



鈞 濠 集 團 有 限 公 司 *

GRAND FIELD GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 115)

**ANNOUNCEMENT
SIGNING OF CO-OPERATION FRAMEWORK AGREEMENT**

This announcement is made pursuant to Rule 13.09 of the Listing Rules to provide information on the Co-operation Framework Agreement entered into between Grand Field, Yuan Cheng and Zhong Cheng.

The Board is pleased to announce that on 17 June 2008, Grand Field and Yuan Cheng, both of which are wholly-owned subsidiaries of the Company entered into the Co-operation Framework Agreement with Zhong Cheng pursuant to which, among other things, Grand Field agreed to appoint Zhong Cheng as main contractor of each of the Projects during the Term and Zhong Cheng agreed to engage Yuan Cheng to provide it with the Management Services for the construction works in relation to each of the Projects subject to the terms and conditions of the Co-operation Framework Agreement.

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* *for identification purposes only*

CO-OPERATION FRAMEWORK AGREEMENT

Date: 17 June 2008

Parties: Grand Field, namely, Grand Field Group Limited (鈞濠集團有限公司)

Yuan Cheng, namely, 遠程置業(深圳)有限公司(Yuan Cheng Real Estate (Shenzhen) Limited)

Zhong Cheng, namely, 深圳市中城建設工程有限公司(Shenzhen Zhong Cheng Construction Engineering Company Limited)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Zhong Cheng and its ultimate beneficial owners is an Independent Third Party.

Conditions precedents to the Co-operation Framework Agreement

The Co-operation Framework Agreement shall become effective only after the following Conditions having been fulfilled:

- (a) the delivery of the original of the resolutions passed by the shareholders of Zhong Cheng in general meeting approving the entering into of the Co-operation Framework Agreement and consummation of the transactions contemplated thereunder;
- (b) approval by the board of directors of each of Grand Field and Yuan Cheng of the entering into of the Co-operation Framework Agreement and the consummation of the transactions contemplated thereunder.

The Co-operation Framework Agreement does not envisage any long stop date for the fulfillment of the Conditions.

Term

Subject to the Conditions, the Term shall be a period of 10 years commencing from the Commencement Date.

Main contractor

Grand Field agreed to appoint Zhong Cheng as main contractor of each of the Projects where separate Construction Contract will be signed by Zhong Cheng and the relevant Developer with the following provisions:

- (a) the contract sum of the Construction Contract shall be solely determined by the Developer in accordance with the prevailing market situation;
- (b) any payment by the Developer pursuant to the Construction Contract shall be made to the bank account which is solely controlled by the Management Committee.

Management Services

Yuan Cheng shall provide the Management Services to Zhong Cheng on all matters relating to the construction works of each of the Projects in return for the Management Services Fees.

Management Services Fees

In relation to each Project, Zhong Cheng shall pay the Management Services Fees to Yuan Cheng calculated by reference to 90% of the net profits (after taxation) derived by Zhong Cheng from the Construction Contract.

The Management Services Fees were determined after arm's length negotiations between the Group and Zhong Cheng with reference to normal commercial practices and market rate quoted by the management and consultancy services companies providing similar services in the PRC.

Security deposit

Pursuant to the Co-operation Framework Agreement, Grand Field shall pay to Zhong Cheng a refundable security deposit of RMB5,000,000 within seven (7) business days after the Agreement Date in order to secure the due performance of Grand Field under the Co-operation Framework Agreement. On each anniversary of the Agreement Date during the Term, Zhong Cheng shall be entitled to deduct RMB500,000 from the security deposit as payment due to or advanced payment payable to Zhong Cheng under any Construction Contract.

If Grand Field is in breach of any provision in the Co-operation Framework Agreement or otherwise unable to perform its obligations thereunder, Zhong Cheng has the right to forfeit the security deposit (or the balance thereof). If Zhong Cheng is in breach of any provision in the Co-operation Framework Agreement or otherwise unable to perform its obligations thereunder, Zhong Cheng shall pay to Grand Field a sum equivalent to two (2) times of the security deposit (or the balance thereof).

In the event of early termination of the Co-operation Framework Agreement, Zhong Cheng shall rebate the balance of the security deposit to Grand Field provided that such early termination is not caused by any breach of provisions in the Co-operation Framework Agreement by Grand Field or Yuan Cheng.

The security deposit in the amount of RMB5,000,000 was determined after arm's length negotiations between the parties to the Co-operation Framework Agreement and the Directors consider that it is fair and equitable to Grand Field and Zhong Cheng.

INFORMATION ON THE COMPANY, GRAND FIELD, YUAN CHENG AND ZHONG CHENG

The Company is principally engaged in development and sale of the properties in the PRC. Grand Field is a wholly-owned subsidiary of the Company and is principally engaged in development of the properties in the PRC. Yuan Cheng is a wholly-owned subsidiary of the Company in the PRC and is principally engaged in provision of property-related management and consultancy services in the PRC.

Zhong Cheng is a limited liability company established in the PRC on 4 September 2002 and a construction enterprise with Class 2 general contracting qualification in the PRC. Zhong Cheng is principally engaged in Class 2 building and construction general contracting, Class 2 foundation and civil engineering professional contracting and Class 2 engineering and renovation professional contracting in the PRC.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE CO-OPERATION FRAMEWORK AGREEMENT

The Directors (including the independent non-executive Directors) are of the view that the entering into of the Co-operation Framework Agreement including payment of the security deposit is in the interests of the Group and the Shareholders as a whole as it provides a good opportunity for the Group to secure long-term and stable main contractor for its property development projects in the PRC and at the same time provides a stable income source for the Group. The Directors (including the independent non-executive Director) also consider that the terms of the Co-operation Framework Agreement including payment of the security deposit are on normal commercial terms, which are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Agreement Date”	the date of signing of the Co-operation Framework Agreement
“associate(s)”	having the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Commencement Date”	the day on which the Conditions are fulfilled
“Company”	Grand Field Group Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange
“Conditions”	conditions precedents to the Co-operation Framework Agreement
“connected person(s)”	having the meaning ascribed to it under the Listing Rules

“Construction Contract”	subject to approval by the Board, the main construction contract to be entered into by the Developer with Zhong Cheng, pursuant to which Zhong Cheng will be appointed as main contractor for the relevant Project to undertake the construction works thereof
“Co-operation Framework Agreement”	the co-operation framework agreement dated 17 June 2008 entered into between Grand Field, Yuan Cheng and Zhong Cheng in relation to the appointment of Zhong Cheng as main contractor of each Project and the provision of the Management Services
“Developer”	the developer of any Project
“Directors”	directors of the Company
“Grand Field”	Grand Field Group Limited (鈞濠集團有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“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 PRC
“Independent Third Party”	the person who himself is, and (in the case of corporate entity) its ultimate beneficial owners are, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, third parties who are not connected persons of the Company and are independent of the Company and its subsidiaries, their directors, chief executives and substantial shareholders (as that term is defined in the Listing Rules) or their respective associates

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Committee”	the management committee comprising six (6) members (of whom five (5) are appointed by Yuan Zheng and one (1) is appointed by Zhong Cheng) to be formed for the purpose of the Co-operation Framework Agreement
“Management Services”	in relation to each Project, the management and consultancy services on all matters relating to the construction works including, without limitation, (a) technical consultancy and technical support; (b) technical and management training for the staff of the Projects, business, human resources and other management; (c) collection and analysis of marketing information; (d) representing Zhong Cheng to negotiate with the Developer on construction costs and construction contracts; (e) other necessary or relevant technical and consultancy
“Management Services Fees”	the fees payable by Zhong Cheng to Yuan Cheng in relation to the provision of the Management Services
“PRC”	the People’s Republic of China
“Projects”	property development projects in the PRC to be undertaken by any member of the Group as developers
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.02 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Term”	the term of the Co-operation Framework Agreement, being a period of 10 years commencing from the Commencement Date
“Yuan Cheng”	遠程置業(深圳)有限公司(Yuan Cheng Real Estate (Shenzhen) Limited), a wholly foreign-owned enterprise established under the laws of the PRC and a wholly-owned subsidiary of the Company
“Zhong Cheng”	深圳市中城建設工程有限公司(Shenzhen Zhong Cheng Construction Engineering Company Limited), a limited liability company established under the laws of the PRC on 4 September 2002 and an Independent Third Party

By Order of the Board
Grand Field Group Holdings Limited
CHU KING FAI
Chairman

Hong Kong, 17 June 2008

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Chu King Fai, Mr. Huang Bing Huang, Mr. Au Kwok Chuen, Vincent and Mr. Chan Sung Wai; and one independent non-executive Director, namely Dr. Wong Yun Kuen.