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Multifield

MULTIFIELD INTERNATIONAL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 898)

**MAJOR TRANSACTION
DISPOSAL OF PROPERTY**

The Board is pleased to announce that on 15 May 2006, the Vendor, a wholly-owned subsidiary of the Company, entered into the Provisional S&P Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Property for the Consideration of HK\$329 million.

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is conditional upon approval by the Shareholders.

A circular containing further information on the Disposal will be dispatched to the Shareholders as soon as possible.

At the request of the Company, dealings in the Shares on the Stock Exchange were suspended with effect from 9:30 a.m. on 16 May 2006 pending the release of this announcement. Application has been made for the resumption of trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 17 May 2006.

PROVISIONAL S&P AGREEMENT

Date: 15 May 2006

Parties:

- (1) Grandfield Nominees Limited, an indirect wholly-owned subsidiary of the Company.
- (2) Standard Asia Investment Ltd, a company incorporated in Hong Kong

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

Property to be disposed:

All those pieces or parcels of ground respectively registered in the Land Registry as Section B of Inland Lot No. 2358 and the extension thereto together with the messuages erections and buildings thereon now known as Nos. 147, 149 and 151 King's Road and No.4 Oil Street, North Point, Hong Kong.

The Property was recorded in the Company's accounts as investment property as at 31 December 2005.

Tenancies:

The Property is sold subject to existing tenancies. Other than the let out portion, the Property is sold with vacant possession.

Consideration:

The Consideration is HK\$329,000,000 and is to be paid in cash, and its payment terms are as follows:

- (1) upon signing of the Provisional S&P Agreement, the Purchaser has paid an initial deposit in the sum of HK\$13,120,000;
- (2) on or before 30 May 2006, the Purchaser shall pay a further sum of HK\$19,780,000, which together with the initial deposit, shall make up to 10% of the Consideration;
- (3) on or before 14 June 2006, the Purchaser shall pay a further sum of HK\$16,450,000, as further deposit;
- (4) on or before 30 June 2006, the Purchaser shall pay a further sum of HK\$16,450,000, as further deposit; and
- (5) the Purchaser shall pay the remaining 80% of the Consideration in the sum of HK\$263,200,000 on Completion.

All deposits as mentioned above will be paid into a stakeholders' account as deposits and in part payment of the Consideration and are to be released to the Vendor upon provision by the Vendor of document certifying that the Property is not subject to any mortgage.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the market value of similar properties in the same location.

Formal S&P Agreement

A formal sale and purchase agreement shall be signed by the Vendor and the Purchaser on or before 14 June 2006.

Conditions of the Disposal:

Completion of the Disposal is subject to and conditional upon approval by the Shareholders.

Completion Date: on or before 8 August 2006

SHAREHOLDERS' APPROVAL OF THE DISPOSAL

The Disposal constitutes a major transaction of the Company under the Listing Rules.

LSL currently holds 2,195,424,000 Shares representing about 53% of the issued share capital of the Company and has no interest in the Disposal save for its shareholding in the Company. Pursuant to the Provisional S&P Agreement, the Vendor shall procure LSL to approve the Disposal by written approval or by voting in favour at the general meeting of the Company.

As (a) no Shareholder of the Company would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal; and (b) in accordance with Rule 14.44 of the Listing Rules, the Company has on 16 May 2006 obtained written approval of the Disposal from LSL who beneficially own more than 50% in nominal value of the Shares giving the right to attend and vote at the general meeting, such written approval is acceptable under the Listing Rules in lieu of holding a general meeting to approve the Disposal.

REASONS FOR AND BENEFITS OF THE DISPOSAL

In light of the recent increase in the value of real estate in the Hong Kong property market, the Directors consider that the current property market in Hong Kong presents a good opportunity for the Company to yield a reasonable return from the realisation of the Property.

The book value of the Property as at 31 December 2005 is HK\$300 million. Based on the valuation report dated 4 May 2006 issued by B. I. Appraisals Limited, an independent property valuer, the market value of the Property as at 30 April 2006 was HK\$340 million. The expected gain accrued to the Group upon completion of the Disposal is approximately HK\$26.8 million after taking into account the estimated expenses in relation to the Disposal of approximately HK\$2.2 million.

The revenues generated from the Property solely comprise rental income and the rental generated for the year 2005 amounted to approximately HK\$12.9 million. The net profits before taxation and extraordinary items attributable to the Property are approximately HK\$2 million and HK\$59 million for the two financial years ended 31 December 2005 respectively. The net profits after taxation and extraordinary items attributable to the Property are approximately HK\$2 million and HK\$58 million for the two financial years ended 31 December 2005 respectively. The net profits attributable to the Property increased significantly for the year 2005 was mainly due to the fair value gain on the Property on adoption of Hong Kong Accounting Standard 40 in 2005.

The consideration and terms of the Disposal were negotiated between the Vendor and the Purchaser at arm's length and on normal commercial terms with reference to the open market value of the Property. The Directors consider that the terms of the Disposal are fair and

reasonable and are in the interests of the Company and the Shareholders as a whole. The Disposal will provide funding for the Group's development projects on hand and contemplated, and will also strengthen the liquidity, assets mix and overall financial position of the Group.

INFORMATION OF THE VENDOR

The Vendor is a company incorporated in Hong Kong for the purpose of property investment.

INFORMATION OF THE COMPANY

Multifield is an investment holding company incorporated in Bermuda and the activities of its subsidiaries include the business of investment holding, provision of property management services, property investment, property letting, metal trading, provision of property agency services, trading of electronic products and manufacture of electronic components.

GENERAL

As the consideration for the Disposal represents more than 25% but less than 75% of the applicable percentage ratios, the Disposal constitutes a major transaction for the Company under the Listing Rules. Accordingly, the Disposal is subject to approval by the Shareholders.

As mentioned above, the Disposal has been approved by way of written shareholder's approval from LSL, being the controlling shareholder of the Company holding about 53% of the issued share capital of the company.

A circular containing, among other things, (i) details of the Agreement and the transactions contemplated therein; and (ii) the valuation report of the Property, will be dispatched to the Shareholders as soon as practicable.

At the request of the Company, dealings in the Shares on the Stock Exchange were suspended with effect from 9:30 a.m. on 16 May 2006 pending the release of this announcement. Application has been made for the resumption of trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 17 May 2006.

DEFINITIONS

“Board”	the board of Directors
“Company”	Multifield International Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Completion”	the completion of the Disposal in accordance with the Provisional S&P Agreement
“Consideration”	the consideration for the Disposal

“Directors”	the directors of the Company
“Disposal”	the proposed disposal of the Property by the Vendor to the Purchaser pursuant to the Provisional S&P Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	(an) independent third party(ies) not connected with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates as defined in the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“LSL”	Lucky Speculator Limited, the holder of approximately 53% of the issued share capital of the Company
“Property”	all those pieces or parcels of ground respectively registered in the Land Registry as Section B of Inland Lot No. 2358 and the extension thereto together with the messuages erections and buildings thereon now known as Nos. 147, 149 and 151 King’s Road and No.4 Oil Street, North Point, Hong Kong
“Provisional S&P Agreement”	the provisional agreement for sale and purchase dated 15 May 2006 between the Vendor and the Purchaser for sale and purchase of the Property
“Purchaser”	Standard Asia Investment Ltd or its nominee(s)
“Shareholder(s)”	holder(s) of the existing ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shares(s)”	ordinary share(s) of HK\$0.01 each in the issued capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Grandfield Nominees Limited (a limited company incorporated under the Companies Ordinance, Cap.32 of the Laws of Hong Kong), the sole registered and beneficial owner of, and the special purpose vehicle established to hold and operate, the Property

As at the date of this announcement, the Board comprises Mr. Lau Chi Yung, Kenneth and Mr. Lau Michael Kei Chi as executive directors and Mr. Choy Tak Ho, Mr. Lee Siu Man, Ervin and Mr. Wong Yim Sum as independent non-executive directors.

On behalf of the Board
Lau Chi Yung, Kenneth
Chairman

Hong Kong, 16 May 2006