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GRAND FIELD GROUP HOLDINGS LIMITED

鈞濠集團有限公司*

(Incorporated in Bermuda with limited liability)

DISPOSAL OF SUBSIDIARY AND RESUMPTION OF TRADING

Reference is made to the Company's Announcements and Circulars regarding the Chongqing gas pipeline business through Chongqing JV. Grand Field (BVI), a wholly owned subsidiary of the Company, has entered into the Share Transfer Agreement and the Deed of Assignment of Debt with Mr. Zeng and the Assignee respectively on 31st July 2003 to dispose the Company's entire interest in Sino Richest.

Pursuant to paragraph 2 of the Listing Agreement, the Board would like to inform the shareholders of the Company the Disposal.

Trading in the Shares was suspended at the request of the Company from 9:30 a.m. on 1st August 2003 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in Shares with effect from 9:30 a.m. on 12th August 2003.

Shareholders of the Company and investors are advised to exercise caution when dealing in the Shares of the Company.

Reference is made to Grand Field Group Holdings Limited's (the "Company") announcements dated 27th February 2003 and 4th June 2002 (the "Announcements") and the circular to the shareholders of the Company dated 8th July 2002 (the "Circular") regarding the Chongqing gas pipeline business through a sino-foreign joint venture, Chongqing Joint Venture 重慶市溢億萬盛燃氣有限公司 ("Chongqing JV"). Unless otherwise stated, capitalized terms used herein shall have the same meaning as those defined in the Announcements and the Circular.

DISPOSAL OF CHINTEX GAS COMPANY LIMITED

(1) Share Transfer Agreement

Date of Agreement	: 31st July 2003
Vendor	: Grand Field Group Investments (BVI) Limited ("Grand Field (BVI)")
Buyer	: Mr. Zeng Qing Chun ("Mr. Zeng")
Consideration	: HK\$1.00

Pursuant to the Share Transfer Agreement, Grand Field (BVI) agreed to transfer 100% interest of Chintex to Mr. Zeng at a total consideration of HK\$1.00.

(2) Deed of Assignment of Debt

Date of Assignment : 31st July 2003
Assignor : Grand Field (BVI)
Assignee : Logistic China Enterprises Limited (“Logistic China”)
Consideration : HK\$32,000,000.00

Pursuant to the Deed of Assignment of Debt, the Assignor agreed to assign the shareholders’ loan of HK\$72,059,698 due by Chintex to the Assignee at a total consideration of HK\$32,000,000.00

Grand Field (BVI) is a wholly owned subsidiary of the Company. Chintex Gas Company Limited (“Chintex”), a limited company incorporated in Hong Kong and formerly known as Chintex Oil and Gas Company Limited, is wholly owned by Grand Field (BVI). Chintex is interested in 75% equity interest in Sino Richest Limited (“Sino Richest”) and has no other assets or operation. Sino Richest owns 80% equity interest in Chongqing JV and has no other assets or operation.

Pursuant to the S&P Agreement dated 30th May 2002, Chintex had acquired 30%, 30%, 15% equity interest of Sino Richest from Logistic China, Worldgate Developments Limited (“Worldgate Developments”) and Mr. Wong Chi Keung, Ivan (“Mr. Wong”) respectively. The aggregate consideration was HK\$63,000,000 (in the proportion of HK\$25,200,000, 25,200,000 and 12,600,000 payable to Logistic China, Worldgate Developments and Mr. Wong respectively) and was settled by way of issue of an aggregate 315,000,000 ordinary shares of the Company at HK\$0.20 each (“Consideration Shares”). The Consideration Shares were issued to Logistic China, Worldgate Developments and Mr. Wong in the proportion of 126,000,000 Shares, 126,000,000 Shares and 63,000,000 Shares, representing approximately 6.2%, 6.2% and 3.1% of the then enlarged issued share capital. Details of the S&P Agreement were set out in the Circular.

Mr. Zeng is the ultimate beneficial owner of Logistic China. Mr. Zeng and Logistic China are not connected persons of the Company (as defined in the Rules Governing the Listing of Securities on the Stock Exchange) (the “Listing Rules”). Following the completion of the Share Transfer Agreement and the Deed of Assignment of Debt (the “Disposal”), the Company will not own any interest in Sino Richest, and Logistic China and Worldgate Developments will be interested in 75% and 25% respectively of the equity interest in Sino Richest.

REASON FOR THE DISPOSAL

Following the acquisition of the 75% equity interest of Sino Richest in 2002, the Company had liaised with Mr. Tang Xiao Hua (唐小華), the Chief Official (主任) of Chongqing Nan Chuan City Economic Commission (重慶南川市經濟委員會) to set up a wholly-foreign owned enterprise or the Chongqing JV to pursue the gas pipeline business. 重慶市煤焦化燃氣有限公司 (the “China Party”) and Sino Richest are interested in 20% and 80% respectively in Chongqing JV.

As stated in the announcement dated 27th February 2003, the business license and approval certificate of the Chongqing JV were issued on 10th June 2002. As the China Party failed to fulfill the capital injection requirement pursuant to the joint venture agreement, Sino Richest had also not committed the capital injection. The Chongqing JV was thus not legally formed. The business license and approval certificate of the Chongqing JV were no longer valid since 10th September 2002 and the Chongqing JV has not commenced any operation. As a result, the Company could not legally carry out the natural gas pipeline network business operation. The Company had tried to source new partner but was unable to find a suitable partner to carry out the Chongqing gas pipeline business. On the other hand, Mr. Zeng intended to acquire the entire interest held by Grand Field BVI rather than to be the partner. The Company considered that it would be difficult and risky to carry out the pipeline business in Chongqing alone

without any local business partner. As a result, the Board considered that the disposal of the Chongqing gas investment would be in the interest of the Company.

The principal activity of the Company is property development. At the time of acquisition, the Board believed that the gas pipeline investment in Chongqing presented an excellent opportunity for the Company to diversify its existing business into natural gas business in the PRC. The Company has no intention to change its principal business. The Company is of the view that Disposal will not have any material impact on the Company's operation. In view of the Disposal, the Company will continue to consider diversifying into natural gas business or other similar gas pipeline business in the PRC or other investments that are with growth and market potential.

The principal activity of Chintex is solely investment holding. For the financial years ended 31st December 2002 and 2001, the net losses of Chintex were HK\$270,899 and HK\$4,295,303 respectively and the net liabilities of Chintex were HK\$72,061,887 and HK\$8,790,988 respectively.

BASIS OF CONSIDERATION

The total consideration of the Disposal of HK\$32,000,001.00 comprised of the HK\$1.00 consideration under the Share Transfer Agreement and the HK\$32,000,000.00 under the Deed of Assignment of Debt (the "Total Consideration"). The Total Consideration was arrived at after arm's length negotiations between the Buyer and the Company. The consideration of HK\$32,000,000.00 for the assignment of debt was in essence the consideration to dispose the entire equity interest in Chintex to the Buyer. As at 31st July 2003, Chintex owed Grand Field Group HK\$72,059,698 and had net liabilities of approximately HK\$9 million. According to the Deed of Assignment of Debt, such amount was assigned to Logistic China at a consideration of HK\$32,000,000, resulting in a realized loss of approximately HK\$40 million. The net liabilities of approximately HK\$9 million however will be eliminated in the Company level after consolidation. As a result, a net realized loss of approximately HK\$31 million will arise following completion of the Disposal. Such realized loss will be reflected in the Company's annual report for the year ended 31st December 2003. The Board is of the view that the Total Consideration is fair and reasonable, taking into account that the Company would not be able to pursue the Chongqing gas pipeline business alone. The Company further considers that should the Disposal not be proceeded, the Company will bear the risk of making full provision of diminution for the Chongqing JV investment.

The sum of HK\$32,000,000.00 has been received by the Company. It was agreed that the remaining consideration of HK\$1.00 will be payable by way of cash on or before 14th August 2003.

Based on the above, the Board confirms that the Disposal is fair and reasonable and is of the view that it is in the interest of the Company.

Pursuant to paragraph 2 of the Listing Agreement, the board of directors (the "Board") of the Company would like to inform the shareholders of the Company of the Disposal.

SUSPENSION AND RESUMPTION OF TRADING OF SHARES

Trading in the Shares was suspended at the request of the Company from 9:30 a.m. on 1st August 2003 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in Shares with effect from 9:30 a.m. on 12th August 2003.

Shareholders of the Company and investors are advised to exercise caution when dealing in the Shares of the Company.

By Order of the Board
Grand Field Group Holdings Limited
Tsang Wai Lun, Wayland
Chairman

Hong Kong, 11th August 2003

* *For identification purpose only*

“Please also refer to the published version of this announcement in The Standard”