Grand Field Group Holdings Limited

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

INTERIM REPORT 2009

CONTENTS

CORPORATE INFORMATION

Executive Directors
Mr. Ma Xuemian *(Chairman)*
Mr. Wong King Lam, Joseph
Ms. Chow Kwai Wa, Anne
Ms. Kwok Siu Wa, Alison

Non-executive Directors
Mr. Chen Mudong
Mr. Chu King Fai
Mr. Lim Francis
Mr. Ng Ka Chong
Mr. Zhao Yang
Mr. Kwok Siu Bun

Independent Non-executive Directors
Mr. David Chi-ping Chow
Mr. Liu Chaodong
Ms. Zhang Xiaoyan

Company Secretary
Ms. Li Oi Lai

Assistant Secretary
Mr. Ira Stuart Outerbridge III

Audit Committee
Mr. David Chi-ping Chow
Mr. Liu Chaodong
Ms. Zhang Xiaoyan

Remuneration Committee
Mr. Ng Ka Chong
Mr. David Chi-ping Chow
Mr. Liu Chaodong
Ms. Zhang Xiaoyan

Authorized Representatives
Mr. Ma Xuemian
Ms. Li Oi Lai

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Principal Banker
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Website
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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)

Introduction

We have reviewed the interim financial information (the "interim financial report") set out on pages 7 to 34, which comprises the condensed consolidated balance sheet of Grand Field Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to the "Group") as at 30 June 2009, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, 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 of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial report to be in 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 "HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial report in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial report 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 HKICPA. A review of interim financial report 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 report is not prepared, in all material respects, in accordance with HKAS 34.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to the following matters in the interim financial report:

We have considered the adequacy of the disclosures made in note 16(a)(i) to the interim financial report concerning the possible outcome of various legal proceedings initiated by a former director and shareholder of the Company, Mr. Tsang Wai Lun Wayland, against the Company and eight the then directors, alleging that the then directors had breached their fiduciary duties in relation to various transactions entered into by the Group. In the opinion of the directors, the defendant directors have either resigned or re-designated as non-executive directors and the aforesaid legal proceedings will have no material impact on the financial position and operations of the Group.

As disclosed in note 12(b) to the interim financial report, the Group has entered into an agreement for provision of property management services. As at 30 June 2009, the Group has made a refundable security deposit of HK$9,091,000 for provision of property management services. The contract will expire on 31 March 2010. The recoverability of this deposit is dependent on the fulfillment of the contract by two parties. Up to the date of the interim financial report, the Group has rendered property management services and the related management fee income has been received and recorded by the Group in accordance with the agreement.

As mentioned in note 1 to the interim financial report, the Group incurred a consolidated net loss attributable to the equity shareholders of the Company of approximately HK$25,198,000 for the six months ended 30 June 2009 and the Group's cash and cash equivalents decreased from HK$9,392,000 as at 31 December 2008 to HK$1,995,000 as at 30 June 2009. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The interim financial report has been prepared on a going concern basis, the validity of which is dependent on the Group's ability to generate sufficient working capital to meet its financial requirements. The interim financial report does not include any adjustments that may be necessary should the Group fail to finance its future working capital and financial requirements.

Baker Tilly Hong Kong Limited
Certified Public Accountants

Hong Kong, 8 February 2010

Lo Wing See
Practising Certificate number P04607

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

		Six months ended 30 June	
	Note	**2009** **(Unaudited)** ***HK$'000***	2008 (Unaudited) *HK$'000*
Revenues	*3*	**1,949**	1,529
Cost of revenue		**(335)**	(254)
Gross profit		**1,614**	1,275
Other revenue and income		**605**	347
Distribution costs		**(572)**	(122)
Administrative expenses		**(23,755)**	(14,162)
Impairment loss on other receivables, deposits and prepayments		**(2,841)**	(2,122)
Loss from operations		**(24,949)**	(14,784)
Finance costs		**(242)**	(535)
Loss before taxation	*4*	**(25,191)**	(15,319)
Income tax	*5*	**(7)**	–
Loss for the period		**(25,198)**	(15,319)
Attributable to:			
– equity shareholders of the Company	*7*	**(25,198)**	(15,319)
Loss per share *(HK cents)*			
– Basic	*7*	**(1.00) cent**	(0.609) cent
– Diluted	*7*	**N/A**	N/A

The notes on pages 13 to 34 form part of this condensed consolidated Interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

		Six months ended 30 June	
	Note	**2009 (Unaudited) *HK$'000***	2008 (Unaudited) *HK$'000*
Loss for the period		**(25,198)**	(15,319)
Other comprehensive income			
Exchange differences on translation of financial statements of overseas subsidiaries		**–**	22,789
Total comprehensive (loss)/income for the period		**(25,198)**	7,470
Total comprehensive (loss)/income attributable to:			
– equity shareholders of the Company		**(25,198)**	7,470

The notes on pages 13 to 34 form part of this condensed consolidated Interim financial information.

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2009

	Note	**30 June 2009 (Unaudited)** ***HK$'000***	31 December 2008 (Audited) *HK$'000*
Non-current assets			
Property, plant and equipment	*8*	**20,587**	20,613
Investment properties	*9*	**73,858**	73,858
Prepaid premium for land leases	*10*	**183,301**	186,082
Properties under development		**12,469**	12,469
Mortgage loan receivables due after one year	*11*	**2,023**	2,756
Pledged bank deposits		**–**	27,996
Restricted cash		**1,100**	1,388
Other non-current assets		**–**	14,773
		293,338	339,935
Current assets			
Completed properties held for sale		**16,164**	16,425
Amount due from a director		**960**	–
Mortgage loan receivables	*11*	**1,536**	1,770
Trade and other receivables	*12*	**34,015**	41,365
Tax recoverable		**246**	–
Cash and cash equivalents		**1,995**	9,392
		54,916	68,952

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2009

	Note	**30 June 2009 (Unaudited) *HK$'000***	31 December 2008 (Audited) *HK$'000*
Current liabilities			
Trade and other payables	*13*	**20,645**	14,461
Interest-bearing borrowings	*14*	**7,032**	48,613
Tax payable		**3,683**	3,721
Dividend payable		**42**	42
		31,402	66,837
Net current assets		**23,514**	2,115
Total assets less current liabilities		**316,852**	342,050
Non-current liabilities			
Deferred tax liabilities		**3,110**	3,110
NET ASSETS		**313,742**	338,940
CAPITAL AND RESERVES			
Share capital		**50,336**	50,336
Reserves		**263,406**	288,604
TOTAL EQUITY		**313,742**	338,940

The notes on pages 13 to 34 form part of this condensed consolidated Interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Attributable to equity shareholders of the Company						
	Share capital	**Share premium**	**Share option reserve**	**Special reserve**	**Exchange reserve**	**Retained profits/ (accumulated loss)**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2008 (Audited)	50,336	261,949	–	(2,215)	46,247	37,234	393,551
Total comprehensive income/(loss) for the period	–	–	–	–	22,789	(15,319)	7,470
At 30 June 2008 (Unaudited)	50,336	261,949	–	(2,215)	69,036	21,915	401,021
At 1 January 2009 (Audited)	**50,336**	**261,949**	**13,190**	**(2,215)**	**70,101**	**(54,421)**	**338,940**
Total comprehensive loss for the period	**–**	**–**	**–**	**–**	**–**	**(25,198)**	**(25,198)**
At 30 June 2009 (Unaudited)	**50,336**	**261,949**	**13,190**	**(2,215)**	**70,101**	**(79,619)**	**313,742**

The notes on pages 13 to 34 form part of this condensed consolidated Interim financial information.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net cash generated from/(used in) operating activities	**3,842**	(32,846)
Net cash generated from/(used in) investing activities	**27,484**	(34,146)
Net cash (used in)/generated from financing activities	**(37,611)**	20,884
Net decrease in cash and cash equivalents	**(6,285)**	(46,108)
Cash and cash equivalents at 1 January	**8,280**	71,043
Effect of foreign exchange rate changes	**–**	346
Cash and cash equivalents at 30 June	**1,995**	25,281
Analysis of the balance of cash and cash equivalents		
Cash and bank balances	**1,995**	25,729
Bank overdrafts – secured	**–**	(448)
	1,995	25,281

The notes on pages 13 to 34 form part of this condensed consolidated Interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information (the "interim financial report") of the Group has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and in compliance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2008 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2009 annual financial statements. Details of these changes accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of polices and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated interim financial information 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 2008 annual financial statements. The condensed consolidated interim financial information and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by the Company's Audit Committee and 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 HKICPA. Independent review report to the board of directors is included on page 4 to 6.

The financial information relating to the financial year ended 31 December 2008 that is included in the interim financial report as being previously reported information does not constitute the Group's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2008 are available from the Company's registered office. This interim financial report should be read in conjunction with the Group's 2008 annual financial statements.

In preparing the interim financial report, the directors have considered the future liquidity of the Group in view of that the Group incurred a consolidated net loss attributable to equity shareholders of the Company of approximately HK$25,198,000 for the six months ended 30 June 2009 and the Group's cash and cash equivalents decreased from HK$9,392,000 as at 31 December 2008 to HK$1,995,000 as at 30 June 2009. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, the directors are of the opinion that the Group will be able to finance its future working capital and financial requirements given that:

(i) the Group has been actively seeking prospective investors; and

(ii) the Group will obtain loan financing from financial institutions where appropriate.

In the opinion of the directors, in light of the measures taken to date and on the basis of the above-mentioned major assumptions, the Group will have sufficient working capital to finance and maintain operations in the foreseeable future. Accordingly, the directors are satisfied that it is appropriate to prepare the interim financial report on a going concern basis.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The HKICPA has issued one new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company.

In the current interim period, the Group initially applied the following HKFRSs:

HKFRSs (Amendments)	Improvements to HKFRSs
HKAS 1 (Revised)	Presentation of financial statements
HKAS 23 (Revised)	Borrowing costs
HKAS 32 & HKAS 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendments)	Vesting conditions and cancellations
HKFRS 7 (Amendments)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) – Int 13	Customer loyalty programmes
HK(IFRIC) – Int 15	Agreements for the construction of real estate
HK(IFRIC) – Int 16	Hedges of a net investment in a foreign operation

The adoption of the above HKFRSs has had no material effect on the accounting policies of the Group and the methods of computation in the Group's interim financial report.

The Group has not early applied the following new and revised HKFRSs that have been issued but not yet effective, in the interim financial report.

HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related party disclosures[4]
HKAS 27 (Revised)	Consolidated and separate financial statements[1]
HKAS 32 (Amendments)	Financial instruments: presentation – classification of rights issues[3]
HKAS 39 (Amendment)	Financial instruments: recognition and measurement – eligible hedge Items[1]
HKFRS 1 (Revised)	First-time adoption of Hong Kong financial report standards[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[2]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions[2]
HKFRS 3 (Revised)	Business combinations[1]
HKFRS 9	Financial instruments[5]
HK(IFRIC) – Int 14 (Amendments)	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction[4]
HK(IFRIC) – Int 17	Distributions of non-cash assets to owners[1]
HK(IFRIC) – Int 18	Transfers of assets from customers[1]
HK(IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments[6]

1 *Effective for annual periods beginning on or after 1 July 2009*

2 *Effective for annual periods beginning on or after 1 January 2010*

3 *Effective for annual periods beginning on or after 1 February 2010*

4 *Effective for annual periods beginning on or after 1 January 2011*

5 *Effective for annual periods beginning on or after 1 January 2013*

6 *Effective for annual periods beginning on or after 1 July 2010*

The Group is assessing the impact of these amendments and new standards and has so far concluded that they are not in a position to state whether their adoption will have a significant impact on the Group's results of operations and financial position.

3. REVENUES AND SEGMENT REPORTING

The principal activities of the Group are property development, property management and investment.

Turnover represents the aggregate of net amounts received and receivable for completed properties held for sale sold by the Group to outside customers, property rental income and property management service income, and is analysed as follows:

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Sales of properties held for sale	**314**	191
Property rental	**811**	925
Property management	**824**	413
Total	**1,949**	1,529

Segment information

On first-time adoption of HKFRS 8, Operating segments, and in a manner consistent with the way in which information is reported internally to the executive directors and senior management for the purposes of resource allocation and performance assessment, the Group has identified three reportable segments on a divisional basis: (i) property development, (ii) property rental and (iii) property management.

The Group principally operates in the Guangdong province in the People's Republic of China ("PRC"). No geographical segment information is presented as the Group's assets and liabilities are not geographically diversified and its revenue and results are mainly derived from its operations in the Guangdong province.

	Six months ended 30 June 2009			
	Property development *HK$'000*	Property rental *HK$'000*	Property management *HK$'000*	Total *HK$'000*
Revenue				
Segment turnover				
Sales to external customers	314	811	824	1,949
Result				
Segment result	(3,330)	497	782	(2,051)
Unallocated income and gains, net				597
Unallocated expenses				(23,495)
Loss from operations				(24,949)
Finance costs				(242)
Loss before taxation				(25,191)
Income tax				(7)
Loss for the period				(25,198)

	At 30 June 2009			
	Property development *HK$'000*	Property rental *HK$'000*	Property management *HK$'000*	Total *HK$'000*
Segment assets	214,635	75,471	9,503	299,609
Unallocated assets				48,645
Total assets				348,254

	Six months ended 30 June 2008			
	Property development	Property rental	Property management	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue				
Segment turnover				
Sales to external customers	191	925	413	1,529
Result				
Segment result	(2,813)	879	392	(1,542)
Unallocated income and gains, net				480
Unallocated expenses				(13,722)
Loss from operations				(14,784)
Finance costs				(535)
Loss before taxation				(15,319)
Income tax				–
Loss for the period				(15,319)

	At 31 December 2008			
	Property development	Property rental	Property management	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	216,146	74,994	9,503	300,643
Unallocated assets				108,244
Total assets				408,887

4. LOSS BEFORE TAXATION

Loss before taxation is stated after charging/(crediting) the following items:

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans wholly repayable		
– Within five years	**242**	535
Amortisation of prepaid premium for land leases	**2,781**	2,803
Auditor's remuneration	**791**	49
Business tax and other levies	**129**	79
Cost of completed properties sold	**261**	175
Depreciation	**826**	871
Impairment loss on other receivables, deposits and prepayments	**2,841**	2,122
Minimum lease payments under operating leases for office premises	**1,699**	839
Net exchange losses	**1,716**	706
Staff costs, including directors' remuneration		
– Contributions to defined contribution retirement plans	**66**	116
– Salaries and other staff costs	**4,612**	4,040
Gross rental income from investment properties *(Note)*	**(811)**	(879)
Interest income	**(576)**	(239)

Note: The outgoings related to the gross rents from investment properties for each of the two periods ended 30 June 2009 and 2008 are negligible.

5. INCOME TAX

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax		
Land appreciation tax in the PRC	**7**	–

Enterprise income tax ("EIT") for the subsidiary incorporated in the PRC is calculated at 25% of the estimated assessable profit for the period (six months ended 30 June 2008: 18%).

EIT for the subsidiaries incorporated in Hong Kong, which have property development investments in the PRC, is calculated at 3% of the sales revenue on the respective property development projects (six months ended 30 June 2008: 3% of the property sales revenue).

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of the land value, being the proceeds of sales of properties less deductible expenditure including amortisation of land use rights, borrowing costs and all property development expenditures.

No provision for Hong Kong Profits Tax has been made (six months ended 30 June 2008: HK$Nil) as the Group's income neither arises, nor is derived, from Hong Kong in both financial periods.

No provision for deferred tax has been made (six months ended 30 June 2008: HK$Nil) as there was no temporary difference arised during the period.

6. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the period (six months ended 30 June 2008: HK$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 2009 of approximately HK$25,198,000 (six months ended 30 June 2008: HK$15,319,000) and on the weighted average number of 2,516,810,000 (six months ended 30 June 2008: 2,516,810,000) shares issued during the period.

Diluted loss per share is not presented as there are no diluting events during the six months ended 30 June 2009 and 2008.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2009, the Group acquired items of property, plant and equipment with a cost of HK$800,000 (six months ended 30 June 2008: HK$145,000). There were no disposals of property, plant and equipment for the six months ended 30 June 2009 and 30 June 2008.

9. INVESTMENT PROPERTIES

Investment properties were assessed annually by BMI Appraisals Limited ("BMI"), an independent professional valuator. The valuation is performed on the basis of open market value of each individual property at end of each of financial year. On 2 April 2009, BMI issued a valuation report of the investment properties as at the date of 31 December 2008. The Directors have considered that there are no significant changes by the market on the valuation of investment properties since 31 December 2008. Therefore, the Directors considered that the fair value of investment properties at 30 June 2009 was approximately the same as that of 31 December 2008.

10. PREPAID PREMIUM FOR LAND LEASES

Included in prepaid premium for land leases is HK$170,463,000 relating to a piece of leasehold land in Shenzhen, the PRC held by the Group's wholly owned subsidiary, Grand Field Property Development (Shenzhen) Co., Ltd. Due to the lack of development on land site, there is a possibility that the land may be repossessed by the local government, details of which are disclosed in the Company's announcement dated 6 November 2009.

The Group is in the process of assessing whether any appropriate measures could be taken to avoid the repossession, but is unable to ascertain the likelihood of the repossession for the time being.

11. MORTGAGE LOAN RECEIVABLES

	30 June 2009 (Unaudited) ***HK$'000***	31 December 2008 (Audited) *HK$'000*
Total loan receivables, secured	**11,728**	12,695
Less: Provision for impairment loss	**(8,169)**	(8,169)
Total loan receivables, net of impairment loss	**3,559**	4,526
Less: Balance due within one year included under current assets	**(1,536)**	(1,770)
Balance due after one year	**2,023**	2,756

Mortgage loan receivables represent interest-free loans provided by the Group to the purchasers of properties which are repayable by instalments as stipulated in the loan agreements. The loans are secured by the purchasers' properties. Pursuant to the terms of the sale and purchase 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 their fair values. The fair value is determined based on cash flows discounted using the Group's bank borrowings rate of 5.913% per annum (31 December 2008: 5.913% per annum).

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

	30 June 2009 (Unaudited) *HK$'000*	31 December 2008 (Audited) *HK$'000*
Within one year	**3,008**	3,553
In more than one year but less than five years	**8,720**	9,142
	11,728	12,695

12. TRADE AND OTHER RECEIVABLES

(a) Included in trade and other receivables are trade receivables with the following ageing analysis:

	30 June 2009 (Unaudited) *HK$'000*	31 December 2008 (Audited) *HK$'000*
Current, neither past due nor impaired	**412**	412

(b) On 25 March 2008, the Group's wholly owned subsidiary, Yuan Cheng Real Estate (Shenzhen) Limited ("Yuan Cheng"), entered into an agreement with Dongguan City Hua Jia Fu Industry and Trading Limited and Dongguan City Min Tai Industry and Investment Limited for provision of property management and consultancy services for a shopping plaza located in Tang Xia Town, Dongguan at an annual fee of RMB1,450,000 (equivalent to HK$1,648,000) for a term of 2 years. Yuan Cheng made a security deposit of RMB8,000,000 (equivalent to HK$9,091,000), which is refundable at the end of contract, 31 March 2010. Details of the transaction are disclosed in the Company's circular dated 14 April 2008.

(c) Pursuant to a memorandum entered into with 深圳市寶瀾投資股份有限公司(深圳市寶瀾) dated 1 December 2008, Yuan Cheng made a deposit of RMB5,000,000 (equivalent to HK$5,682,000) with 深圳市寶瀾 in connection with a property project "華僑新苑" in Shenzhen developed by 深圳市寶瀾. The memorandum sets out a 1-year period, during which Yuan Cheng has an option to purchase the property at a consideration of RMB89,871,700 (equivalent to HK$102,127,000) or to be reimbursed the deposit should Yuan Cheng not proceed with the property purchase.

Yuan Cheng has not further proceeded the property purchase and part of the deposit of RMB1,000,000 (equivalent to HK$1,136,000) has been returned up to the date of this interim report. In the opinion of the directors, the recoverability of the full amount is uncertain and an allowance of impairment loss of RMB2,500,000 (equivalent to HK$2,841,000) has been made for the six months ended 30 June 2009 of the deposit of RMB5,000,000 (equivalent to HK$5,682,000).

13. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables with the following ageing analysis:

	30 June 2009 (Unaudited) ***HK$'000***	31 December 2008 (Audited) *HK$'000*
Current to 90 days	**–**	–
91 to 180 days	**–**	–
181 to 360 days	**–**	–
Over 360 days	**985**	985
	985	985

14. INTEREST-BEARING BORROWINGS

	30 June 2009 (Unaudited) ***HK$'000***	31 December 2008 (Audited) *HK$'000*
Within 1 year or on demand		
– Bank loans, secured	**–**	23,000
– Loans from third party	**7,032**	24,501
– Bank overdrafts	**–**	1,112
	7,032	48,613

Interest on loans from third party is charged at the weighted average effective interest rate of 6.389% (31 December 2008: 2% per annum).

15. COMMITMENTS

(a) The Group's capital commitments outstanding at 30 June 2009 not provided for in the financial statements were as follows:

	30 June 2009 (Unaudited) ***HK$'000***	31 December 2008 (Audited) *HK$'000*
Contracted but not provided for:		
Premium for land leases	**410**	410

(b) At 30 June 2009, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	30 June 2009 (Unaudited) *HK$'000*	31 December 2008 (Audited) *HK$'000*
Within one year	**1,133**	710
In the second to fifth years inclusive	**648**	–
	1,781	710

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

(c) The Group leases out investment properties 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.

At 30 June 2009, the Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	30 June 2009 (Unaudited) *HK$'000*	31 December 2008 (Audited) *HK$'000*
Within one year	**1,188**	1,156
In the second to fifth years inclusive	**2,625**	3,317
Over five years	**663**	–
	4,476	4,473

16. CONTINGENT LIABILITIES

(a) Litigation

(i) Legal proceedings by Mr. Tsang Wai Lun, Wayland and associates

1. On 6 June 2008, the Company was served with a writ of summons ("Originating Summons") by Mr. Tsang Wai Lun Wayland, a former director and shareholder of the Company, alleging that in a transaction entered into in March 2008 by its wholly owned subsidiary, Yuan Cheng Real Estate (Shenzhen) Limited ("Yuan Cheng") with Dongguan City Hua Jia Fu Industry and Trading Limited and Dongguan City Min Tai Industry and Investment Limited in provision of property management and consultancy services for a shopping plaza located in Tang Xia Town, Dongguan at an annual fee of RMB1,450,000 (equivalent to HK$1,648,000) for a term of 2 years, a refundable security deposit of RMB8,000,000 (equivalent to HK$9,091,000) which Yuan Cheng made with Hua Jia Fu, was abused or mishandled.

   On 25 February 2009, the Originating Summons was revised and issued by Mr. Tsang in the name of the Company in accordance with section 168BC of the Hong Kong Companies Ordinance against the then directors, Mr. Chu King Fai, Mr. Huang Bing Huang, Mr. Au Kwok Chuen Vincent, Mr. Hwang Ho Tyan, Mr. Zhao Juqun, Mr. Yang Biao, Dr. Wong Yun Kuen and Mr. Mok King Tong and the Company, alleging that the then directors had breached their fiduciary duties in relation to (i) the passing of the following resolutions of the Board, (aa) the resolution passed on or about 14 January 2008 to approve the remittance of HK$50,000,000 to Yuan Cheng, (bb) the resolution passed on or about 27 May 2008 to sanction the acquisition of the Yangzhou Project from Min Tai Development at HK$88,000,000 with an up-front payment of HK$5,000,000 paidout of funds of Yuan Cheng, (cc) the resolution passed on or about 15 March 2008 to sanction the entry of management services agreement by Yuan Cheng with Dongguan City Hua Jia Fu Industry and Trading Limited and Dongguan City Min Tai Industry and Investment Limited, which involved an up-front payment of RMB8,000,000 (equivalent to HK$9,091,000) by Yuan Cheng, (dd) the resolution passed on 27 May 2008 to sanction the entry of a cooperation framework agreement by Yuan Cheng with

Zhong Cheng which involved an up-front payment of RMB5,000,000 (equivalent to HK$5,682,000); (ii) the transfer of HK$50,000,000 to Yuan Cheng and to put the said HK$50,000,000 under the control of Yuan Cheng; (iii) the delivery of the financial documents of Yuan Cheng, including cheque books, chops and seals, bank cards, keys to safe deposit boxes to Madam Cheng Lai Yin; (iv) the failure and/or refusal to conduct any proper inquiry or due diligence into the proposed acquisition of the Yangzhou Project and/or the entire share capital of Min Tai Development; (v) the entering into of the placing agreement dated 14 July 2008 whereby the Company conditionally agreed to place 100,000,000 shares in the Company at the price of HK$0.16 per share in order to finance the proposed acquisition of the Yangzhou Project; (vi) the failure to cause Yuan Cheng and/or the Company to recover the earnest money in the amount of HK$5,000,000 from Min Tai Development in accordance with the letter of intent dated 23 June 2008 within 10 days after the Yangzhou Project fell through on 30 September 2008; (vii) the payment of the amount of RMB8,000,000 (equivalent to HK$9,091,000) by Yuan Cheng to Dongguan City Hua Jia Fu Industry and Trading Limited; (viii) the failure and/or refusal to conduct any or any proper inquiry into the terms of the Cooperation Framework Agreement and the payment of RMB5,000,000 (equivalent to HK$5,682,000) deposit on 23 June 2008 pursuant to the Co-operation Framework Agreement; (ix) the payment of the sums of RMB10,000,000 (equivalent to HK$11,364,000) and RMB7,000,000 (equivalent to HK$7,955,000) by Yuan Cheng to Zhong Cheng on or about 15 July 2008 and 29 August 2008 respectively; (x) the transfer of sums totaling RMB33,100,000 (equivalent to HK$37,614,000) between Yuan Cheng and Shenzhen Hua Ke Nano-Technology Development Company Limited from 30 April 2008 to 23 June 2008; and (xi) the passing of the resolutions on 15 and 20 November 2008 sanctioning Grand Field Property Development (Shenzhen) Company Limited, a wholly owned subsidiary of the Group, to borrow up to RMB50,000,000 (equivalent to HK$56,818,000) to repay a loan owed to Yuan Cheng and to use the balance as operation capital of the Company. On the basis of these allegations, Mr. Tsang sought, inter alia, (i) a declaration that the decisions of the then directors to pass the Resolutions purportedly as board resolutions of the Company was not made bona fide in the interest of the Company; (ii) an order that the Resolutions be set aside, further or alternatively, a declaration that the

Resolutions are invalid, null and void and of no legal effect; (iii) damages and/or equitable compensation, interest, costs and further and/or other relief; (iv) restitution of payments received directly or indirectly by the then directors, or any of them in breach of their fiduciary duties; (v) an account and/or inquiry of all payments, profits made and/or benefits received directly or indirectly as a result of their breaches of their fiduciary duties and an order for payment of all sums and delivery up of all assets found due upon the said inquiry or taking of the said account; and (vi) an injunction against the then directors restraining each of them from continuing as the Company's directors and/or exercising the powers as director. No judgment has been made as at the date of this interim financial report. In the opinion of the directors, the defendant directors have either resigned or re-designated as non-executive directors and the aforesaid legal proceedings will have no material impact on the financial position and operations of the Group.

2. On 10 August 2008, a writ of summons was issued by Mr. Tsang against the Company in relation to the resolutions passed in the Annual General Meeting held on 18 June 2008 and in a Special General Meeting held on 25 June 2008. Mr. Tsang sought, inter alias, (i) an order to set aside the resolutions passed at the Annual General Meeting held on 18 June 2008 to grant general mandate for allotment and issue of 20% new share, and repurchase of 10% shares, and a declaration of the resolutions being invalid and null and void and of no legal effect; and (ii) an order to set aside the resolutions passed at a Special General Meeting held on 25 June 2008 in favour of election of Mr. Zhao Yang, Mr. Zhao Juqun, Mr. Yang Biao and Mr. Mok King Tong, and against the election of Mr. Huang Dennis Chong, Mr. Lim Francis, Mr. David Chi-ping Chow, Mr. Wong Ching Wan as directors of the Company, and a declaration of the resolutions being invalid and null and void and of no legal effect. No judgment has been made as at the date of this interim financial report. In the opinion of the directors, the defendant directors have either resigned or re-designated as non-executive directors and the aforesaid legal proceedings will have no material impact on the financial position and operations of the Group.

3. On 26 August 2008, the Company received a writ of summons by Mr. Tsang against the Company, its subsidiaries, Grand Field Group Holdings (BVI) Limited, Grand Field Group Limited ("Grand Field-HK"), Ms. Chen Yu, Mr. Hui Zhihua and Mr. Wen Li. Mr. Tsang sought, inter alias, (i) an order to set aside the resolutions dated 28 April 2008 to appoint Ms. Chen Yu, and Mr. Hui Zhihua as directors of Grand Field-HK and declare the resolutions invalid and null and void and of no legal effect; (ii) an order to set aside the resolutions dated 16 July 2008 for appointment of Ms. Chen Yu, Mr. Hui Zhihua and Mr. Wen Li as directors of Grand Field-HK and for ratification and confirmation of the acts and documents done by them, and a declaration that the resolutions are invalid and null and void and of no legal effect; and (iii) damages and/or equitable compensation, interest, costs and further and/or other relief. No judgment has been made as at the date of this interim financial report. In the opinion of the directors, the defendant directors have either resigned or re-designated as non-executive directors and the aforesaid legal proceedings will have no material impact on the financial position and operations of the Group.

On 10 February, 26 February, 25 March 2009, the Company issued announcements in relation to these legal proceedings.

(ii) Unpaid property management fees

On 13 October 2008, a lawsuit was filed against the Group's wholly owned subsidiary, Grand Field Property Development (Shenzhen) Co., Ltd ("Grand Field Shenzhen"), for the unpaid property management fees and accrued interest in an aggregate amount of RMB4,508,000 (equivalent to HK$5,123,000) in relation to the entire car park lots in Telford Garden in Shenzhen in the Shenzhen Lung Gang People's Court. No judgment has been made as at the date of this interim financial report. In the opinion of the directors, the aforesaid legal proceedings will have no material impact on the financial position and operations of the Group.

As the outcome of these proceedings is uncertain, at this stage, the directors do not have sufficient information to either ascertain the likelihood of the litigations or determine the amount of provision, if any, required to be reflected in these financial statements.

(b) Sales return of properties sold

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 six months ended 30 June 2009 and 2008, there was no property returned to the Group. At 30 June 2009, there were 238 (31 December 2008: 246) properties under which mortgage loans were not yet repaid, with an aggregate contractual sales value of HK$56,872,000 (31 December 2008: HK$58,436,000) and the corresponding cost of sales amounting to HK$38,069,000 (31 December 2008: HK$39,110,000). 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.

17. MATERIAL RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2009, the Group paid rent of HK$970,000 (six months ended 30 June 2008: HK$837,000) to 朱哲, who is the son of the Company's non-executive director.

18. POST BALANCE SHEET EVENTS

(a) On 9 February 2009, the Company was served with a writ of summons by Mr. Tsang against Mr. Chu King Fai, Mr. Au Kwok Chuen Vincent, Mr. Zhao Juqun, Dr. Wong Yun Kuen, Mr. Yang Biao, and Mr. Mok King Tong, Ms. Chen Yu, Mr. Wen Li, Miss Wang Zi-han, Miss Ho Suk Yin Nancy, Mr. Ho Wah Sang and the Company, alleging that Mr. Chu King Fai, Mr. Au Kwok Chuen Vincent, Mr. Zhao Juqun, Dr. Wong Yun Kuen, Mr. Yang Biao, and Mr. Mok King Tong conducted the Company's affairs to the exclusion of Mr. Zhao Yang, Mr. Lim Francis and Mr. Ma Xuemian, Mr. Chen Mudong and Mr. Ng Ka Chong and Ms. Chan Kit Yee Katherine and Mr. David Chi-ping Chow. Mr. Tsang sought, inter alias, (i) an order to set aside the Company's director appointment and injunction resolutions and a declaration that these resolutions are invalid and null and of no legal effect; (ii) an order to restrain Ms. Chen Yu, Mr. Wen Li, Miss Wang Zi-han, Miss Ho Suk Yin, Nancy and Mr. Ho Wah Sang from acting as directors; (iii) an order to restrain Mr. Chu King Fai, Mr. Au Kwok Chuen Vincent, Mr. Zhao Juqun, Dr. Wong Yun Kuen, Mr. Yang Biao, and Mr. Mok King Tong from (aa) conducting the Company's affairs to the exclusion of Mr. Zhao Yang, Mr. Lim Francis and Mr. Ma Xuemian, Mr. Chen Mudong and Mr. Ng Ka Chong and Ms. Chan Kit Yee Katherine and Mr. David Chi-ping Chow, and (bb) proceeding any legal action in relation to their claims or cross claims against Rhenfield Development Corp. and Mr. Tsang; (iv) an order to indemnify the Company for all loss and damage to the Company; and (v) an order to declare and a declaration of no proper authorization by the Company to instruct the Hong Kong Counsel for institution of the Hong Kong proceedings in the name of the Company against Rhenfield.

Subsequent to the balance sheet date, on 12 August 2009, judgment has been made that the appointment of Ms. Chen Yu, Mr. Wen Li, Miss Wang Zi-han, Miss Ho Suk Yin, Nancy and Mr. Ho Wah Sang as directors of the Company was invalid and set aside their appointment. A settlement has been reached with Mr. Tsang that the Group should pay a sum of HK$1,260,000 in full and final settlement of Mr. Tsang's costs in this Action. The amount of HK$1,260,000 has been accrued in the interim financial report. As at the date of this interim financial report, the Group has settled a sum of HK$680,000.

(b) On 1 April 2009, the Company received a writ of summons by Rhenfield Development Corp. ("Rhenfield"), in which Mr. Tsang is the beneficial owner, against the Company for the expenses incurred by Rhenfield in convening the 2 December 2008 Special General Meeting of the Company, and accrued interest, totalling HK$678,000.

Subsequent to the balance sheet date, on 30 October 2009, a settlement has been reached with Rhenfield that the Group should pay a sum of HK$650,000 to Rhenfield in full and final settlement of Rhenfield's claim. The amount of HK$650,000 has been accrued in the interim financial report. As at the date of this interim financial report, the Group has fully paid the sum of HK$650,000.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Business Review

The effect of global financial crisis turned out to be milder than expected by the market at the onset of the financial crunch. In addition, the property market in the PRC regained its momentum in the first half of 2009, mainly due to a series of economic stimulus policies implemented by the Central and local government.

The Group was mainly engaged in the businesses of property sales, property rental and management services in Shenzhen.

2. Financial Review

During the six months ended 30 June 2009, the Group's revenue amounted to approximately HK$1,949,000, representing a 27% increase when compared with that of the same period last year. The majority of the Group's revenue was generated from rental income and management services fee.

During the period under review, the Group recorded a net loss attributable to equity shareholders of the Company of approximately HK$25,198,000 (2008 same period: HK$15,319,000).

The loss for the period under the review was mainly attributable to (i) loss from property development business; (ii) an impairment loss for a deposit of possible property project in Shenzhen and (iii) the legal claims and legal fees incurred for the Group's litigations.

3. Prospects

The Board completed its reorganization at the end of the period under review. In the past two years, the Group's operations had been inevitably interrupted by the frequent changes in personnel. Following the completion of management and structural reorganisation, the Group can now concentrate its effort on its ongoing development. Under the leadership of the new management, the Group will emphasize the enhancement of operational scale and efficiency of the Group. Furthermore, the Group will continue to beef up its management efficiency and corporate governance.

In light of the relatively insignificant revenue flow, it is a priority of the Group to broaden its income sources and to strengthen its cash position, in order to sustain its development. As disclosed on 6 November 2009, there is a possibility that a leasehold land in Shenzhen managed by a subsidiary of the Group may be repossessed by the local government, as there is no progress in the development of the site. The Group is considering various measures to avoid the repossession. Given the prime location of the leasehold land, the Group believes it has good potential to be developed into a future revenue source. However, the Group is unable to conclude whether or not, the leasehold land will be re-possessed.

4. Liquidity and financial resources

As at 30 June 2009, the Group's cash and cash equivalents were approximately HK$1,995,000 (31 December 2008: HK$9,392,000). The percentage of cash and cash equivalents denominated in HKD and RMB were 87.9% and 12.1% respectively (31 December 2008: 18.7% and 81.3% respectively).

As at 30 June 2009, the Group recorded total current assets of approximately HK$54,916,000 (31 December 2008: HK$68,952,000) and total current liabilities of approximately HK$31,402,000 (31 December 2008: HK$66,837,000). The Group recorded total assets of approximately HK$348,254,000 (31 December 2008: HK$408,887,000) and the Group's total interest-bearing borrowings amounted to approximately HK$7,032,000 (31 December 2008: HK$48,613,000), all of them are repayable within one year.

All of the Group's borrowings for the period under review were denominated in RMB and such borrowings carried interest rates ranged from 5.39% to 12.6% (2008: 5.93% to 12.6%).

The Group's gearing ratio, which was calculated on the basis of total borrowings to shareholders' equity, was 10% as at 30 June 2009 (31 December 2008: 18%).

5. Share Capital

	Number of shares	**Amount**
		HK$'000
Authorised:		
Ordinary shares of HK$0.02 each		
At beginning and end of period	5,000,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK$0.02 each		
At beginning and end of period	2,516,810,000	50,336

6. Exchange risk

Borrowings and sales and purchases of the Group are generally transacted in Hong Kong Dollar and Renminbi. For the six months ended 30 June 2009, the Group was not subject to any significant exposure to foreign exchange rate risk. Hence, no financial instrument for hedging was employed.

7. Charge on assets

Pledged bank deposits as at 30 June 2009 of the Group amounted to approximately HK$Nil (31 December 2008: HK$27,996,000), which had been acting as a security for the bank loans made available to the Group.

8. Employees

For the period under review, the Group employed 50 employees (six months ended 30 June 2008: 50) and the related staff cost amounted to approximately HK$4,678,000 (six months ended 30 June 2008: HK$4,156,000). The Group's emolument policies are formulated such that the emoluments are made by reference to the performance of individual employees and will be reviewed every year. Apart from base salary and statutory provident fund scheme, employees will also be offered discretionary bonus based on the results of the Group and their individual performance. No option under the Company's share option scheme was granted to employee of the Group during the period under review.

9. Material Acquisitions and Disposals

There was no material acquisition or disposal of subsidiaries or associates during the six months ended 30 June 2009.

10. Contingent Liabilities

Details of contingent liabilities are set out in Note 16 to the interim financial information.

OTHER INFORMATION

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the period (six months ended 30 June 2008: Nil).

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2009, the interests and short positions of the directors and chief executives 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:

Long positions in shares of the Company

	Number of ordinary shares held					
Name of director	Personal interest	Family interests	Corporate interests	Number of share options held	Total interests	Total interests as percentage of the issued share capital
Chu King Fai	–	–	–	25,000,000	25,000,000	0.99%
Au Kwok Chuen, Vincent	–	–	–	25,000,000	25,000,000	0.99%
Zhao Juqun	–	–	–	25,000,000	25,000,000	0.99%
Wong Yun Kuen	–	–	–	2,500,000	2,500,000	0.10%
Yang Biao	250,000	–	–	2,500,000	2,750,000	0.11%
Mok King Tong	–	–	–	2,500,000	2,500,000	0.10%

Save as disclosed above, as at 30 June 2009, none of the directors or the chief executives or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company, subsidiaries or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwised notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2009, 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. *(note 1)*	479,050,000	19.03%
Hongkong Zhongxing Group Co., Limited *(note 2)*	561,750,000	22.32%

Note 1: Rhenfield Development Corp. is owned by Mr. Tsang Wai Lun, Wayland and Madam Kwok Wai Man, Nancy in equal shares.

Note 2: Hongkong Zhongxing Group Co., Limited is owned by Mr. Huang Bing Huang.

Save as disclosed above, the Company has not been notified of any other interests representing 5% or more of the Company's issued share capital as at 30 June 2009.

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.

During the period under review, the movements in the share options to subscribe for the Company's shares were as follows:

				Number of Share options				
	Date of grant	Exercisable period	Exercisable price per share *HK$*	Outstanding at 1 Jan 2009	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30 June 2009
Category 1: Directors								
Chu King Fai	21 August 2008	21 August 2008 – 18 August 2011	0.1724	25,000,000	–	–	–	25,000,000
Au Kwok Chuen, Vincent	21 August 2008	21 August 2008 – 18 August 2011	0.1724	25,000,000	–	–	–	25,000,000
Zhao Juqun	21 August 2008	21 August 2008 – 18 August 2011	0.1724	25,000,000	–	–	–	25,000,000
Wong Yun Kuen	21 August 2008	21 August 2008 – 18 August 2011	0.1724	2,500,000	–	–	–	2,500,000
Yang Biao	21 August 2008	21 August 2008 – 18 August 2011	0.1724	2,500,000	–	–	–	2,500,000
Mok King Tong	21 August 2008	21 August 2008 – 18 August 2011	0.1724	2,500,000	–	–	–	2,500,000
Total for directors				82,500,000	–	–	–	82,500,000

	Date of grant	Exercisable period	Exercisable price per share HK$	Outstanding at 1 Jan 2009	Number of Share options Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30 June 2009
Category 2: Substantial shareholder	21 August 2008	21 August 2008 – 18 August 2011	0.1724	2.500,000	–	–	–	2,500,000
Total for Substantial shareholder				2.500,000	–	–	–	2,500,000
Category 3: Employees	21 August 2008	21 August 2008 – 18 August 2011	0.1724	37,900,000	–	–	–	37,900,000
	21 October 2008	21 October 2008- 15 October 2011	0.128	56,000,000	–	–	–	56,000,000
Total for employees				93,900,000	–	–	–	93,900,000
Category 4: Other participants	21 October 2008	21 October 2008- 15 October 2011	0.128	25,000,000	–	–	–	25,000,000
Total for other participants				25,000,000	–	–	–	25,000,000
Total for all categories				203,900,000	–	–	–	203,900,000

The closing prices of the Company's shares on the trading days immediately before 21 August 2008 and 21 October 2008, being the dates of grants of the options were HK$0.154 and HK$0.115 respectively.

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 2009.

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 2009, 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 for the deviations from Code Provisions A2.1 and A4.1 which are explained below:

Code provision A2.1

The Code Provision stipulates that the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing. As a result of the resignation of former CEO, Mr. Huang Bing Huang, Mr. Chu King Fai, the Chairman was also appointed as CEO with effect from 16 October 2008, the Company does not have a separate chairman and CEO. Mr. Chu King Fai holds both positions during the six months ended 30 June 2009.

Reference is made to the announcement of the Company dated 5 February 2010, Mr. Chen Mudong has been appointed CEO with effect from 1 March 2010.

Code provision A4.1

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 2009.

AUDIT COMMITTEE

During the six months ended period, 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 2009.

REMUNERATION COMMITTEE

During the six months ended period, 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 responsibilities of Remuneration Committee include reviewing and making recommendation to the Board on the Company's policies, structure and remuneration packages of directors and senior management of the Group.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Changes in Directors' biographical details since the date of the Annual Report 2008 of the Company or (as the case may be) the date of announcement for the appointment of the Directors issued by the Company subsequent to the date of the Annual Report 2008, which are required to be disclosed pursuant to Rule 13.51(2) and Rule 13.51B(1) of the Listing Rules, are set out below:

Mr. Ma Xuemian

Newly appointed as a director of each of Grand Field Group Holdings (BVI) Limited, Grand Field Group Investments (BVI) Limited, China Max Group Limited and Metro China Investment Limited, all being subsidiaries of the Company.

Mr. Lim Francis

Cessation of appointment as principal of Barrack Consultants, a Hong Kong consultancy firm that advises Asian companies on corporate finance and market entry strategies.

Mr. Liu Chaodong

Change of name of the current employment company from Guangdong Gongxin Certified Public Accountants Co., Ltd. to Crowe Horwath China CPAs Co. Ltd., Guangdong Foshan Branch.

By order of the Board
GRAND FIELD GROUP HOLDINGS LIMITED
MA XUEMIAN
Chairman

Hong Kong, 8 February 2010