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Multifield

MULTIFIELD INTERNATIONAL HOLDINGS LIMITED

(萬事昌國際控股有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 898)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF A PRC COMPANY**

* *For identification purpose only*

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DEFINITIONS

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

“Acquisition”	the acquisition of a 100% equity interest in the Target Company by the Purchaser from the Vendors pursuant to the Share Transfer Agreement
“Board”	the board of Directors
“Century Urban”	Zhuhai Century Urban Estates Investment Limited (珠海世紀都市置業投資有限公司), a company incorporated in the PRC
“Company”	Multifield International Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Consideration”	the consideration for the Acquisition
“De Zheng”	Zhuhai Economic Special Zone De Zheng Group Limited (珠海經濟特區德正集團有限公司), a company incorporated in the PRC
“Directors”	the directors of the Company
“Final Construction Area”	the total construction area of the Site to be approved by the relevant PRC government departments upon completion of the demolition and removal work carried out at the Site
“Group”	the Company and its subsidiaries
“Guarantors”	Xu De Lai (許德來), Chen Xian (陳賢) and Li Zhi Yi (李志毅), all being PRC citizens
“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
“Latest Practicable Date”	28 June 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“PRC”	The People’s Republic of China, and for the purpose of this circular, excluding Hong Kong and the Macau Special Administrative Region and Taiwan
“Purchaser”	Kiuson Development (Shanghai) Ltd., a wholly-foreign owned enterprise registered under the PRC law and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“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
“Share Transfer Agreement”	the share transfer agreement dated 11 June 2006 entered into between the Vendors, the Purchaser and the Guarantors
“Site”	the land located to the north of Qian Shan Gang Qian Lu (前山港前路) and to the west of San Tai Shi Lu (三台石路) in Zhuhai, the PRC occupying an area of 36,808.77 square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Zhuhai Century West Sea Estates Investment Limited (珠海市世紀西海房地產投資有限公司), a limited liability company incorporated in the PRC on 12 March 2004, and is currently owned as to 55% by De Zheng and 45% by Century Urban
“Vendors”	De Zheng and Century Urban

English names of the PRC established companies/entities in this circular are translations of their official Chinese names only. In case of inconsistency, the Chinese names prevail.

In this announcement, RMB has been converted to HK\$ at the rate of RMB1.04 = HK\$1 for illustration purpose only. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.



MULTIFIELD INTERNATIONAL HOLDINGS LIMITED

(萬事昌國際控股有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 898)

Executive Directors:

Lau Chi Yung, Kenneth (*Chairman*)

Lau Michael Kei Chi (*Vice-Chairman*)

Independent non-executive Directors:

Choy Tak Ho

Lee Siu Man, Ervin

Wong Yim Sum

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

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Business in Hong Kong*

8th Floor

Multifield House

54 Wong Chuk Hang Road

Hong Kong

30 June 2006

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION
ACQUISITION OF A PRC COMPANY**

1. INTRODUCTION

The Company announced on 13 June 2006 that the Vendors, the Purchaser and the Guarantors had entered into the Share Transfer Agreement, pursuant to which the Purchaser would acquire a 100% equity interest in the Target Company from the Vendors for a Consideration expected to be not more than RMB134,282,568 (equivalent to approximately HK\$129,117,854).

The Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide Shareholders with further information in relation to the Acquisition and other information in compliance with the requirements of the Listing Rules.

* For identification purpose only

LETTER FROM THE CHAIRMAN

2. SHARE TRANSFER AGREEMENT

Date: 11 June 2006

Parties:

Vendors: De Zheng (珠海經濟特區德正集團有限公司) and Century Urban (珠海世紀都市置業投資有限公司), both being companies incorporated in the PRC

Purchaser: Kiuson Development (Shanghai) Ltd., a wholly-foreign owned enterprise registered under the PRC law and a wholly-owned subsidiary of the Company

Guarantors: Xu De Lai (許德來), Chen Xian (陳賢) and Li Zhi Yi (李志毅), all being PRC citizens

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendors, the Guarantors and their respective ultimate beneficial owners are Independent Third Parties.

Asset to be acquired:

The Target Company is a limited liability company incorporated in Zhuhai, the PRC on 12 March 2004 with a registered capital of RMB10,000,000 (equivalent to approximately HK\$9,615,385). The Target Company is currently owned as to 55% by De Zheng and 45% by Century Urban.

The principal activity of the Target Company is the development of the Site, which can be redeveloped for commercial purposes upon completion of demolition and removal of existing constructions thereon. To complete such demolition and removal, the Target Company is required to prepay a compensation fee for the demolition and removal to the relevant PRC government departments and as a result the PRC government will grant to the Target Company more construction area for the Site.

The unaudited net asset value of the Target Company as at 31 May 2006 was RMB 8,996,233 (equivalent to approximately HK\$8,650,224). Since the Site is currently pending development, the Target Company has not generated any profit since its establishment on 12 March 2004 but has incurred expenses relating to the development of the Site and related administrative costs. Such costs and expenses amounting to approximately RMB1,003,767 (equivalent to approximately HK\$965,160) have been expensed in the income statement of the Target Company as at 31 May 2006.

Consideration:

The Consideration is equal to RMB3,330 (equivalent to approximately HK\$3,202) multiplied by the Final Construction Area up to a maximum of 44,829.6 square metres, less demolition fee of RMB20,000,000 (equivalent to approximately HK\$19,230,769). If the Final Construction Area exceeds 44,829.6 square metres, the Consideration will be increased by extra land price of the Site accordingly but up to RMB5,000,000 (equivalent to about HK\$4,807,692). Therefore, the

LETTER FROM THE CHAIRMAN

Consideration is expected to be not more than RMB134,282,568 (equivalent to approximately HK\$129,117,854). The Consideration is to be paid in cash and funded by the working capital of the Group. The payment terms of the Consideration are as follows:

- (1) Before 15 June 2006, the Purchaser shall pay an initial deposit (the “Initial Deposit”) in the sum of RMB20,000,000 (equivalent to approximately HK\$19,230,769) to the Vendors.
- (2) Within 3 days upon receiving business licence from the relevant Industrial and Commercial Administration Bureau after the Purchaser has completed its due diligence investigation on the Target Company and the Site to its satisfaction, the Purchaser shall pay a further sum of RMB40,000,000 (equivalent to approximately HK\$38,461,538) to the Vendors.
- (3) Within 3 days upon receiving a new business license for the Target Company, the Purchaser shall pay a further sum of RMB10,000,000 (equivalent to approximately HK\$9,615,385) to the Vendors.
- (4) Within 4 months after the payment of the Initial Deposit, the Purchaser shall pay a further sum of RMB10,000,000 (equivalent to approximately HK\$9,615,385) to the Vendors.
- (5) Within 7 working days upon the completion of the demolition and removal work at the Site and the relevant procedures to adjust the Final Construction Area, the Purchaser shall pay the remaining Consideration to the Vendors.

The Consideration was determined after arm’s length negotiations between the Vendors and the Purchaser with reference to the location and size of the Site, the price of property in Zhuhai, the PRC and future profitability of development of the Site.

Other Financial Commitments by the Purchaser:

Besides the Consideration payable to the Vendors, the Purchaser is also required to inject RMB20,000,000 (equivalent to approximately HK\$19,230,769) into the Target Company as prepayment for the Site’s demolition and removal costs.

Therefore, the total financial commitment by the Purchaser in relation to the Acquisition, taking into account the aforesaid commitment and the Consideration, will be up to RMB154,282,568 (equivalent to about HK\$148,348,623).

Termination:

The Purchaser shall be entitled to terminate the Share Transfer Agreement if any of the following conditions, amongst others, have occurred:

- (1) There is material difference between the result of due diligence investigation on the Target Company and the Site conducted by the Purchaser, and the representations, declarations and warranties given by the Vendors regarding the Target Company and the Site in the Share Transfer Agreement.

- (2) The Acquisition is not approved by the relevant PRC government departments.

Other Undertakings and Guarantee Provisions:

The Share Transfer Agreement contains the following key undertaking and guarantee provisions:

- (1) The Vendors undertake that:
- (a) they shall be legally entitled to the development of the Site without restrictions;
 - (b) they shall be responsible for all the indebtedness incurred by the Target Company prior to the completion of the Acquisition; and
 - (c) they shall be liable for each other's legal and economic liabilities to the Purchaser arising from the Share Transfer Agreement.
- (2) The Guarantors shall be liable for the Vendors' legal and economic liabilities to the Purchaser arising from the Share Transfer Agreement and such guarantee shall be valid for a period of 4 years from the completion of the Acquisition.

3. FINANCIAL EFFECT OF THE ACQUISITION

The Acquisition will have a diminishing effect on the immediate cash flow. However, given that the Target Company has not commenced construction at the Site and does not currently generate revenue or profit, no immediate material effect on the operating profits and balance sheet positions of the Group is expected.

4. REASONS FOR AND BENEFITS OF THE ACQUISITION

The net losses (both before and after taxation and extraordinary items) attributable to the Target Company for each of the 2 years ended 31 December 2005 are RMB385,291 (equivalent to approximately HK\$370,472) and RMB489,111 (equivalent to approximately HK\$470,299) respectively.

The Directors believe that the Acquisition will present a good opportunity for the Company to strengthen its business in the field of property development in the PRC. Having confidence in the property market in Zhuhai, the Directors also believe that the development of the Site will bring reasonable profit to the Company.

The Directors consider that the terms of the Acquisition are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE CHAIRMAN

5. INFORMATION OF THE PARTIES

The Vendors are companies incorporated in the PRC and are principally engaged in property development.

The Purchaser is a wholly-owned subsidiary of the Company incorporated in the PRC and its principal activities are property development. The Company 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

6. ADDITIONAL INFORMATION

Your attention is also drawn to the appendix to this circular.

Yours faithfully,
By order of the Board
Lau Chi Yung, Kenneth
Chairman

(1) 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.

(2) DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules were as follows:

(a) Long positions in the Shares of the Company

Directors	Type of Interest	No. of Shares held	Percentage of issued share capital of the Company
Lau Chi Yung, Kenneth	Interest of controlled corporation	2,685,515,712 (Note)	64.24%

Note: These shares are ultimately controlled by Power Resources Holdings Limited as the trustee of Power Resources Discretionary Trust, a family discretionary trust, the discretionary objects of which include Mr. Lau Chi Yung, Kenneth and his family.

(b) Long positions in Shares of associated corporations of the Company

Directors	Name of associated corporation	Type of Interest	No. of shares held	Approximate percentage of issued share capital in associated corporation
Lau Chi Yung, Kenneth	Oriental Explorer Holdings Limited	Interest of controlled corporation	1,020,268,999 (Note)	56.68%

(c) Long positions in underlying Shares of associated corporations of the Company

Directors	Name of associated corporation	Type of Interest	No. of underlying Shares held	Approximate percentage of issued share capital in associated corporation
Lau Chi Yung, Kenneth	Oriental Explorer Holdings Limited	Beneficial owner	19,500,000 (Note)	1.08%

Note: The interest of Mr. Lau Chi Yung, Kenneth in the shares of Oriental Explorer Holdings Limited are ultimately controlled by Power Resources Holdings Limited as the trustee of Power Resources Discretionary Trust, a family discretionary trust, the discretionary objects of which include Mr. Lau Chi Yung, Kenneth and his family.

In addition to the above, a Director has non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

(3) SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or were directly or indirectly interested in 5% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of the subsidiaries of the Company:

Long Positions in shares of the Company

Shareholders	Type of Interest	No. of shares held	Percentage of issued share capital of the Company
Power Resources Holdings Limited	Interest of controlled corporation	2,685,515,712 (Note (a))	64.24
Lucky Speculator Limited	Beneficial Owner	2,195,424,000 (Note (a))	52.52
Desert Prince Limited	Beneficial Owner	490,091,712 (Note (a))	11.72
Choi Koon Shum Jonathan	Interest of controlled corporation	281,665,344 (Note (b))	6.74
Lam William Ka Chung	Interest of controlled corporation	281,665,344 (Note (c))	6.74
Lam Wong Yuk Sin Mary	Interest of controlled corporation	281,665,344 (Note (c))	6.74
Kingsway International Holdings Limited	Interest of controlled corporation	281,665,344 (Note (d))	6.74
Innovation Assets Limited	Interest of controlled corporation	281,665,344 (Note (d))	6.74
World Developments Limited	Interest of controlled corporation	281,665,344 (Note (d))	6.74
SW Kingsway Capital Holdings Limited	Interest of controlled corporation	281,665,344 (Note (d))	6.74
Kingsway China Holdings Limited	Interest of controlled corporation	281,665,344	6.74
Festival Development Limited	Interest of controlled corporation	281,665,344 (Note (d))	6.74
Opal Dragon Investments Limited	Beneficial Owner	281,665,344 (Note (d))	6.74

Notes:

- (a) Power Resources Holdings Limited was deemed to have a beneficial interest in 2,685,575,712 Shares by virtue of its indirect interests through Lucky Speculator Limited and Desert Prince Limited, the wholly-owned subsidiaries, which held Shares.
- (b) Mr. Choi Koon Shum Jonathan, who beneficially owned or controlled approximately 48.18% of and in the issued share capital of Kingsway International Holdings Limited (“Kingsway International”) and was deemed (by virtue of the SFO) to be interested in shares in, or debenture of, the subsidiaries of Kingsway International.
- (c) Mrs. Lam Wong Yuk Sin Mary and her spouse, Mr. Lam William Ka Chung, who together beneficially owned or controlled approximately 40% of and in the issued share capital of Kingsway International and were deemed (by virtue of the SFO) to be interested in the shares in, or debenture of, the subsidiaries of Kingsway International.
- (d) Kingsway International was deemed to have beneficial interest in 281,665,344 Shares by virtue of its direct interests through Innovation Assets Limited, World Developments Limited, SW Kingsway Capital Holdings Limited, Kingsway China Holdings Limited, Festival Development Limited and Opal Dragon Investments Limited (“Opal”). Opal directly held Shares.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company are not aware of any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who was, directly or indirectly, interested in 5% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meeting of subsidiaries of the Company or any options in respect of such capital.

(4) SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

(5) LITIGATION

No member of the Group is engaged in any litigation or claim of material importance and, so far as the Directors are aware, no litigation or claim of material importance is pending or threatened against any member of the Group.

(6) COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, whether directly or indirectly, with the business of the Company.

(7) MISCELLANEOUS

- (a) The secretary and qualified accountant of the Company is Mr. Poon Chun Shing, Edwin, who is a member of the Hong Kong Institute of Certified Public Accountants, CPA Australia and the Institute of Chartered Secretaries and Administrators.
- (b) The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and its principal place of business is at 8th Floor, Multifield House, 54 Wong Chuk Hang Road, Hong Kong.
- (c) The Hong Kong branch share registrars of the Company is Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.