The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement， 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 announcement．
（Incorporated in Bermuda with limited liability）
（Stock Code：115）

## DISCLOSEABLE TRANSACTION

The Board announced that on 18 October 2006，Party A，Party B，being a wholly owned subsidiary of the Company，Party C and Party D and the Joint Venture entered into the Shareholders＇Agreement pursuant to which the parties to the Shareholders＇Agreement agree to form the Joint Venture with registered capital of HK $\$ 1,840,000$ ．Party A，Party B，Party C and Party D shall subscribe for $10.88 \%, 78.26 \%$ ， $5.43 \%$ and $5.43 \%$ equity interest in the Joint Venture respectively and shall contribute their proportionate shares of interest in the Joint Venture in cash．The Joint Venture is set up for the purpose of organizing and holding folk cultural，recreational or other carnival events in the PRC．

Pursuant to the Shareholders＇Agreement，Party B shall pursuant to and in respect of each Event，procure the Company to provide（i）a corporate guarantee up to $\mathrm{HK} \$ 10,000,000$ to the Joint Venture in favour of the financial institutions to secure the loan obligation of the Joint Venture；and（ii）a security against disposal of any of the imported machines and associated equipment and other recreational facilities which shall be used for the purposes of and during any folk cultural，recreational or other carnival event orgainsed by the Joint Venture，with the amount of such security to be limited to the extent of HK $\$ 8,000,000$ ．

As the applicable percentage ratio for the capital contribution and the provision of corporate guarantee and security by the Company pursuant to the Shareholders＇Agreement is more than $5 \%$ and less than $25 \%$ ，the entering into the Shareholders＇Agreement constitutes a discloseable transaction for the Company under Rule 14.08 of the Listing Rules．A circular containing details of the Shareholders＇Agreement will be despatched to the shareholders of the Company as soon as practicable．

THE SHAREHOLDERS＇AGREEMENT DATED 18 OCTOBER 2006

## Parties

Party $A$ ：Highraise Management Limited，a company incorporated in the British Virgin Islands with limited liability，which is engaged in provision of management services and beneficially owned by Fan Yan Kin Stephen，Alan S．Crow Lo Chun Sing，Universal Talent Consultants Limited and Kwok Kwong Tsuen

Party B ：Grand Field Group Investments（BVI）Limited，a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company

Party $C$ ：China Legend Holdings Limited，a company incorporated in the British Virgin Islands with limited liability，which is an investment holding company beneficially owned by Chan Yui Chi Bernard，Lam Kam Sing，Chan Tai Yung and Sin Kin Yin

Party $D \quad: \quad$ Good Legend Investments Limited，a company incorporated in the British Virgin Islands with limited liability，which is an investment holding company wholly and beneficially owned by Wong Ka Sing

[^0]To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Party A, Party C and Party D and their beneficial owners are third parties independent of the Company and the connected person(s) (as defined in the Listing Rules) of the Company.

## Summary terms of the Shareholders' Agreement

Pursuant to the Shareholders' Agreement, 1,840,000 JV Shares of HK $\$ 1.00$ each will be allotted and will be taken up by Party A, Party B, Party C and Party D as to 200,000 JV Shares, 1,440,000 JV Shares, 100,000 JV Shares and 100,000 JV Shares respectively. Accordingly, the Joint Venture will be owned as to $10.88 \%$, $78.26 \%, 5.43 \%$ and $5.43 \%$ by Party A, Party B, Party C and Party D respectively. The capital commitment of Party B for $78.26 \%$ equity interest in the Joint Venture is $\mathrm{HK} \$ 1,440,000$ which shall be payable to the Joint Venture on the date of the Shareholders' Agreement and will be funded by the internal resources of the Company.

Pursuant to the Shareholders' Agreement, Party B shall pursuant to and in respect of each Event, procure the Company to provide (i) a corporate guarantee executed by the Company in favour of the banks for the purposes of procuring or otherwise guaranteeing due and punctual performance by the Joint Venture of all the obligations expressed to be imposed on or assumed by the Joint Venture in respect of and under any banking or trade finance facilities to be granted by licenced bank(s) in Hong Kong to and for use by the Joint Venture for the sole purpose of financing the operation of the business of the organization and the operation of Events, with such corporate guarantee to be limited to the extent of $\mathrm{HK} \$ 10,000,000$ in aggregate; and (ii) appropriate security instruments, custom bond instruments and/or other documentation executed by the Company in favour of the relevant regulatory governmental authorities in the PRC for the purposes of providing security against disposal in any manner by any person within the territory of the PRC of any of the imported machines and associated equipment and other recreational facilities which shall be used for the purposes of and during an Event with the amount of such security to be limited to the extent of $\mathrm{HK} \$ 8,000,000$ in aggregate.

The capital commitment of Party A for $10.88 \%$ equity interest in the Joint Venture is HK $\$ 200,000$ which shall be payable to the Joint Venture within 7 days from the date of the Shareholders' Agreement and Party A shall enter into a management services agreement with the Joint Venture pursuant to which Party A shall enter into contracts with the relevant organizing agents and/or authorities for conducting and performing the services and obligations and to procure the provision of the facilities and services as required by the Events. The Company will comply with the Listing Rules when Party A enters into the management services agreement with the Joint Venture.

The capital commitment of Party C for $5.43 \%$ equity interest in the Joint Venture is HK $\$ 100,000$ which shall be payable to the Joint Venture on the date of the Shareholders' Agreement and Party C shall provide an unsecured shareholder's loan of $\mathrm{HK} \$ 1,150,000$ to the Joint Venture at an interest rate equivalent to $1 \%$ above the prevailing prime lending rate as quoted from time to time by the Hong Kong and Shanghai Banking Corporation Limited on the date of the Shareholders' Agreement.

The capital commitment of Party D for $5.43 \%$ equity interest in the Joint Venture is HK $\$ 100,000$ which shall be payable to the Joint Venture on the date of the Shareholders' Agreement and Party D shall provide an unsecured shareholder's loan of HK $\$ 1,150,000$ to the Joint Venture at an interest rate equivalent to $1 \%$ above the prevailing prime lending rate as quoted from time to time by the Hong Kong and Shanghai Banking Corporation Limited on the date of the Shareholders' Agreement.

During the continuance of the Shareholders' Agreement, each of the JV Shareholders shall procure that neither of its director(s) nor shareholder(s) do or be permitted to (i) either solely or jointly with or on behalf of any person directly or indirectly carry on or be engaged or interested whether as an employee, consultant or otherwise in any business or trade which is similar to the business of the organization and the operation of Events; (ii) solicit (other than by general advertising) the custom of any person who is or has been a client of the business of the organization and the operation of Events for the purpose of offering to that client services similar to those of the business of the organization and the operation of Events; or cause or permit any person directly or indirectly under its control to do any of the foregoing acts or things, without the prior written consent of the other JV Shareholders (to the exclusion of Party A).

Completion of the establishment of the Joint Venture shall take place upon the signing of the Shareholders' Agreement. As Party B holds $78.26 \%$ of the equity interest in the Joint Venture, the Joint Venture is a non-wholly owned subsidiary of the Company and the financials of the Joint Venture will be consolidated in the financial statements of the Group after completion of the Shareholders’ Agreement.

The Shareholders' Agreement shall be terminated on the date falling two years from the date of the Shareholders' Agreement.

## The Joint Venture

The Joint Venture was incorporated in Hong Kong with limited liability on 4 August 2006. The authorized share capital and the paid up capital of the Joint Venture are HK $\$ 4,000,000$ and HK $\$ 1,840,000$ respectively. Each of Party A, Party B, Party C and Party D desires to combine their interest to establish a joint venture through the medium of the Joint Venture for the purpose of carrying on the business of the organization and the operation of a folk cultural, recreational or other carnival event which the Joint Venture shall conduct, organize and operate within the territory of the PRC or Hong Kong.

The Joint Venture shall use its best endeavours to implement its business plan to conduct, organize and operate four Events in Shenzhen, Chengdu and Beijing as scheduled pursuant to the Shareholders Agreement.

The board of the directors of the Joint Venture will comprise six directors and each of Party A, Party B, Party C and Party D shall be entitled to appoint one director, three directors, one director and one director to the board of directors of the Joint Venture respectively. It is expected that Mr. Tsang Wai Lun, Wayland, Madam Kwok Wai Man, Nancy and Mr. Siu King Nin, Peter will be appointed by Party B as directors of the Joint Venture. One of the beneficial owners of Party A, Mr. Alan S. Crow, is a renowned carnival event organizer and has 30 years of experience in operating carnival business. In addition to Mr. Alan S. Crow, Party A will also bring in a strong management team to manage all aspects of organizing carnival events. As Party A will enter into a management services agreement with the Joint Venture to perform the required services for organizing the Events, the Directors consider that the Joint Venture will be operated by a strong management team with sufficient expertise in managing carnival business operation.

## REASONS FOR THE SHAREHOLDERS’AGREEMENT

The principal activities of the Group are property development and property investment in the PRC.
It is the corporate strategy of the Group to actively pursue and diversify investment opportunities in other fields with promising growing prospect. As mentioned in the 2005 annual report of the Company, besides the development of the property projects in the PRC, the Group is also actively to explore development opportunities in the PRC. The Group has tried to diversify the risks of the principal business of the Group by identifying strategic investments to make profits in advantageous market conditions.

As the economic as well as the personal income continues to grow in the PRC, there is an increasing willingness in personal consumption such as entertainment expenditures in recent years. In view of the huge market in the PRC, it is expected that the Events to be organized by the Joint Venture in the major cities in the PRC will become top attractions for local Chinese. As such, the Board is of the view that the entering into the Shareholders' Agreement represents an excellent opportunity for the Company to invest in an unique business with vast market potential and an objective to achieve reasonable return for the Group and considered that the terms of the Shareholders’ Agreement are fair and reasonable and the investment in the Joint Venture is in the interests of the Company and the shareholders of the Company as a whole.

## GENERAL

As the applicable percentage ratio for the capital contribution and the provision of corporate guarantee and security by the Company pursuant to the Shareholders' Agreement is more than $5 \%$ and less than $25 \%$, the entering into the Shareholders' Agreement constitutes a discloseable transaction for the Company under Rule 14.08 of the Listing Rules. A circular containing details of the Shareholders' Agreement will be despatched to the shareholders of the Company as soon as practicable.

## TERMS USED IN THIS ANNOUNCEMENT

[^1]| "Directors" | directors of the Company |
| :--- | :--- |
| "Event(s)" | a folk cultural, recreational or other carnival event which the Joint Venture shall <br> conduct, organize and operate within the territory of the PRC or Hong Kong |
| $"$ the Company and its subsidiaries |  |$\quad$| "Hong Kong" | the Hong Kong Special Administrative Region of the PRC |
| :--- | :--- |

Hong Kong, 18 October 2006
As at the date of this announcement, the Board comprises Mr. Tsang Wai Lun, Wayland, Madam Kwok Wai Man, Nancy, Mr. Lau Tam Wah and Mr. Siu King Nin, Peter as executive Directors and Mr. Hui Pui Wai, Kimber, Mr. Lum Pak Sum and Mr. Wong Yun Kuen as independent non-executive Directors.

Please also refer to the published version of this announcement in The Standard and Sing Tao Daily.


[^0]:    the Joint ：All Rights Holdings Limited，a company incorporated in Hong Kong with limited liability
    Venture and owned as to $10.88 \%$ by Party A； $78.26 \%$ by Party B； $5.43 \%$ by Party C and the remaining $5.43 \%$ by Party D

[^1]:    "Board"
    "Company" Grand Field Group Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange

