Group's development properties in the People's Republic of China ("PRC").

The Group's net loss attributable to shareholders of the Company was widened to HK$20 million (30 June 2006: HK$4.6 million loss). Basic loss per share was HK0.883 cents (30 June 2006: HK0.226 cents loss).

During the period under review, the Group's sales on properties amounted to HK$3.7 million (30 June 2006: HK$5.5 million). Revenue from property rental was HK$0.9 million (30 June 2006: HK$0.9 million).

The net loss for the period under review was mainly attributable to relatively high portion of previously sold properties returned from customers who failed to meet their mortgage loan commitment. As such, sales return of properties increased to HK$7.3 million from HK$0.4 million for the same period of last year.

Moreover, the Group entered into an investment in a Carnival Project in Shenzhen in late 2006, the project failed to achieve its expected results due to delay in granting the necessary license for operating the carnival. The delay in commencement date of the project resulted in missing the peak season of Christmas in 2006 and Chinese New Year in 2007. As a result, further to an impairment loss of HK$5 million set aside for the project in the financial year 2006, the group made an additional impairment of HK$8.6 million for the six months ended 30 June 2007.

2. Prospects

Demand for residential properties remained strong in the PRC, despite the government's austerity measures to cool down properties development, particularly in first tier cities such as Shanghai, Beijing and Shenzhen.

Average property prices in Shenzhen surged significantly during the first quarter of the year. However, competition among developers had been intensified by the increase in the number of projects for sale in the city.

In the past few months, the Group has introduced a number of professional executives to its management team, and has appointed new directors to the board. The new management is well aware of the challenge encountered by the Group. It is committed to strengthening the Group's corporate governance and to enhancing its financial position.

The board considers its primary task is to consolidate the Group's operation, and to realign its business focus to bring it back to profitability.

The Group's development project in Buji town, Shenzhen is in the process of architectural planning. Construction work is expected to commence in the beginning of next year, upon the receipt of land title certificate by the end of the year. The residential and commercial complex is expected to be a major revenue source of the Group in the coming financial year.

As at end of 30 June 2007, the Group is in net deficit at book close, the board is reviewing various options to improve the Group's cash position. It is also considering ways to broaden the Group's earning base, including the feasibility of acquiring projects with immediate financial value.

3. Liquidity and financial resources

As at 30 June 2007, the Group's cash and bank deposits were approximately HK$0.6 million (31 December 2006: HK$2.7 million). The percentage of cash and bank deposits denominated in HKD and RMB were 18% and 82% respectively (31 December 2006: 11% and 89% respectively).

As at 30 June 2007, the Group recorded total current assets of approximately HK$38 million (31 December 2006: HK$52 million) and total current liabilities of approximately HK$42 million (31 December 2006: HK$63 million). The Group recorded total assets of approximately HK$358 million (31 December 2006: HK$380 million) and the Group's total interest bearing borrowings amounted to approximately HK$10.2 million (31 December 2006: HK$25.8 million), of which HK$7.5 million was repayable within 1 year (31 December 2006: HK$23.4 million repayable within 1 year, HK$2.3 million repayable in 1 to 2 years).

Approximately over 59% of the Group's borrowings for the period under review were denominated at RMB and at fixed interest rate (31 December 2006: 93%).

The gearing ratio for the six months ended 30 June 2007, which was calculated on the basis of total borrowings to shareholders' equity, was 5% (31 December 2006: 8%).

4. Share Capital

	Number of shares	Amount
		HK$'000
Ordinary shares of HK$0.02 each		
Authorised:	5,000,000,000	100,000
Issued and fully paid:		
At 1 January 2007	2,096,310,000	41,926
Top-up placing *(Note)*	180,500,000	3,610
At 30 June 2007	2,276,810,000	45,536

Note:

On 11 January 2007, Mr. Tsang Wai Lun, Wayland and Madam Kwok Wai Man, Nancy ("Vendor"), Hongkong Zhongxing Group Co., Limited (Placee") and the Company entered into the Top-Up Placing Agreement and the Supplemental Agreement and the Top-Up Subscription Agreement and the Supplemental Agreement ("Agreements"). Pursuant to the Agreements, (i) the Vendor agreed to sell an aggregate of 180,500,000 ordinary shares of the Company of HK$0.02 each to the Placee at a price of HK$0.1057 per share; and (ii) the vendor conditionally agreed to subscribe for an aggregate of 180,500,000 ordinary Shares of the Company at the same price per share. The Top-up placing was completed on 18 January 2007. The new shares issued rank pari passu in all respects with the then existing shares.

5. Exchange risk

The Group's major operations are located in the PRC and the main operational currencies are HKD and RMB. RMB has continued appreciation against HKD over the six months period. Therefore, it is not necessary for the Group to make any foreign currency hedging arrangement to minimize the foreign exchange risk and exposure.

6. Charge on assets

Buildings with a net book value of approximately HK$4.8 million (31 December 2006: HK$4.8 million) have been pledged to banks to secure bank overdraft facilities granted to the Group.

Bank deposits of the Group amounting to approximately HK$2.6 million (31 December 2006: HK$9.4 million) have been pledged as a security for the mortgage loans made available from the banks to the buyers of the Group's properties.

7. Employees

For the period under review, the Group employed 61 employees (six months ended 30 June 2006: 47) and the related staff cost amounted to approximately HK$2.9 million (six months ended 30 June 2006: HK$1.8 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. Apart from base salary and statutory provident fund scheme, employees will also be offered discretionary bonus based on the results of the Group and their individual performance. No option under the Company's share option scheme was granted to employee of the Group during the period under review.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2007 (six months ended 30 June 2006: Nil).

DIRECTORS' INTERESTS IN SHARES, WARRANTS AND OPTIONS

1. Long positions in shares of the Company

As at 30 June 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:

	Number of ordinary shares held				
Name of director	**Personal interest**	**Family interests**	**Corporate interests**	**Total interests**	**Total interests as percentage of the issued share capital**
Mr. Tsang Wai Lun, Wayland	64,210,000	–	735,050,000 *(Note a)*	799,260,000	35.10%
Madam Kwok Wai Man, Nancy	13,170,000	–	735,050,000 *(Note a)*	748,220,000	32.86%
Mr. Huang Bing Huang	–	–	180,500,000 *(Note b)*	180,500,000	7.93%

Note:

a. These interests relate to the same shares held through Rhenfield Development Corp., the entire issued capital of which is owned by Mr. Tsang Wai Lun, Wayland and Madam Kwok Wai Man, Nancy in equal shares.

b. These shares are held through Hongkong Zhongxing Group Co., Limited, a company which Mr. Huang Bing Huang is holding 65% of its entire issued capital.

2. Shares in subsidiaries

Each of Mr. Tsang Wai Lun, Wayland and Madam Kwok Wai Man, Nancy also has interests in the following non-voting deferred shares in the following subsidiaries of the Company:

	Grand Field Group Limited	Ka Fong Industrial Company Limited	Kwan Cheung Holdings Limited	Shing Fat Hong Limited
Mr. Tsang Wai Lun, Wayland	1 share of HK$100	1,000 shares of HK$100 each	1 share of HK$100	1 share of HK$1
Madam Kwok Wai Man, Nancy	1 share of HK$100	1,000 shares of HK$100 each	1 share of HK$100	1 share of HK$1

Other than the shareholdings disclosed above and nominee shares in certain subsidiaries held in trust for the Group, at 30 June 2007, neither the directors nor any of their associates, had any interests in any securities of the Company or any of its associated corporations as defined by the SFO.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2007, so far as is known to the directors, the following parties (other than the interests disclosed above in respect of certain directors) 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
Worldgate Developments Ltd.	126,000,000	5.53%
Logistics China Enterprises Ltd.	126,000,000	5.53%

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 (i.e. from 23 June 2006).

As at 30 June 2007, no option was granted under the Share Option Scheme.

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 2007.

CORPORATE GOVERNANCE

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 June 2007, in compliance with the requirements of the code provisions in the Code of Corporate Governance Practices set out in Appendix 14 (the "Code Provision") to the Listing Rules except that the Independent Non-executive Directors have not been 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.

CODE FOR DEALING IN COMPANY'S SECURITIES BY DIRECTORS

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

All Directors, after specific enquiries by the Company, confirmed they have complied with the required standard set out in the Model Code and the said code of conduct during the six months ended 30 June 2007.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors. The Board has adopted a set of written terms of reference, which described the authority and duties of the Audit Committee, and the contents of which are in compliance with the Code Provisions and Recommended Best Practices of the Code of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules ("CG Code").

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

The Audit Committee has reviewed with the management of the Company, the accounting principles and practices adopted by the Group, and has discussed internal controls and financial reporting matters including the review of the unaudited interim financial report for the six months ended 30 June 2007.

REMUNERATION COMMITTEE

The Remuneration Committee comprises three independent non-executive directors. The Board has adopted a set of written terms of reference, which described the authority and duties of the Remuneration Committee, and the contents of which are in compliance with the Code Provisions and Recommended Best Practices of the CG Code.

The main responsibility of Remuneration Committee includes reviewing and making recommendation to the Board on the Company's policies, structure and remuneration packages of directors and senior management of the Group.

POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, both Mr. Tsang Wai Lun, Wayland and Madam Kwok Wai Man, Nancy had resigned as Executive Directors of the Company on 11 July 2007.

On 28 August 2007, Mr. Hwang Ho-Tyan was appointed as an Executive Director and Chairman of the Company.

By order of the Board
HWANG HO-TYAN
Chairman

Hong Kong, 27 September 2007

As at the date of this report, the Board of the Company consists of Mr. Hwang Ho-Tyan, Mr. Huang Bing Huang, Mr. Wong King Lam, Joseph and Mr. Au Kwok Chuen, Vincent as executive directors; Mr. Hui Pui Wai, Kimber, Mr. Lum Pak Sum and Dr. Wong Yun Kuen as independent non-executive directors.