
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any aspect of this circular or as to the action to be taken, you should consult your stockbroker, or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in Grand Field Group Holdings Limited (the “Company”), you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



鈞濠集團有限公司*

GRAND FIELD GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 115)

**RE-ELECTION OF RETIRING DIRECTORS,
GENERAL MANDATES TO ISSUE NEW SHARES AND
REPURCHASE ITS OWN SHARES
AND
PROPOSALS FOR
ADOPTION OF THE NEW SHARE OPTION SCHEME AND
TERMINATION OF THE EXISTING SHARE OPTION SCHEME**

A notice convening an annual general meeting of the Company to be held at Hotel Miramar Hong Kong, Miramar Function Room 4-5, Basement 2, 118-130 Nathan Road, Tsimshatsui, Kowloon, Hong Kong on 23 June 2006, Friday at 11:00 a.m. or any adjournment thereof is set out on pages 31 to 35 of this circular. Whether or not you are able to attend the meeting, you are advised to read the notice and complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the principal office of the Company at Room 1201, Righteous Centre, 585 Nathan Road, Kowloon, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

Hong Kong, 1 June 2006

* For identification only

CONTENTS

	<i>Page</i>
RESPONSIBILITY STATEMENT	1
DEFINITIONS	2
LETTER FROM THE BOARD	
INTRODUCTION	6
RE-ELECTION OF RETIRING DIRECTORS	7
GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE NEW SHARES	7
PROPOSAL FOR ADOPTION OF SHARE OPTION SCHEME AND TERMINATION OF EXISTING SHARE OPTION SCHEME	8
PROCEDURE FOR DEMANDING A POLL	10
ANNUAL GENERAL MEETING	11
ACTION TO BE TAKEN	11
DOCUMENTS AVAILABLE FOR INSPECTION	11
RECOMMENDATION	12
GENERAL INFORMATION	12
 APPENDIX I – PARTICULARS OF RETIRING DIRECTORS STANDING FOR RE-ELECTION	 13
 APPEDNIX II – EXPLANATORY STATEMENT	 17
 APPENDIX III – THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME	 20
 NOTICE OF ANNUAL GENERAL MEETING	 31

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

DEFINITIONS

In this circular (including the Appendices), unless the context otherwise requires, the following expressions have the following meanings:

“Affiliate”	means any company or entity in which any company in the Group holds an interest, or a Subsidiary of such company or entity
“AGM” or “Annual General Meeting”	means an annual general meeting of the Shareholders to be held at Hotel Miramar Hong Kong, Miramar Function Room 4-5, Basement 2, 118-130 Nathan Road, Tsimshatsui, Kowloon, Hong Kong on 23 June 2006 at 11:00 a.m. or any adjournment thereof
“Annual Report”	the annual report of the Company for the year ended 31 December 2005 to be dispatched to the shareholders
“associate”	has the same meaning ascribed to it under the Listing Rules
“Board”	means the board of directors of the Company for the time being or a duly authorised committee thereof
“business day”	has the same meaning ascribed to it under the Listing Rules
“Bye-laws”	means the bye-laws of the Company as amended from time to time
“chief executive”	has the same meaning ascribed to it under the Listing Rules
“Commencement Date”	means, in respect of an Option, the date, which must be a business day, on which an offer of the grant of an Option is accepted by an Eligible Participant in accordance with the New Share Option Scheme, or otherwise an Option is granted to an Eligible Participant thereunder
“Company”	means Grand Field Group Holdings Limited, a company incorporated in Bermuda
“Director(s)”	includes any person who occupies the position of a director, by whatever name called, of the Company
“Eligible Participant(s)”	means any person who falls within any of the categories provided under paragraph (d) of the summary of the principal terms of the New Share Option Scheme

DEFINITIONS

“Employee(s)”	means any employee or officer of any company in the Group or any person who is employed by any company in the Group (whether full time or part time) at the time when the Option is granted to such person
“Existing Share Option Scheme”	means the existing share option scheme of the Company adopted on 4 August 1999 in general meeting by ordinary resolution
“Grantee”	means, unless otherwise provided in the New Share Option Scheme, any Eligible Participant who accepts an offer of the grant of an Option in accordance with the terms of the New Share Option Scheme or (where the context so permits) a person or persons entitled to any such option in consequence of the death of the Eligible Participant
“Group”	means the Company and its Subsidiaries and “company in the Group” shall be construed accordingly
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“Independent Professional Advisers”	means the auditors or other independent financial advisers appointed or retained by the Company
“Latest Practicable Date”	26 May, 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“New Share Option Scheme”	means a new share option scheme to be adopted by the Company pursuant to Ordinary Resolution no. 5(B) as set out in the Notice of Annual General Meeting

DEFINITIONS

“Notice of AGM” or “Notice of Annual General Meeting”	means the notice convening the Annual General Meeting as set out in this circular
“Offer Date”	means the date on which an Option is offered to an Eligible Participant
“Option(s)”	means an option to subscribe for Shares granted pursuant to the Existing Share Option Scheme or the New Share Option Scheme and for the time being subsisting
“Option Period”	means a period, within which an Option may be exercisable, to be determined and notified by the Board to each Grantee commencing on a day after the Commencement Date and expiring on the last day of such period or the 10th anniversary of the Commencement Date, whichever is the earlier
“Ordinary Resolution(s)”	means the proposed ordinary resolutions as referred to in the Notice of Annual General Meeting
“Personal Representative(s)”	the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee, is or are entitled to exercise the Option granted to such Grantee (to the extent not already exercised)
“Retiring Directors”	the Directory retiring and offering themselves for re-election at the Annual General Meeting in accordance with Bye-law 111 of the Bye-laws
“Share(s)”	means ordinary share(s) of \$0.02 each (or of such other nominal amount as shall result from a sub-division, a reconstruction or a consolidation of such share(s) from time to time) in the capital of the Company
“Shareholders	means holders of Shares for the time being
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Subscription Price”	means the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option as determined in accordance with the provisions described in paragraph (e) of Appendix III
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Cap 32 of the Laws of Hong Kong) or the Companies Act of the Company), whether incorporated in Hong Kong, Bermuda or elsewhere
“substantial shareholder”	has the same meaning ascribed to it under the Listing Rules

LETTER FROM THE BOARD



鈞濠集團有限公司*

GRAND FIELD GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 115)

Executive Directors:

Mr Tsang Wai Lun, Wayland (*Chairman*)

Madam Kwok Wai Man, Nancy

Mr Lau Tam Wah

Independent Non-Executive Directors:

Mr Hui Pui Wai, Kimber

Mr Lum Pak Sum

Dr Wong Yun Kuen

Company Secretary:

Mr Chau Tsun Ming, Jimmy

Head Office and Principal

Place of Business:

Room 1201

Righteous Centre

585 Nathan Road

Kowloon Hong Kong

Registered Office in Bermuda:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

1 June 2006

To the Shareholders and the existing holders of Options

Dear Sir or Madam,

**RE-ELECTION OF RETIRING DIRECTORS,
GENERAL MANDATES TO ISSUE NEW SHARES AND
TO REPURCHASE ITS OWN SHARES
AND
PROPOSALS FOR
ADOPTION OF THE NEW SHARE OPTION SCHEME AND
TERMINATION OF THE EXISTING SHARE OPTION SCHEME**

INTRODUCTION

The purpose of this circular is: (a) to provide details regarding re-election of the Retiring Directors; (b) to serve as an explanatory statement required by the Listing Rules to be given in relation to the Repurchase Mandate; and (c) to provide Shareholders with details of the adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme.

The Company will publish an announcement on the outcome of the Annual General Meeting for the adoption of the New Share Option Scheme on the business day following such meeting.

* *For identification only*

LETTER FROM THE BOARD

RE-ELECTION OF RETIRING DIRECTORS

Pursuant to Bye-law 111 of the Bye-laws, Mr Tsang Wai Lun, Wayland and Madam Kwok Wai Man, Nancy, being Directors appointed by the Board during the year, shall retire at the Annual General Meeting. All Retiring Directors, being eligible for re-election, will offer themselves for re-election at the Annual General Meeting. Biographical and other details of the Retiring Directors as required to be disclosed by the Listing Rules are set out in Appendix I to this circular.

GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE NEW SHARES

General Mandate for repurchase by the Company of its own securities

Regarding a written resolution passed on 27 June 2005, a general unconditional mandate was given by the Shareholders to the Directors to exercise the powers of the Company to repurchase Shares up to a maximum of 10 per cent of the issued share capital of the Company immediately following the completion of the new issue of the share capital. Such general mandate will lapse at the conclusion of the AGM.

Your attention is drawn to an ordinary resolution set out in the notice dated 1 June 2006 of convening the AGM which is contained on pages 31 to 35 of the Circular. Such ordinary resolution proposes to give a general mandate to the Directors to exercise the powers of the Company to repurchase at any time until the conclusion of the next annual general meeting of the Company following the passing of the relevant resolution or such earlier period as stated therein up to a maximum of 10 per cent of the aggregate nominal amount of the issued share capital of the Company as at the date of passing that ordinary resolution (the "Repurchase Mandate").

An explanatory statement contains all the information in relation to the Repurchase Mandate pursuant to the Listing Rules is set out in the Appendix II hereto.

General Mandate to issue new securities of the Company

At the AGM, ordinary resolution will be proposed to grant to the Directors a general mandate (i) to allot, issue and otherwise deal with new Shares and/or other securities of the Company not exceeding in aggregate 20 per cent of the issued share capital of the Company as at the date of passing of such ordinary resolution (the "New Issue Mandate"); and (ii) to add to it the aggregate nominal amount of the Shares repurchased by the Company under the Repurchase Mandate to the New Issue Mandate.

As at the Latest Practicable Date, the total issued share capital of the Company was 2,046,650,000 Shares. The number of Shares issuable pursuant to the New Issue Mandate on the date of passing the resolution will be 409,330,000 representing 20 per cent of the Company's issued capital as at the date of the AGM.

LETTER FROM THE BOARD

PROPOSAL FOR ADOPTION OF NEW SHARE OPTION SCHEME AND TERMINATION OF EXISTING SHARE OPTION SCHEME

Existing Share Option Scheme

The Existing Share Option Scheme was adopted by the Company on 4 August 1999. As at the Latest Practicable Date, the Company had granted 79,050,000 Options to certain Directors and employees of the Group pursuant to the Existing Share Option Scheme, representing approximately 3.86 per cent of the issued ordinary share capital of the Company. Out of 79,050,000 Options, none had been exercised, 49,660,000 Options were still outstanding and 29,390,000 Options had lapsed in accordance with the terms of the Existing Share Option Scheme. Details of the outstanding Options are as follows:–

Holder of options outstanding	Number of Shares subject to options outstanding	Exercise price (HK\$)	Exercisable period
Mr Tsang Wai Lun, Wayland (<i>Director</i>)	4,950,000	0.065	25 November 2003 to 24 November 2006
Madam Kwok Wai Man, Nancy (<i>Director</i>)	4,950,000	0.065	25 November 2003 to 24 November 2006
Mr Lau Tam Wah (<i>Director</i>)	3,200,000	0.065	25 November 2003 to 24 November 2006
Others	36,560,000	0.065	25 November 2003 to 24 November 2006

The Board intends that no further Options will be granted under the Existing Share Option Scheme after the Latest Practicable Date.

It is contemplated that the Existing Share Option Scheme will terminate upon the New Share Option Scheme taking effect. Options granted and not yet exercised under the Existing Share Option Scheme will however remain effective and are bound by the terms of the Existing Share Option Scheme.

LETTER FROM THE BOARD

New Share Option Scheme

The purpose of the New Share Option Scheme is to enable the Board to grant Options to Eligible Participants as (i) incentives and/or rewards in recognition or acknowledgement of the contributions that Eligible Participants have made and will make to the Group; and (ii) motivation to high calibre employees for high levels of performance in order to enhance long-term shareholder value. Under the New Share Option Scheme, the Company will be allowed to grant Options to a wider category of persons other than the full time employees of the Company and its subsidiaries. Individual person eligible to be granted of the Options were categorized and defined in the New Share Option Scheme as an Eligible Participant.

According to the New Share Option Scheme, the grant of Options may be subject to conditions which may include (i) the minimum period that must be held before the Options can be exercised and (ii) the performance target that must be achieved before the Options can be exercised. Such conditions and basis will serve to enhance the value of the Group as well as to achieve the purpose of the New Share Option Scheme.

As at the Latest Practicable Date, the number of Shares in issue was 2,046,650,000. On the basis of such figure (assuming no further Shares would be issued between the period from the Latest Practicable Date and the date of the adoption of the New Share Option Scheme), the number of Shares that may be issued upon exercise of all Options which may be granted under the New Share Option Scheme and to be granted under any other share option schemes will be up to 204,665,000 Shares, being 10 per cent of the issued ordinary share capital of the Company as at the Latest Practicable Date. The Company may however obtain approval from its Shareholders to refresh the said 10 per cent limit in accordance with the Listing Rules, provided that the maximum number of Shares to be issued upon exercise of all outstanding Options under the New Share Option Scheme and any other share option schemes must not exceed 30 per cent of the issued ordinary share capital of the Company from time to time.

A summary of the principal terms of the New Share Option Scheme is set out in Appendix III to this circular.

LETTER FROM THE BOARD

Value of Options

The Directors consider that it is not appropriate to value all the Options that can be granted under the New Share Option Scheme as if they had been granted on the Latest Practicable Date, as a number of variables which are crucial for the calculation of the Option value cannot be reasonably determined at this stage. Such variables include the exercise price, the terms, restrictions, conditions and limitations (if any) imposed by the Directors upon the grant of the Options and other relevant variables. The subscription price payable for the Shares depends on the closing price of the Shares as quoted on the Stock Exchange, which in turn depends on when the Board is to grant Options under the New Share Option Scheme. With a scheme life of 10 years, the Board is of the view that it is too early to state whether or not the Options will be granted under the New Share Option Scheme, and if so, to determine the number of Options that may be granted. It is also difficult to ascertain with accuracy the Subscription Price of the Shares given the possible variation of the Share price during the 10 years life span. The Directors believe that any valuation of the Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and be misleading to the Shareholders.

Conditions for the Adoption of the New Share Option Scheme

The adoption of the New Share Option Scheme is conditional upon:-

- (i) the approval by the Shareholders in ordinary resolution; and
- (ii) the Stock Exchange granting approval of the listing of and permission to deal in any Shares which may fall to be issued pursuant to the exercise of Options granted under the New Share Option Scheme, which Shares shall not exceed 10 per cent of the issued ordinary share capital of the Company as at the date of approval. Application shall be made to the Listing Committee of the Stock Exchange to obtain the above approval of listing.

PROCEDURE FOR DEMANDING A POLL

Pursuant to the Bye-law 73, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawals of any other demand for a poll) demanded:-

- (a) by the chairman of such meeting; or
- (b) by at least three Shareholders present in person (or, in the case of a Shareholder being a corporation by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or

LETTER FROM THE BOARD

- (c) by any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (d) by any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

ANNUAL GENERAL MEETING

The notice of the Annual General Meeting is set out on pages 31 to 35 of this circular. At the Annual General Meeting, ordinary resolutions will be proposed to approve the re-election of retiring Directors, the granting of the Repurchase Mandate, the New Issue Mandate, the extension of the New Issue Mandate, the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme.

ACTION TO BE TAKEN

A form of proxy for use at the Annual General Meeting is enclosed with this circular. To be valid, the form of proxy must be completed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney at the principal office of the Company at Room 1201, Righteous Centre, 585 Nathan Road, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting at the Annual General Meeting if you so wish.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the New Share Option Scheme will be available for inspection during normal business hours at the principal office of the Company in Hong Kong at Room 1201, Righteous Centre, 585 Nathan Road, Kowloon, Hong Kong for a period of 14 days before the date of the AGM and at the AGM.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the re-election of retiring Directors, the granting of the Repurchase Mandate, the New Issue Mandate, the extension of the New Issue Mandate, the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme are in the interests of the Company and the Shareholders. Accordingly, the Directors recommend Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in Appendix I to Appendix III to this circular.

Yours faithfully
For and on behalf of the Board of
Grand Field Group Holdings Limited
Tsang Wai Lun, Wayland
Chairman

The biographical and other details of the Retiring Directors standing for re-election at the Annual General Meeting are set out below:–

Mr Tsang Wai Lun, Wayland

Mr Tsang Wai Lun, Wayland, aged 48, is the Chairman and Managing Director of the Group. Before founding the Group in 1992, Mr Tsang was engaged in the trading of camera equipment in the PRC. In late 1991, Mr Tsang began to explore opportunities in the property development business in Guangdong Province. Mr Tsang has accumulated more than 14 years' experience in the field of property development and investment in the PRC. Mr Tsang is responsible for formulating the overall strategy of the Group. Mr Tsang is the spouse of Madam Kwok Wai Man, Nancy ("Madam Kwok") and she is also a director of the Company.

Save as disclosed above, Mr Tsang did not hold any other directorships in listed public companies during the past three years.

No service contract has been entered into between the Company and Mr Tsang. Mr Tsang is not appointed for a specified term or proposed length of service with the Company but is subject to retirement by rotation and re-election pursuant to the Bye-laws of the Company. His total emoluments for the year ended 31 December 2005 was HK\$788,000 as disclosed in note 7 of the financial statements of the Company for the year ended 31 December 2005 and for the year 2006, his total emoluments will be approximately HK\$788,000. These emoluments are determined by the Remuneration Committee with reference to his duties and responsibilities with the Company, the Company's performance and profitability, the Company's remuneration policy and the market pay-level for the same position.

As at the Latest Practicable Date, Mr Tsang is interested in 794,310,000 shares in the Company, out of which 735,050,000 shares are held via Rhenfield Development Corp ("Rhenfield"), the entire issued capital of which is held by Mr Tsang and Madam Kwok in equal shares. He has also been granted 4,950,000 share options in the shares of the Company, which may be exercisable on or before 24 November 2006 at HK\$0.065 per share. As at the Latest Practicable Date, Mr Tsang is also interested in the following non-voting deferred shares in the following subsidiaries of the Company:–

Grand Field Group Limited	1 share of HK\$100
Ka Fong Industrial Company Limited	1,000 shares of HK\$100 each
Kwan Cheung Holdings Limited	1 share of HK\$100
Shing Fat Hong Limited	1 share of HK\$1

Save as disclosed herein, Mr Tsang has no interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr Tsang did not have any relationship with any Director, senior management, substantial or controlling shareholder of the Company nor had he any interests in the Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

During the period from 27 August 2001 to 11 September 2001, Rhenfield had acquired 2.49 million shares of the Company (the “Share Acquisition”) and on 26 September 2001, the Company’s board of directors approved the interim results for the six months ended 30 June 2001 (the “2001 Interim Results”). The Share Acquisition therefore fell within one month “blackout period” under the then Rule A3 of the Model Code for Securities Transactions by Directors of Listing Issuer set out in Appendix 10 to the Listing Rules (“Model Code”). On 21 February 2005, the Listing Committee of the Stock Exchange criticized Mr Tsang and Madam Kwok for breach of Rule 3.13 of the Listing Rules and Rule A3 of the Model Code (both in force at the relevant time) by virtue of Rhenfield’s Share Acquisition during the period commencing one month immediately preceding the date of the board meeting, which was held on 26 September 2001, for the approval of the 2001 Interim Results and ending on the date of the results announcement, and the Declaration and Undertaking with regard to Directors set out in Appendix 5B to the Listing Rules to comply to the best of their ability with the Listing Rules.

Pursuant to the Company’s announcements dated 4 June 2002, 27 February 2003 and 11 August 2003 in relation to the acquisition of a 75 per cent equity interest in Sino Richest Limited (“Sino Richest”) and the Company’s subsequent disposal of such entire interest, the Listing Enforcement of the Listing Division of the Stock Exchange (“Listing Division”) has been raising queries to the Company and individual directors of the Company relating to the above transactions since October 2002. As Mr Tsang was one of the directors of the Company at the relevant time, he is also being requested to make individual submission to the Listing Division in response to the queries raised regarding the transactions.

Save as disclosed above, there is no other information which is discloseable pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter which needs to be brought to the attention of the Shareholders.

Madam Kwok Wai Man, Nancy

Madam Kwok Wai Man, Nancy, aged 45, is responsible for overseeing the overall financial management of the Group. Madam Kwok has more than 20 years' experience in the field of financial management and property development in the PRC. Before founding the Group, Madam Kwok worked for her father's garment trading business and was in charge of accounting. Madam Kwok is the spouse of Mr Tsang Wai Lun, Wayland ("Mr Tsang") and he is the Chairman and Managing Director of the Group.

Save as disclosed above, Madam Kwok did not hold any other directorships in listed public companies during the past three years.

No service contract has been entered into between the Company and Madam Kwok. Madam Kwok is not appointed for a specified term or proposed length of service with the Company but is subject to retirement by rotation and re-election pursuant to the Bye-laws of the Company. Her total emoluments for the year ended 31 December 2005 was HK\$306,000 as disclosed in note 7 of the financial statements of the Company for the year ended 31 December 2005 and for the year 2006, her total emoluments will be approximately HK\$306,000. These emoluments are determined by the Remuneration Committee with reference to her duties and responsibilities with the Company, the Company's performance and profitability, the Company's remuneration policy and the market pay-level for the same position.

As at the Latest Practicable Date, Madam Kwok is interested in 743,270,000 shares in the Company, out of which 735,050,000 shares are held via Rhenfield Development Corp ("Rhenfield"), the entire issued capital of which is held by Madam Kwok and Mr Tsang in equal shares. She has also been granted 4,950,000 share options in the shares of the Company, which may be exercisable on or before 24 November 2006 at HK\$0.065 per share. As at the Latest Practicable Date, Madam Kwok is also interested in the following non-voting deferred shares in the following subsidiaries of the Company:—

Grand Field Group Limited	1 share of HK\$100
Ka Fong Industrial Company Limited	1,000 shares of HK\$100 each
Kwan Cheung Holdings Limited	1 share of HK\$100
Shing Fat Hong Limited	1 share of HK\$1

Save as disclosed herein, Madam Kwok has no interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Madam Kwok did not have any relationship with any Director, senior management, substantial or controlling shareholder of the Company nor had she any interests in the Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

During the period from 27 August 2001 to 11 September 2001, Rhenfield had acquired 2.49 million shares of the Company (the “Share Acquisition”) and on 26 September 2001, the Company’s board of directors approved the interim results for the six months ended 30 June 2001 (the “2001 Interim Results”). The Share Acquisition therefore fell within one month “blackout period” under the then Rule A3 of the Model Code for Securities Transactions by Directors of Listing Issuer set out in Appendix 10 to the Listing Rules (“Model Code”). On 21 February 2005, the Listing Committee of the Stock Exchange criticized Mr Tsang and Madam Kwok for breach of Rule 3.13 of the Listing Rules and Rule A3 of the Model Code (both in force at the relevant time) by virtue of Rhenfield’s Share Acquisition during the period commencing one month immediately preceding the date of the board meeting, which was held on 26 September 2001, for the approval of the 2001 Interim Results and ending on the date of the results announcement, and the Declaration and Undertaking with regard to Directors set out in Appendix 5B to the Listing Rules to comply to the best of their ability with the Listing Rules.

Pursuant to the Company’s announcements dated 4 June 2002, 27 February 2003 and 11 August 2003 in relation to the acquisition of a 75 per cent equity interest in Sino Richest Limited (“Sino Richest”) and the Company’s subsequent disposal of such entire interest, the Listing Enforcement of the Listing Division of the Stock Exchange (“Listing Division”) has been raising queries to the Company and individual directors of the Company relating to the above transactions since October 2002. As Madam Kwok was one of the directors of the Company at the relevant time, she is also being requested to make individual submission to the Listing Division in response to the queries raised regarding the transactions.

Save as disclosed above, there is no other information which is discloseable pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter which needs to be brought to the attention of the Shareholders.

The Appendix serves as an explanatory statement, as required by the Listing Rules, to provide information to you with regard to the Repurchase Mandate.

1. THE LISTING RULES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their securities on the Stock Exchange or on another stock exchange on which the securities of the companies may be listed and recognised for this purpose by the Securities and Futures Commission and the Stock Exchange subject to certain restrictions. Some of the important restrictions are summarised below:

(a) Source of funds

Repurchases must be financed out of funds legally available for such purpose in accordance with the constitutive documents of the Company and the laws of the jurisdiction in which the Company is incorporated.

(b) Maximum number of shares to be repurchased

The shares which are proposed to be repurchased by a Company must be fully paid up. A maximum of 10 per cent of the issued share capital as at the date of passing the relevant resolution may be repurchased on the Stock Exchange.

2. SHARE CAPITAL

As at 26 May 2006 (the “Latest Practicable Date”), there were 2,046,650,000 Shares in issue and subject to the passing of the necessary ordinary resolution and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, exercise in full of the Repurchase Mandate could accordingly result in up to 204,665,000 Shares being repurchased by the Company during the course of the period prior to the next annual general meeting to be held in 2007.

3. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and its shareholders to have a general authority from Shareholders to enable the Directors to repurchase the Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or net assets per Share and/or its earnings per Share and will only be made until the Directors believe that such repurchases will benefit the Company and its Shareholders.

4. FUNDING OF REPURCHASES

Repurchases of the Shares will be funded entirely from the Company's available cash flow or working capital facilities, and will, in any event, be made out of funds legally available for the purchase in accordance with the Bye-laws of the Company and the applicable laws of Bermuda.

There might be a material adverse effect on the working capital requirements or gearing levels of the Company (as compared with the position disclosed in the audited accounts contained in the 2005 Annual Report) in the event that the Repurchase Mandate is exercised in full at any time. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company at the time of the relevant purchases unless the Directors determine that such repurchases are, taking account of all relevant factors, in the best interests of the Company.

5. GENERAL

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company to make repurchase pursuant to the Repurchase Mandate and in accordance with the Listing Rules, any applicable laws of Bermuda and the Bye-laws of the Company.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company under the Repurchase Mandate if the same is approved by the shareholders.

No other connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have a present intention to sell any Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the shareholders.

If a Shareholder's proportionate interest in the voting rights of the Company increases as a result of the Directors exercising the powers of the Company to repurchase its Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition of voting rights for the purpose of Rule 32 of the Hong Kong Code on Takeovers and Mergers ("Takeover Code"). Accordingly, a Shareholder or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code. As at the Latest Practicable Date, Mr. Tsang Wai Lun, Wayland has total interests in the Shares of the Company of 794,310,000 Shares, including the 735,050,000 Shares of corporate interests held by Rhenfield Development Corp. (a company owned by Mr. Tsang Wai Lun, Wayland and Madam Kwok Wai Man, Nancy in equal share) and personal interests of

59,260,000 Shares. Madam Kwok Wai Man, Nancy, the spouse of Mr. Tsang, has total interests in the Shares of the Company of 743,270,000 Shares, including the 735,050,000 Shares of corporate interests held by Rhenfield Development Corp. and personal interests of 8,220,000 Shares. Therefore, the aggregate interests held by Mr. Tsang, Madam Kwok and Rhenfield Development Corp. are 802,530,000 Shares, representing approximately 39.21 per cent of the issued share capital of the Company. In the event that the Directors exercise in full the power to repurchase Shares pursuant to the Repurchase Mandate, then (if the present shareholdings remain the same), the shareholdings of Rhenfield Development Corp, together with Mr. Tsang and Madam Kwok will be increased to approximately 43.57 per cent of the issued share capital of the Company. The Directors have no intention to repurchase Shares to such an extent as would result in takeover obligations. Save as disclosed above, the Directors are not aware of any consequences which may arise under the Takeover Code as a result of any repurchase made under the Repurchase Mandate and if the Repurchase Mandate is exercised in full, the number of Shares held by the public would not fall below 25 per cent.

6. THE SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months and the current month (up to the Latest Practicable Date) were as follows:

	The Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
May 2005	0.151	0.132
June 2005	0.146	0.116
July 2005	0.135	0.099
August 2005	0.112	0.100
September 2005	0.118	0.100
October 2005	0.105	0.095
November 2005	0.100	0.074
December 2005	0.080	0.069
January 2006	0.085	0.075
February 2006	0.115	0.083
March 2006	0.142	0.080
April 2006	0.135	0.100
May 2006 (up to the Latest Practicable Date)	0.133	0.095

7. REPURCHASES OF SHARES MADE BY THE COMPANY

No repurchases of Shares have been made by the Company (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

APPENDIX III THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

The following is a summary of the principal terms of the New Share Option Scheme but does not form part of, nor is it intended to be part of, the New Share Option Scheme nor should it be taken as affecting the interpretation of the contents of the New Share Option Scheme.

Purpose

- (a) The purpose of the New Share Option Scheme is to enable the Board to grant Options to Eligible Participants as (i) incentives and/or rewards in recognition or acknowledgement of the contributions that Eligible Participants have made and will make to the Group; and (ii) motivation to high calibre employees for high levels of performance in order to enhance long-term shareholder value.

Administration and Duration

- (b) The New Share Option Scheme will be subject to the administration of the Board whose decision as to all matters arising in relation to the New Share Option Scheme or its interpretation or effect (save as otherwise provided in the New Share Option Scheme) shall be final and binding on all parties who may be affected thereby. Any funding requirements for the New Share Option Scheme will be met by the Company.
- (c) The New Share Option Scheme shall continue to be in force, at the discretion of the Board, subject to a maximum period of 10 years commencing from the date of adoption of the New Share Option Scheme, after which period no further Options will be granted but in all other respects the provisions of the New Share Option Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted.

Who may join

- (d) 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 contractor to any company in the Group or any Affiliate (such person is hereinafter referred to as a “Related Party” of the Group);
 - (ii) any discretionary trust the discretionary objects of which include any of the foregoing.

APPENDIX III THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

In order for a person to satisfy the Board that he is qualified to be (or, where applicable, continues to qualify to be) an Eligible Participant, such person shall provide all such information as the Board may request for the purpose of assessing his eligibility (or continuing eligibility).

Subscription Price

- (e) The Subscription Price in respect of any particular Option shall, subject to any adjustments made pursuant to paragraphs (j) to (m), be a price determined by the Board in its absolute discretion and provided that it 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 Commencement Date; 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 Commencement Date; and (iii) the nominal value of a Share.

Grant of Options

- (f) The grant of an Option shall be offered to an Eligible Participant by letter in such form and the Board may at its absolute discretion when offering the grant of an Option impose any terms, conditions, restrictions and limitations on the Option to be granted. Unless the Board otherwise determine and set out in the offer of the grant of an Option to a Grantee, a Grantee is not required to achieve any performance targets before any Options granted under the New Share Option Scheme can be exercised.
- (g) An Option shall be deemed to have been granted and accepted by the Eligible Participant and to have taken effect when the duplicate letter comprising acceptance of the offer of the grant of an Option duly signed by the Grantee together with a remittance in favour of the Company of HK\$1.00 in consideration of the grant thereof is received by the Company on a business day not later than 21 days from the Offer Date and such remittance shall be in no circumstances be refundable.
- (h) The grant of an Option may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in the newspapers or disclosed in accordance with the requirements of the Listing Rules.

APPENDIX III THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

- (i) No Option may be granted during the period commencing 1 month immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement.

Maximum number of Shares

- (j) The maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes shall not exceed such number of Shares as shall represent 30 per cent of the nominal amount of the issued ordinary share capital of the Company from time to time.
- (k) The total number of Shares for which Options may be granted (together with Options exercised and Options then outstanding) under the New Share Option Scheme, and any other share option schemes, shall not in aggregate exceed such number of Shares representing 10 per cent of the nominal amount of the issued ordinary share capital of the Company as at the date of approval of the New Share Option Scheme ("Scheme Mandate Limit") unless Shareholders' approval has been obtained pursuant to paragraph (l) and (m) below. Options which have lapsed in accordance with the terms of the New Share Option Scheme or any other share option schemes of the Company will not be counted.
- (l) Subject to paragraph (k), the Company may refresh the Scheme Mandate Limit at any time subject to the approval of the Shareholders in general meeting. However, the Scheme Mandate Limit as refreshed must not exceed 10 per cent of the Shares in issue as at the date of the aforesaid Shareholders' approval (the "Refreshed Limit"). Options previously granted under the New Share Option Scheme and any other share option schemes (whether outstanding, cancelled, lapsed in accordance with its applicable rules or already exercised) will not be counted for the purpose of calculating the Refreshed Limit.

- (m) Subject to paragraph (k), the Board may also seek separate approval from the Shareholders in general meeting for the granting of Options beyond the Scheme Mandate Limit provided that the Options in excess of the limit are granted only to Eligible Participants specifically identified by the Board before such approval is sought. The Company must send a circular to its Shareholders containing a generic description of such specified Eligible Participants, the number and terms of Options to be granted, the purpose of granting Options to such Eligible Participants with an explanation as to how these Options serve such purpose and such other information required under the Listing Rules.

Maximum Entitlement of Each Eligible Participant

- (n) The maximum number of Options issued and which may fall to be issued upon the exercise of Options granted under the New Share Option Scheme and any other share option schemes (including both exercised and outstanding Options) to each Eligible Participant shall not exceed 1 per cent of the issued share capital of the Company for the time being in any 12-month period up to and including the Commencement Date (the “Individual Limit”). Any further grant of Options in excess of the Individual Limit must be separately approved by Shareholders in general meeting with such Eligible Participant and his or her associates abstaining from voting. The Company must send a circular to the Shareholders containing the identity of such Eligible Participant, the number and terms of the Options to be granted (and Options previously granted to such Eligible Participant) and such other information required under the Listing Rules.

Time of Exercise of Options

- (o) An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period to be determined and notified by the Directors to each Grantee, subject to a maximum period of 10 years from the Offer Date. The Board may provide restrictions on the exercise of an Option during the period the Option may be exercised including, if appropriate, a minimum period for which the Option must be held or a performance target which must be achieved before the Option can be exercised.

Rights are Personal to Grantee

- (p) An Option is personal to the Grantee and shall not be transferable or assignable, save for transfer or transmission on death or by law.

Rights on Death, Ill Health, Injury, Disability, Redundancy or Retirement

- (q) If the Grantee of an Option is an Employee and ceases to be an Eligible Participant by reason of his or her death, ill health, injury, disability, redundancy or retirement in accordance with his or her contract of employment and none of the events which would be a ground for termination of his or her employment under paragraph (z)(iii) arises, the Grantee or, as the case maybe, his or her Personal Representative(s) shall be entitled to exercise all or any of the Options (to the extent not already exercised) in whole or in part at any time within a period of 12 months or such longer period as the Board may determine, from the date of such cessation which shall be the last day on which the Grantee was at work with the Group.
- (r) If the Grantee is an individual other than an Employee and ceases to be an Eligible Participant by reason of his or her death, ill health, injury or disability, his or her Personal Representative(s) shall be entitled to exercise all or any of the Options (to the extent not already exercised) in whole or in part at any time within a period of 12 months following his or her death or injury, or the first day of ill health or disability or such longer period as the Board may determine.

Rights of Related Parties on Ceasing to be Eligible Participants

- (s) If the Grantee is a Related Party of the Group and ceases to be an Eligible Participant for any reason other than his or her death, ill health, injury, disability, redundancy or retirement in accordance with his or her contract of employment (or any other contract to whom the Grantee is a party or otherwise binding on the Grantee) or the termination of his or her employment (or any other contract to whom the Grantee is a party or otherwise binding on the Grantee) on one or more of the grounds specified in paragraph (z)(iii) or (iv), and provided that the Grantee is not or does not become an Employee, director, consultant, supplier, agent, partner or advisor of or contractor to any company in the Group or (at the direction of a company in the Group) an Affiliate immediately thereafter, unless the Board otherwise determines, the Grantee may exercise the Option up to his or her entitlement at the date of cessation (to the extent not already exercised) at any time within the period of 1 month following the date of such cessation, or such longer period as the Board may determine, and in relation to the part(s) and portion(s) of the Option that is not exercisable at the date of cessation, the Board shall have absolute discretion in determining whether such part(s) or portion(s) of the Options shall continue to be in full force and effect notwithstanding the cessation.

APPENDIX III THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

- (t) If the Grantee is a Related Party of the Group and ceases to be an Eligible Participant for any reason other than his or her death, ill health, injury, disability, redundancy or retirement in accordance with his or her contract of employment (or any other contract to whom the Grantee is a party or otherwise binding on the Grantee) or the termination of his or her employment (or any other contract to whom the Grantee is a party or otherwise binding on the Grantee) on one or more of the grounds specified in paragraph (z)(iii) or (iv), but the Grantee is, continues to be or otherwise becomes an Employee, director, consultant, supplier, agent, partner or advisor of or contractor to of any company in the Group or (at the direction of a company in the Group) an Affiliate immediately thereafter, the Grantee may exercise the Option up to his or her entitlement at the date of cessation (to the extent not already exercised) within such period as the Board may determine, and, in relation to the part(s) and portion(s) of the Options that is not exercisable at the date of cessation, the Board shall have absolute discretion in determining whether such part(s) or portion(s) of the Option shall continue to be in full force and effect notwithstanding the cessation.
- (u) For the purposes of paragraphs (q), (r), (s), (t) and (z), and where the context so permits, the word “Grantee” includes any person by reason of whose relationship with a company in the Group or an Affiliate (whether as a director, Employee, consultant, customer, supplier, business introduction agent or legal, financial or marketing adviser, contractor or holder or beneficial owner of interests or securities or otherwise), a Grantee is granted with an Option.

Effect of Reorganisation of Capital Structure

- (v) In the event of a capitalization issue, rights issue, subdivision or consolidation of shares or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), while any Option remains exercisable, such corresponding alterations (if any) shall be made in:–
- (i) the Subscription Price of any Option; and/or
- (ii) the number or nominal amount of Shares comprised in the Option,

as the Directors (having received, for adjustments other than pursuant to a capitalization issue, a statement in writing from the Independent Professional Advisors that in their opinion the adjustments proposed are fair and reasonable) may deem appropriate, provided that any such adjustment will give a Grantee the same proportion of the issued share capital of the Company to which that person was previously entitled. No such alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value.

Rights on Compromise or Arrangement

- (w) If a compromise or arrangement between the Company and Shareholders or creditors is proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees (or their Personal Representatives) on the same day as it gives notice of the meeting to Shareholders or creditors to consider such compromise or arrangement and all or any of the Options (to the extent not already exercised) shall become exercisable on such date and the Grantee may at any time thereafter until the earlier of (i) 2 calendar months after that date and (ii) the date on which such compromise or arrangement is sanctioned by the court, exercise all or any of the Options (to the extent not already exercised) in whole or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under the New Share Option Scheme. The Company may require the Grantee (or his or her Personal Representatives) to transfer or otherwise deal with the Shares as a result of the exercise of Option in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

Rights on General Offer

- (x) If a general offer whether by way of take-over, share re-purchase offer or scheme of arrangement or otherwise in like manner is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer becomes or is declared unconditional during the Option Period of the relevant Option, the Grantee (or his or her Personal Representative(s)) may by notice in writing to the Company exercise all or any of the Options (to the extent not already exercised) in whole or in such part as specified in such notice at any time within 21 days after the date on which the offer becomes or is declared unconditional.

Rights on Voluntary Winding Up

- (y) In the event a notice is given by the Company to Shareholders to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to all Grantees and each Grantee (or his or her Personal Representatives) may by notice in writing to the Company (such notice to be received by the Company not later than 2 business days prior to the proposed general meeting) exercise all or any of the Options (to the extent not already exercised) in whole or in part and the Company shall as soon as possible and in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

Lapse of Options

- (z) An Option shall lapse automatically and shall not be exercisable (to the extent not already exercised) at the earliest of:–
- (i) the expiry of the Option Period;
 - (ii) the expiry of any of the periods referred to in paragraph (q) to (t), (w) to (y);
 - (iii) in respect of the Grantee being an Employee, the date on which the Grantee ceases to be an Employee by reason of the termination of his or her employment on the grounds that:–
 - (1) the Grantee has been guilty of misconduct;
 - (2) the Grantee has committed any act of bankruptcy or is otherwise unable or has no reasonable prospect of being able to pay his or her debts;
 - (3) the Grantee has become insolvent or has made any arrangements or composition with his/her/its other creditors generally;
 - (4) the Grantee has been convicted of any criminal offence involving his or her integrity or honesty, or
 - (5) the Grantee has caused a material breach of any of the terms or covenants of his or her employment to the effect that any company in the Group may terminate such Grantee's employment for cause or without notice or otherwise on any ground of summary dismissal under applicable labour laws.

APPENDIX III THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

- (iv) in respect of the Grantee not being an Employee, the date on which the Board in its absolute discretion determines that:–
 - (1) the Grantee has committed any breach or is non-compliant with any provision in any agreement or contract entered into between the Grantee and a company in the Group or an Affiliate;
 - (2) the Grantee (being an individual) has committed any act of bankruptcy or otherwise is unable or has no reasonable prospect of being able to pay his or her debts;
 - (3) the Grantee (being a corporation) has ceased or suspended payment of its debts, or becomes unable to pay its debts;
 - (4) the Grantee has otherwise become insolvent or has made any arrangements or composition with his/her/its other creditors generally; or
 - (5) any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the assets or undertakings of the Grantee.
- (v) the date of the commencement of the winding-up of the Company;
- (vi) the date on which the Board may prescribe at the time of the offer of grant of the Option; and
- (vii) the date on which the Board determines the Option shall lapse due to the Grantee committed a breach of or non-compliance with any obligation or provision of any of the terms, conditions, restrictions and/or limitations attached to the grant of the Option.

Ranking of Shares

- (aa) The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Bye-laws of the Company and, subject to the terms, conditions, restrictions and/or limitations upon which the Option shall be granted to the Grantee, will rank pari passu in all aspects with the existing fully paid Shares in issue on the date of the exercise of an Option and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of the exercise of the Option other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the date of the exercise of an Option. A Share allotted and issued upon the exercise of an Option shall not carry voting rights until the completion of the registration of the Grantee as the holder thereof.

Alteration of the New Share Option Scheme

- (ab) The New Share Option Scheme may be altered in any respect by resolution of the Board except for the provisions of the New Share Option Scheme relating to matters contained in Rule 17.03 of the Listing Rules shall not be altered to the advantage of Grantees or prospective Grantees except with the prior sanction of a resolution of the Shareholders in general meeting (subject to the prior approval of the Stock Exchange to any material alteration except where the alterations take effect automatically under the existing terms of the New Share Option Scheme). No such alteration shall operate to affect adversely the terms of issue of any Options granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the Shareholders under the Bye-laws for the time being for a variation of the rights attached to the Shares.
- (ac) Any amended terms of the New Share Option Scheme must comply with the relevant requirements of the Listing Rules.

Grant of Option to Certain Connected Persons

- (ad) Any Options granted to a Director, chief executive or substantial Shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors, excluding any independent non-executive Director who is a Grantee of an Option, in accordance with the Listing Rules.

APPENDIX III THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

(ae) Where any grant of an Option to a substantial shareholder of the Company, an independent non-executive Director or any of their respective associates would result in Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant of Option:–

- (i) representing in aggregate over 0.1 per cent of the nominal amount of the issued ordinary share capital of the Company for the time being; and
- (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

then, such further grant of Options must be approved by Shareholders in general meeting by way of poll and a circular shall be sent to the Shareholders in accordance with the Listing Rules. All connected persons (having its meaning ascribed to it under Rule 1.01 of the Listing Rules) of the Company must abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his or her intention to do so has been stated in the circular.

Termination and Cancellation

(af) The Company, by resolution in general meeting, or of the Board, may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but Options granted prior to such termination shall continue to be valid and exercisable in accordance with the provisions of the New Share Option Scheme.

(ag) The Board shall have absolute discretion to cancel any Option granted at any time to any Grantee which have neither lapsed nor been exercised in full (or any part or portion thereof) at any time, with the agreement of the Grantee provided that if the Company shall issue a new Option to the same Grantee, the issue of such new Option shall be made with available unissued Options (excluding all the cancelled Options) within the limits referred to in paragraph (j) to (m).

NOTICE OF ANNUAL GENERAL MEETING



鈞濠集團有限公司*

GRAND FIELD GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 115)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting of Grand Field Group Holdings Limited (the “Company”) will be held at Hotel Miramar Hong Kong, Miramar Function Room 4-5, Basement 2, 118-130 Nathan Road, Tsimshatsui, Kowloon, Hong Kong on 23 June 2006, Friday at 11:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31 December 2005;
2. To re-elect directors and to authorize the board of directors to fix their remuneration;
3. To re-appoint auditors and to authorize the board of directors to fix their remuneration;
4. As special business, to consider and, if thought fit, pass, with or without amendments, the following resolutions as ordinary resolutions (“Resolution”):

(A) “**THAT:**

- (a) subject to paragraph (c) of this Resolution and without prejudice to Resolution 4(C) set out in the Notice of this Meeting, the exercise by the Board during the Relevant Period (as defined in paragraph (d) of this Resolution) of all powers of the Company to issue, allot and deal in shares of HK\$0.02 each in the share capital of the Company (the “Shares”) and to issue, allot or grant securities convertible into Shares or options, warrants or similar rights to subscribe for any shares in the Company or such convertible securities and to make or grant offers, agreements and options which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall authorise the Board during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such power after the end of the Relevant Period;

* *For identification purpose only*

NOTICE OF ANNUAL GENERAL MEETING

- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Board pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to:
 - (i) a Rights Issue (as defined in paragraph (d) of this Resolution); or
 - (ii) any scrip dividend scheme or similar arrangements implemented in accordance with the Bye-laws of the Company; or
 - (iii) an issue of Shares under the share option scheme of the Company or any similar arrangements for the time being adopted by the Company for the grant or issue to employees or directors of the Company and/or any of its subsidiaries of Shares or right to acquire Shares; or
 - (iv) the exercise of the rights of subscription or conversion under the terms of any securities or notes for the time being in force which are convertible into any shares in the Company;

shall not exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this Resolution and the said approval shall be limited accordingly;

- (d) for the purposes of this Resolution: “Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:–
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law of Bermuda to be held; or
 - (iii) the revocation or variation of this Resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

NOTICE OF ANNUAL GENERAL MEETING

“Rights Issue” means an offer of shares open for a period fixed by the Board to holders of Shares on the register on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognized regulatory body or any stock exchange in any territory).”

(B) **“THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Board during the Relevant Period (as defined in Resolution 4(A)(d) set out in the Notice of this Meeting) of all the powers of the Company to repurchase the Shares on The Stock Exchange of Hong Kong Limited or on any other exchange on which the Shares may be listed and which is recognized by the Securities and Futures Commission and The Stock Exchange of Hong Kong Limited (the “Recognised Stock Exchange”) subject to and in accordance with all applicable laws, and in accordance with the provisions of, and in the manner specified in, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or the rules of any other Recognised Stock Exchange, be and is hereby generally and unconditionally approved; and
- (b) the aggregate nominal amount of the Shares to be repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (a) of this Resolution during the Relevant Period shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this Resolution and the said approval shall be limited accordingly.”

- (C) **“THAT** subject to the passing of Resolutions 4(A) and 5(B) set out in the Notice of this Meeting, the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Board pursuant to and in accordance with the approval given in Resolution 4(A) set out in the Notice of this Meeting be and is hereby increased and extended by the addition of the aggregate nominal amount of the Shares which may be repurchased by the Company pursuant to and in accordance with the approval given in Resolution 4(B) set out in the Notice of this Meeting provided that such amount shall not exceed the aggregate nominal amount of the Shares repurchased pursuant to the said Resolution 4(B) and the said approval shall be limited accordingly.”

NOTICE OF ANNUAL GENERAL MEETING

5. As special business, to consider and, if thought fit, pass, with or without modification, the following resolution as an Ordinary Resolutions:-
- (A) “**THAT** subject to the passing of Resolution 5(B) set out in the Notice of this Meeting, the existing share option scheme (the “Existing Share Option Scheme”) of the Company adopted pursuant to a resolution of the Shareholders held on 4 August 1999 be and is hereby terminated provided that any option granted under the Existing Share Option Scheme prior to the passing of this Resolution shall not, in any way, be affected or prejudiced and all such options shall continue to be valid and exercisable in accordance with the Existing Share Option Scheme.”
- (B) “**THAT** conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval of the listing of, and permission to deal in, the shares of HK\$0.02 in the capital of the Company (the “Shares”) which may fall to be issued upon the exercise of the subscription rights attaching to the options to be granted under the new share option scheme to be adopted by the Company, a copy of which is marked “A” and produced to the Meeting and for the purpose of identification signed by the Chairman of the Meeting (the “New Share Option Scheme”), the New Share Option Scheme be and is hereby authorized to grant options to subscribe for Shares under the New Share Option Scheme and to do all such acts and to enter into all such transactions and arrangements as may be necessary or expedient in order to give effect to the New Share Option Scheme.”

Yours faithfully,
For and on behalf of the Board of
Grand Field Group Holdings Limited
Chau Tsun Ming, Jimmy
Company Secretary

Hong Kong, 1 June 2006

NOTICE OF ANNUAL GENERAL MEETING

Notes :

1. A form of proxy for use at the AGM is enclosed herewith.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing or if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorized to sign the same.
3. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more than one proxies to attend and, in the event of poll, vote in his or her stead. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.
4. In order to be valid, the form of proxy must be deposited at the principal place of business of the Company at Room 1201, Righteous Centre, 585 Nathan Road, Kowloon, Hong Kong together with a power of attorney or other authority (if any) not less than 48 hours before the time for holding the meeting or adjourned meeting.
5. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting convened by the above notice or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.