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鈞濠集團有限公司\*

**GRAND FIELD GROUP HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 115)**

**FULFILLMENT OF RESUMPTION CONDITIONS  
AND  
RESUMPTION OF TRADING**

**FULFILLMENT OF RESUMPTION CONDITIONS**

The Company is pleased to announce that all the Resumption Conditions have been fulfilled.

**RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on Friday, 27 March 2009 pending the release of an announcement by the Company which was price sensitive in nature. As all the Resumption Conditions have been fulfilled, the Company will make an application to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 26 August 2013 on the Stock Exchange.

Reference is made to the announcements of Grand Field Group Holdings Limited (the “**Company**”) dated 31 May 2013, 28 March 2013, 12 October 2012, 28 September 2012, 4 June 2012, 26 March 2012, 21 April 2011, 11 August 2003 and 23 February 2003 (the “**Announcements**”) and the circular of the Company dated 8 July 2002 (the “**Circular**”). Capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements and Circular unless otherwise defined herein.

\* *For identification purposes only*

In compliance with Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and under Part XIVA of the Securities and Futures Ordinance (Cap. 571), the Company wishes to inform and update the Shareholders on the current status of the Company's actions to resume trading of the Shares.

## **FULFILLMENT OF RESUMPTION CONDITIONS**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on Friday, 27 March 2009 pending the release of an announcement by the Company which was price sensitive in nature. As disclosed in the Company's announcement dated 21 April 2011, the Stock Exchange issued a letter to the Company on 18 April 2011 requesting the Company to address certain issues (the "**Resumption Conditions**") before resumption of trading in the Shares as follows:

- a) address any concerns raised by the auditors through qualifications or emphasis of matters in their audit report;
- b) demonstrate sufficient working capital for at least twelve months from resumption date; and
- c) resolve issues related to a piece of land at Buji Town, Shenzhen (the "**Shenzhen Land**").

With a view to fulfill the Resumption Conditions and resume trading in the Shares on the Stock Exchange, the Company has submitted to the Stock Exchange its resumption proposal and revised resumption proposal (collectively, the "**Resumption Proposals**") on 31 July 2012 and 13 March 2013, respectively and has made various submissions to the Stock Exchange to address certain enquiries from the Stock Exchange in connection with the Resumption Proposals.

By a letter dated 30 May 2013, an approval-in-principle was granted by the Stock Exchange conditionally allowing the resumption of trading in the Shares subject to the publication of a resumption announcement to disclose the following matters:

- (i) the Board's view on whether and how the Company has addressed the resumption conditions imposed in the letter from the Stock Exchange dated 18 April 2011, including the auditors' concerns raised through the emphasis of matters;
- (ii) details of the working capital forecast for the twenty months ending 31 August 2014 (the "**Working Capital Forecast**") together with the relevant key assumptions and the view of the auditors on the forecast (*Note 1*); and
- (iii) details of the Company's business operations.

*Note(s):*

1. As the estimated date of resumption of the Shares (i.e. 30 June 2013) has already passed, the Directors have extended the estimated date to 31 August 2013. As a result, the Working Capital Forecast period of the Group has been revised from 30 June 2014 to 31 August 2014.

The Company is pleased to announce that the Resumption Conditions have been fulfilled, details of which are set out below:

- (i) **Address any concerns raised by the auditors through qualifications or emphasis of matters in their audit report**

In the Groups' 2011 and 2012 annual reports (the "**Annual Reports**"), a qualified opinion in relation to financial information of Yuan Cheng, two emphasis of matters in relation to a writ of summons issued by Mr. Tsang Wai Lun ("**Mr. Tsang**") suing as a Shareholder for and on behalf of the Company as the plaintiff against 8 of the then Directors as 1st to 8th defendants in the High Court of Hong Kong on 18 March 2009 under High Court Action No. 771 of 2009 (the "**Action**") (Details of the Action please refer to note 34 of the Company's 2012 annual report) and a emphasis of matter in relation to the Group's ability to continue as a going concern were issued. Details on how the Company resolved the abovementioned qualification and emphasis of matters and the view from the Board are as follows:

**(a) Qualification in relation to financial information of Yuan Cheng**

Due to the failure of the Company to obtain certain accounting books and records of a Company's subsidiary, Yuan Cheng, the previous auditors of the Company, Baker Tilly, was unable to carry out audit procedures to satisfy themselves on whether the financial information of Yuan Cheng was accurately recorded and properly accounted for. As a result, Baker Tilly qualified the consolidated financial statements of the Group for the year ended 31 December 2011 in this regard.

The Group, in order to eliminate the risk of any contingent liabilities and uncertainties arising from Yuan Cheng, disposed of the entire equity interest of Yuan Cheng to an independent purchaser on 12 October 2012 (the "**Yuan Cheng Disposal**"). Details of the Yuan Cheng Disposal was disclosed in the announcement of the Company dated 12 October 2012.

Subsequent to the completion of the Yuan Cheng Disposal, the financial information of Yuan Cheng was deconsolidated from the Group for the year ended 31 December 2012. The Directors, after due and careful enquiry and having consulted the auditors of the Company, ZHONGLEI (HK) CPA Company Limited ("**ZHONGLEI**") on the possible qualification to the Group's financial statements after the Yuan Cheng Disposal, are of the opinion that, other than the qualifications as disclosed in the independent auditor's report dated 26 March 2013 issued by ZHONGLEI and included in the consolidated financial statements of the Group for the year ended 31 December 2012 regarding opening balances and the amount of the gain on disposal of approximately HK\$5,117,000, and the future qualification on comparative figures of the consolidated financial statements of the Group for the year ending 31 December 2013, there will be no other qualification which needs to draw attention to the Shareholders in relation to Yuan Cheng. The Company expects the qualification in relation to Yuen Cheng to be removed from the annual report of the Group for the year ending 31 December 2014.

The Board considers the qualification arising from Yuan Cheng has been resolved in this regard.

**(b) *Emphasis of matters in relation to the Action***

Two emphasis of matters were issued in the Annual Reports – one of which was about the possible outcome of various legal proceedings initiated by a former Director and Shareholder, Mr. Tsang, against eight of the then directors of the Company (the “**Defendants**”), as disclosed in the Annual Reports. Mr. Tsang alleged that the Defendants had breached their fiduciary duties to the Company in a series of transactions entered into the Group and sought the Action to rectify and remedy those transactions.

The Action is an allegation about the former Directors breaching their fiduciary duties and duties of care owed to the Company in a series of past transactions. The Company is not a defendant in the Action but rather, it is a plaintiff by a derivative action initiated by Mr. Tsang on behalf of the Company.

As no judgment had been made in respect of the Action as at the date of the Company’s 2012 annual report, the Action was disclosed under the section “CONTINGENT LIABILITIES” in the Company’s 2012 annual report. The auditors of the Company considered the adequacy of the disclosure made and emphasized the Action in their report attached in the Company’s 2012 annual report.

Regarding the Action, the judgment has not been delivered. The Board considers that the Action currently has no impact on the Company’s operation relying on the following reasons:

- (1) The Company is the plaintiff of the Action which is a civil case against the former directors for their alleged wrongful acts and their breaches of fiduciary duties. The whole subject matter of the Action is not related to the current operation or business of the Company; and
- (2) The Defendants have resigned and have no relationship with the current board of Directors.

Regarding the potential financial impact to the Company arising from the Action, as the judgment has not been delivered as at the date of this announcement, the Directors cannot reliably measure the financial impact of the Action. The Directors are, however, positive that the potential legal fees and expenses will carry no adverse effect on the Company. As the Company is the plaintiff thereof, it is seeking compensation on any losses or damages incurred from the former Directors. Based on the legal advice dated 30 November 2012 and to the best knowledge of the Directors, the Company's potential liabilities (if any, depending on the outcome of the Judgment) in respect of the Action will be limited to the litigation costs borne by the Company, Mr. Tsang and the Defendants.

In addition, Mr. Tsang, as the original plaintiff of the Action and subject to the outcome of the Action, has undertaken to support the Company by covering the legal expenses on behalf of the Company in advance with a maximum repayment, if any and if legally required, limited to HK\$8,000,000 payable before 31 December 2013 and HK\$12,000,000 before 31 December 2015 with no accrued interest. As a result, the potential liability of the Company is capped at HK\$20 million and the remaining legal cost will be borne by Mr. Tsang.

In conclusion, the Board considers that auditor's emphasis of matters about the possible outcomes of various legal proceedings of Action on both operational and financial areas have been resolved.

***(c) Emphasis of matter from the auditors of the Company in relation to Group's ability to continue as a going concern***

The auditors of the Company included a section "EMPHASIS OF MATTER" which casts significant doubt on the Group's ability to continue as a going concern in the annual report of the Group for the year ended 31 December 2012. An extract from which is set out below:

***"Without further qualifying our opinion, we draw attention to the following matters that the Group had incurred loss of approximately HK\$20,794,000 for the year ended 31 December 2012. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern."***

The Board has made continuous effort to improve the financial position of the Group – including but not limited to (i) improving the Group’s financial position from an audited net current liabilities of approximately HK\$16.10 million in 2011 to an audited net current assets of approximately HK\$10.39 million, indicating that the Group has improved its financial position and has sufficient current assets to meet its current liabilities; (ii) arranging long term loan facilities from 深圳市德富投資基金管理有限公司 (“**Defu Fund**”) for daily operations and future business development; (iii) maintaining a stable rental income and holds a portfolio of completed properties available for sale; and (iv) confirming the capital commitment from other shareholders of the Shenzhen Company.

In view of the above and having considered the sufficiency of the working capital of the Group for the twenty months ending 31 August 2014 according to the Working Capital Forecast prepared by the Company and being reviewed by ZHONGLEI, the Directors are of the view that the Group will have sufficient cash resources to satisfy its future working capital. Accordingly, the Directors are of the view that it is appropriate to prepare the financial statements on a going concern basis.

**(ii) Demonstrate sufficient working capital**

The Directors have prepared a Working Capital Forecast to assess the working capital position of the Group. The Directors are of the opinion that if the Group is able to meet all of the following key assumptions (the “**Key Assumptions**”), the Group will have sufficient working capital for its business for the twenty months ending 31 August 2014 as well as for the twelve-month period from the date of resumption (presumably no later than 31 August 2013). On 23 August 2013, the Company received the relevant comfort letter from ZHONGLEI, the auditors of the Company, and was satisfied that the Directors’ statement on sufficiency of working capital has been made after due and careful enquiries.

According to the Working Capital Forecast which was prepared on the following bases and assumptions, the cash and cash equivalent as at 31 December 2013 and as at 31 August 2014 are estimated to be approximately HK\$90.22 million and HK\$133.12 million, respectively.

### ***Bases and assumptions***

The Working Capital Forecast of the Group for the twenty months ending 31 August 2014 prepared by the Group was based on the estimated cash inflow from (i) short term loan facilities available from Thrive Season Limited (“**Thrive Season**”); (ii) long term loan facilities from Defu Fund; (iii) rental income to be generated from the ordinary course of business of the Group; and (iv) proceeds from possible sales of certain completed properties held for sale of the Group, inter alia, the land use rights of a piece of land with a size of 5,389 square metres located at Zhangmutou, Dongguan, Guangdong Province, the PRC (the “**Sunning Plaza Land Use Right**”).

### ***Information on Thrive Season and Defu Fund***

#### *Thrive Season*

Thrive Season is a company incorporated in the British Virgin Islands with limited liabilities. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, Thrive Season and its ultimate beneficial owner are third parties independent to the Company and its connected person(s) (as defined under the Listing Rules) (the “**Independent Third Parties**”). Thrive Season was sourced by the Company through the arrangement and service provided by Synergy Capital International Limited, an independent Hong Kong based boutique investment bank focusing on integrated financing and strategic advisory services.

#### *Defu Fund*

Defu Fund is a private equity fund and asset management company in the PRC which provides real estate project financing. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, Defu Fund and its ultimate beneficial owner are Independent Third Parties.



The major terms of the loan facilities provided by Thrive Season and Defu Fund (collectively, the “**Loan Facilities**”) are as follows:

	<b>Loan from Thrive Season</b>	<b>Loan from Defu Fund</b>
Loan amount	RMB41.00 million (equivalent to approximately HK\$50.56 million)	RMB110.00 million (equivalent to approximately HK\$135.66 million)
Payment terms	Loan will be payable to the Company by 4 instalments. The first 3 instalments of the loan in the total sum of RMB20.50 million (equivalent to approximately HK\$25.28 million) will be payable to the Company on the dates specified on the drawdown notice(s) to be given by the Company to Thrive Season whereas the 4th instalment in the sum of RMB20.50 million (equivalent to approximately HK\$25.28 million) will be payable upon the Company’s fulfillment of the condition(s) as stated in the loan agreement.	Loan will be payable to the Company by 3 instalments on the dates specified in the final cooperative agreement.
Loan period	Repayable on the first business day after 12 calendar months from the date of drawdown of each instalment of the loan.	Repayable on the first business day after 24 calendar months from the date of drawdown of each instalment, with a possible 12-month extension on each instalment if necessary.
Interest rate	25% per annum and shall be payable quarterly ( <i>Note 1</i> )	20% per annum and shall be payable by the end of the loan period.

*Note(s):*

1. Reference is made to the announcement of the Company dated 22 February 2013, the Company has entered into a supplemental loan agreement with Thrive Season for extension of the repayment schedule of the first 3 instalments of the loan in the total sum of RMB20.50 million (equivalent to approximately HK\$25.28 million) to 27 November 2013 or such later date as the Company and Thrive Season may agree further. An additional 5% interest per annum was incurred upon the extension.

### **Reasons for and benefits of the Loan Facilities**

The Group is principally engaged in leasing, development and investment of domestic real estate market in the PRC. In view of the properties development plan of the Group – including but not limited to Telford Garden Project and Riviera Garden Project (details of which please refer to the paragraph “Investment and Development” of this announcement) which need funds to finance the properties development projects.

However, in view of the current trading suspension status of the Shares on the Stock Exchange, the Board considers that it would not be possible for the Company to conduct any fund raising activities in the capital market to finance the projects at this moment. The Board has also considered obtaining banking facilities from banks in the PRC. However, due to the continuous austerity measures on real estate market by the PRC central government which have caused banks to tighten their money lending policies especially to property development corporations, it is hard for the Group to obtain sufficient banking facilities at the time being. As such, the Directors are of the view that the Loan Facilities are the most appropriate and feasible methods for the Group to raise funds to finance the property development projects and bring in additional working capital necessary to maintain its existing operations at this moment. The Directors consider that the terms of the Loan Facilities are on normal commercial terms and are fair and reasonable. The terms are of the interests of the Company and the Shareholders as a whole.

The Directors consider that the Working Capital Forecast and its adequacy for the period up to 31 August 2014 are highly relied on the following Key Assumptions:

- a. The Group failed to follow the capital injection timetable approved by Shenzhen Trade and Industry Bureau (深圳市貿工局) on 1 August 2012 and the re-scheduled capital injection schedule as to approximately HK\$95.78 million in July 2013, HK\$32.14 million in October 2013 and HK\$251.50 million in April 2014 (the “**Early 2013 Schedule**”) which has been filed to the relevant PRC authorities has yet to complete the procedures for changing the business and commercial registration (工商變更登記程序) (the “**Registration Procedures**”) in relation to the Early 2013 Schedule as at 31 July 2013. After enquired relevant PRC authorities, it was replied that the New Regulation implemented on 1 March 2013 indicated that the shareholders of the Shenzhen Company could decide their own capital injection timetable under the parties’ consent without performing further Registration Procedures. It was further confirmed by the relevant PRC authorities that any re-schedulement on the Early 2013 Schedule should only be made upon completion of the Registration Procedure of the Early 2013 Schedule. After several shareholders meetings, the shareholders of the Shenzhen Company mutually agreed to further re-schedule the Early 2013 Schedule as to approximately HK\$51.17 million in September 2013, HK\$76.75 million in December 2013, and HK\$251.50 million in April 2014 (the “**Latest Schedule**”). It is assumed that the Registration Procedures on the Early 2013 Schedule would be completed on or before 30 September 2013 and the Group and the other shareholders of the Shenzhen Company are able to inject the said capital as further re-scheduled;
- b. The Group is going to draw down the first tranche of long term loan facility of approximately RMB40.00 million (equivalent to approximately HK\$49.33 million) from Defu Fund, a private equity fund and asset management company, for properties development project, namely Telford Garden Project, subject to the completion of the Registration Procedures of the Early 2013 Schedule and the fulfillment of the first capital contribution schedule of the Latest Schedule. It is assumed that the Board will draw down the loan facility from Defu Fund on or before 30 September 2013;
- c. The Group has entered into a sales and purchase agreement regarding the disposal of Sunning Plaza Land Use Right. The Group is able to achieve its forecast sales amount of Sunning Plaza Land Use Right of RMB18 million (equivalent to approximately HK\$22.20 million) in December 2013;

- d. The Group is entering into a sales and purchase agreement with another purchaser in relation to Elegance Garden. It is assumed that the Group is able to sign the draft sales agreement with a potential buyer based on the terms of the previous sales contract dated 3 November 2012, and is able to achieve its forecast sales amount of the flats and shops of Elegance Garden of RMB9.00 million (equivalent to approximately HK\$11.10 million) in December 2013;
- e. Regarding the Telford Garden Project and Riviera Garden Project, future developments for the twenty months ending 31 August 2014 include:
- (i) the forecast net cash outflow for development of Telford Garden Project will not exceed RMB7.20 million in 2013 and RMB17.03 million in the first eight months of 2014 (equivalent to approximately HK\$8.90 million in 2013 and HK\$21.00 million in the first eight months of 2014);
  - (ii) the estimated fee of extending the land use right for the land of the Telford Garden Project from the remaining 23 years to 70 years will amount to a total of approximately RMB116.00 million (equivalent to approximately HK\$143.10 million), in which RMB20.00 million (equivalent to approximately HK\$24.67 million), RMB20.00 million (equivalent to approximately HK\$24.67 million) and RMB76.00 million (equivalent to approximately HK\$93.73 million), which are assumed to be paid in December 2013, June 2014, and December 2014 respectively;
  - (iii) the estimated scrip fee of the Shenzhen Land will amount to RMB3.60 million (equivalent to approximately HK\$4.44 million) and is assumed to be paid in January 2014;
  - (iv) the construction timetable of Telford Garden Project will not be affected by the court order on Shenzhen Grand Field Computer Software Development Company Limited which was disclosed in the Company's announcement dated 31 December 2012;
  - (v) the Shenzhen Land will be transferred into the Shenzhen Company between 1 July and 31 December 2013, and the Shenzhen Company is able to develop the Shenzhen Land accordingly without restrictions;
  - (vi) the forecast net cash outflow of Riviera Garden Project will not exceed RMB0.26 million (equivalent to approximately HK\$0.32 million) in 2013 and RMB13.36 million (equivalent to approximately HK\$16.48 million) in the first eight months of 2014;

- f. The Group is able to obtain unconditional approval from the Stock Exchange on the resumption of trading in Shares on or before 31 August 2013 and will obtain the remaining available credit facilities from Thrive Season of approximately RMB20.50 million (equivalent to approximately HK\$25.28 million) for the twenty months ending 31 August 2014, in which the Group is able to receive the loan of RMB20.50 million (equivalent to approximately HK\$25.28 million) in November 2013;
- g. The Company has received a legal letter from the lawyer of Mr. Tsang in relation to the indemnity claim for the legal costs incurred or owed from the opposite relevant parties in both High Court actions (HCMP 1059/2008 and HCA 771/2009). The judgment of the High Court action no. HCA 771/2009 has not been pronounced and the potential indemnity claim from Mr. Tsang has not been applied to and allowed by the High Court. Because the possibility of the claims is remote until the Court's order is finalised, it is assumed that the Company should not make any provision of the potential indemnity claim from Mr. Tsang (*Note*); and
- h. No impairment regarding all land and properties and receivables is expected for the twenty months ending 31 August 2014.

*Note(s):*

Mr. Tsang, as the original plaintiff of the Action and subjecting to the outcome of the Action, has undertaken to support the Company by covering the legal expenses on behalf of the Company in advance with a maximum repayment, if any and if legally required, limited to HK\$8,000,000 payable before 31 December 2013 and HK\$12,000,000 before 31 December 2015 with no accrued interest. As a result, the potential liability of the Company is capped at HK\$20.00 million and the remaining legal cost will be borne by Mr. Tsang. The Directors consider the results of the above mentioned matters remote and therefore no material financial impact or litigation costs will be incurred for the twenty months ending 31 August 2014 in respect of the Action.

**The Directors will make their best endeavour to ensure the financial position of the Group will in line with the Working Capital Forecast and will monitor the working capital requirement of the Group with due care. If there is any changes in circumstances in future which leading the Group needs more fundings, the Board may consider to carry out fund raising activities and/or debt restructuring when and where appropriate.**

The Company will issue an announcement if there is any event which would cause material impact on the Working Capital Forecast of the Group for the periods ending 31 December 2013 and 31 August 2014.

**(iii) Resolve issues related to the Shenzhen Land**

The issues related to the Shenzhen Land are whether (i) the business license of the Shenzhen Company will be revoked by the PRC Government which will cause the Shenzhen Company not able to develop the Shenzhen Land; and (ii) the Shenzhen Land will be repossessed by the PRC Government. Details on how the Company resolved issues related to the Shenzhen Company and the Shenzhen Land and the view from the Directors are as below:

**(a) *The Shenzhen Company***

With reference to the Company's announcement dated 28 March 2013 and the annual report for the year ended 31 December 2012, the Shenzhen Company was established as a special purpose vehicle to develop the Shenzhen Land and it is currently 50% owned by the Company. As stated in the articles and association of the Shenzhen Company, the Shenzhen Land was confirmed to be injected into the Shenzhen Company as part of the capital contribution. Based on the factors that (i) all major decisions on finance and operations relating to the Shenzhen Company are determined by the board of directors of the Shenzhen Company; (ii) the legal representative and the general manager of the Shenzhen Company were appointed by the Group; (iii) other shareholders of the Shenzhen Company do not intend to participate in the operations of the Shenzhen Company, and their representative on the board of the Shenzhen Company will be limited to a supervisory role which is intended solely to monitor the Group's management of the Shenzhen Company in order to safeguard their own interests; and (iv) a majority of the board members of the Shenzhen Company was nominated by the Group, the Board, having consulted the auditors of the Company, is of the view that it is appropriate to treat the Shenzhen Company as the subsidiary of the Company in accordance with Hong Kong Accounting Standard 27 and the financial statements of the Shenzhen Company were therefore consolidated into the accounts of the Group for the year ended 31 December 2012.

Pursuant to the New Regulation passed by The People's Congress of Shenzhen Municipality (深圳市人民代表大會) on 30 October 2012 and implemented on 1 March 2013, several reforms had been carried out on the business registration of companies in Shenzhen. According to the New Regulation, (i) registration for paid-up capital, (ii) capital verification proof, (iii) yearly capital verification report are no longer required for business registration in Shenzhen. The Board, in the light of the New Regulation, has consulted an independent legal advisor in PRC with the impact of the New Regulation on the business license of the Shenzhen Company. To the best knowledge of the Directors, and having made all reasonable enquiries, the Directors confirm (i) the 2-year capital injection restriction on maintaining a business status is no longer an issue in Shenzhen; (ii) shareholders of the Shenzhen Company can decide their own capital injection timetable under the parties' consent; and (iii) the business license of the Shenzhen Company will not be revoked.

On 13 March 2013, the Market Supervision Administration of Shenzhen Municipality (深圳市市場監督管理局) granted a new business license to the Shenzhen Company.

Given that the Shenzhen Company is legally registered and has obtained relevant certificates from the PRC Government in accordance with the requirement of the PRC laws, which means that the Shenzhen Company is legitimate and qualified to develop the Shenzhen Land, the Board considers that the business license of the Shenzhen Company will not be revoked.

**(b) *The Shenzhen Land***

According to the Measures on Disposing Idle Land (閒置土地處置辦法) promulgated and implemented by the Ministry of Land and Resources in April 1999 (amended in May 2012), the PRC Government has the right to repossess any piece of land if such land falls into the definition of idle land (the "**Idle Land**"). A piece of land can be defined as Idle Land under any of the following circumstances:

- the development of the land has not begun in a year from the date when the contract on lease of the right to use state-owned land becomes effective or from the land development commencement date stated on the land use approval document;



- the development and construction of the land has begun, but the area of the development and construction is less than one third of the total area to be developed (the “**Required Development Area**”); and
- the invested amount is less than 25% of the total amount of investment, with the development and construction discontinued for one year.

However, if the cause for idling of the land is due to the responsibility of relevant department(s) of the PRC Government – in this case a land should not be classified as Idle Land and therefore should not be repossessed by the PRC Government.

Pursuant to the PRC legal opinion issued on 22 December 2010 and updated by supplemental legal opinions on 24 March 2011 and 29 November 2012 respectively (the “**PRC Legal Opinions**”), the PRC legal adviser considered that (i) the Shenzhen Municipal Planning Bureau (深圳市規劃局) has yet to determine the overall detailed plan and statutory plans of the Longgang region, which in turn could not express a clear approval regarding the detailed development plan of the Shenzhen Land. As a result, the Shenzhen Municipal Planning Bureau could not issue the lease of the right to use state-owned land or the land use approval document to the Shenzhen Company to determine, inter alia, the land development commencement date; and (ii) the invested amount is more than 25% of the total amount of investment amount. Based on the abovementioned considerations, the PRC legal adviser expressed that “the Shenzhen Land doesn’t fall into the definition of Idle Land and therefore will not be repossessed by the PRC Government” and the Board concurs with the opinion of the PRC legal adviser.

On 9 April 2013, the shareholders of the Shenzhen Company successfully submitted an application to the Shenzhen Real Estate Registration Centre (深圳市房地產權登記中心) to transfer the Shenzhen Land into the Shenzhen Company as part of the capital contribution (the “**Transfer**”). The Shenzhen Real Estate Registration Centre then issued a letter of acceptance to the shareholders of the Shenzhen Company on the same day.

Given that (i) the Shenzhen Real Estate Registration Centre has already accepted the application of the Transfer; and (ii) the Shenzhen Land doesn’t fall into the definition of Idle Land, the Board considers that the Shenzhen Land will not be repossessed by the PRC Government.



## **The Company's Business Operations**

The Company is a company with limited liability incorporated in Bermuda. The Company is principally engaged in leasing, development and investment of domestic real estate market in the PRC.

### ***(a) Leasing***

The Group maintains a solid leasing service operation. Currently, there are signed leasing agreements with the Group's key clients. To increase turnover, the management is exploring value-added business development opportunities including but not limited to leasing the properties to organization for special purpose, like establishing elderly homes or business centres to increase the value for some of the leasing properties. Leasing staff also provides the top management and marketing staff with updated information concerning the property market in the PRC and assists in identifying and securing investment as well as property acquisition and disposal opportunities to increase the potential returns. Based on the market conditions and price trends, the Group will adjust the number of properties and/or pieces of land for leasing, sale, and development.

The Group's sales team also closely monitors any leasing activities. Prior to the termination of the leasing period, the Group's sales team will conduct various feasibility studies on the disposal of some of the leasing properties to determine if greater profits can be made by selling the leasing property within a time frame. To facilitate the feasibility studies, the Group's sales team will prepare various marketing materials on the leasing properties and will promote the selling of the potential properties.

### ***(b) Sale of completed properties***

The Group held a portfolio of completed properties available for sale amounting to approximately HK\$41,632,000 as at 31 December 2012, which includes the Sunning Plaza Land Use Right and the Elegance Garden.

The Group has a strong marketing force for the sale of properties of the Group led by Mr. Ma Xuemian, Chairman and executive Director of the Company who has been responsible for the Company's marketing and management in China since 1999. The Group's sales team in the Dongguan sales office (currently all of the Group's properties and land are in Dongguan except the Telford properties and the Shenzhen Land) actively seeks potential purchasers and high net worth clients through the Group's existing networks and facilitates the legal procedures, contractual obligations and completion of the properties sale. The Group's sales team regularly develops marketing and sales strategies to attract potential purchasers. Once a potential purchaser is identified, the Group's sales team will arrange property inspection with the potential purchaser to further negotiate and finalize the terms.

Furthermore, the Group's sales team also assists the management in identifying value-added business development opportunities on the Group's completed properties and vacant land by communicating with the new or existing customers or investors to raise the turnover and profits of the Group. For instance, vacant properties and land can be transformed to elderly homes or business centres. One of the Group's executive Directors, Mr. Kwok Siu Bun, who focuses on investment, returns, investment opportunities, and financing, is responsible for such business project development.

The main properties of the Group currently for lease or sale are summarized as below:

Properties/Land use right	Location (the PRC)	Use	Gross floor area available for lease or sale (sq. m)	Units available for sale	Units available for lease only	Units already leased	Gross floor area already leased (sq. m)
Elegance Garden	Zhangmutou, Guangdong	Commercial	6,714	71 shops	11 car parks	2 shops	136
Rado Garden Phase I	Zhangmutou, Guangdong	Commercial	6,795	97 shops	25 car parks	39 shops	765
Rado Garden Phase II	Zhangmutou, Guangdong	Commercial	1,452	44 shops	20 car parks	13 shops	412
Riviera Garden Phase I	Zhangmutou, Guangdong	Commercial	2,840	130 shops	4 car parks	14 shops	320
Riviera Garden Phase II	Zhangmutou, Guangdong	Residential	380	5 apartments	-	-	-
Sunning Plaza Land Use Right	Zhangmutou, Guangdong	Residential	5,389	1 land use right	-	-	-

**(c) Investment and development**

In addition, the Group also explores investment opportunities in small to medium size residential and commercial properties in second and third tier cities in mainland China.

The Group currently has two pieces of land available for project development. One is the Riviera Garden Project, which is currently at the stage of planning. Project approvals will be sought and contractor financing will be pursued when construction commences. Another one is the Telford Garden Project, in which the Group plans to develop on the Shenzhen Land which is a piece of land in Buji, Shenzhen covering an area of approximately 25,502 square metres and is owned as to 50% by the Group. The Telford Garden, a residential-commercial community consisting of two 29-storey buildings, comprising of apartments, offices and shopping mall with a gross floor area of approximately 131,000 square metres. Currently, the Group plans to develop the shopping mall into an electronic appliance distribution centre, and the Group plans to sell the shopping mall and the office space to institutional and/or retail property investors from Hong Kong and Shenzhen.

In short, the Group maintains a solid, day-to-day business operation and continually seeks long-term, sustainable growth in various business areas.

The main properties for investment and development currently under the plan of Group are summarized as follows:

Properties	Location (the PRC)	Use	Gross floor area for development (sq. m)	Units to be developed	Years to be completed	Development Plan	Current stage
Riviera Garden Phase III	Zhangmutou, Guangdong	Residential	16,200	100 apartments 50 car parks	4 years	The construction of the final building located in the same community as Riviera Garden Phase I and II complexes	Prepare for the construction drawings and pending the construction approval
Telford Garden Phase III	Buji, Guangdong	Commercial and residential	25,502	700 apartments 1,000 car parks shopping mall office	6 years	A residential- commercial community consisting of two 29-storey buildings, comprising of apartments, offices and shopping mall (an electronic appliance distribution centre (電子商業城))	Pending the construction approval

## **INTERNAL CONTROL REVIEW**

In 2010, the Company engaged Baker Tilly to perform internal control review of the Company, inter alia, corporate governance cycle, sales and receivables cycle, inventory management cycle, cash management cycle and financial reporting cycle. According to the final results of internal control review of the Company dated 1 December 2010, Baker Tilly stated their results as extracted below:

***“the results of our enquiries, observation, discussion with responsible personnel as well as examination of documents and records of the Company did not indicate that there was any irregularity or material error. In this respect, we are satisfied that management of the Company have implemented adequate internal controls .....*”**

Since the completion of the internal control review in December 2010 (“**Completion**”), there has been no material change in the internal control system of the Company. The Directors are of the view that the Company implements adequate financial reporting procedures and internal control systems to meet its obligation under the Listing Rules since Completion.

On 21 February 2013, the Company engaged LK Risk Services Limited (the “**IC Auditor**”) to perform a follow-up review on the Company’s internal control system. As at the date of this announcement, the IC Auditor is in the process of conducting on-site internal control review. It is expected that the preliminary results of the internal control review will be released by the IC Auditor to the Company in October 2013. The Company will issue a further announcement to update the status and disclose the results of the follow-up review.

## **GENERAL**

All Directors at the time of resumption will remain on the Company’s board after resumption. The Company or the Board currently does not have any present agreement, arrangement, intention, negotiation and/or plan about any acquisition, disposal of company or assets, and/or plan about any acquisition, disposal of company or assets, and/or to carry out a principal business other than existing business of the Company (whether concluded or not) within 24 months after resumption.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on Friday, 27 March 2009, pending the release of an announcement by the Company which is price sensitive in nature. As all the Resumption Conditions have been fulfilled, the Company will make an application to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 26 August 2013 on the Stock Exchange.

By Order of the Board  
**Grand Field Group Holdings Limited**  
**Ma Xuemian**  
*Chairman*

Hong Kong, 23 August 2013

*As at the date of this announcement, the board of Directors comprises four executive Directors, namely Mr. Ma Xuemian, Mr. Kwok Siu Bun, Ms. Chow Kwai Wa, Anne, and Ms. Kwok Siu Wa, Alison; two non-executive Directors, namely Mr. Lim Francis and Mr. Chen Mudong (with Mr. Lim Francis as alternate); and three independent non-executive Directors, namely Mr. David Chi-ping Chow (with Mr. Lim Francis as alternate), Mr. Liu Chaodong and Ms. Chui Wai Hung.*

*For the purpose of this announcement, unless otherwise indicated, conversion of HK\$ into RMB are calculated at the approximate exchange rate of HK\$1.00 to RMB0.81085. This exchange rate is for purpose of illustration only and do not constitute a representation that any amount have been, could have been, or may be, exchanged at this or another rate.*

*The Chinese translation of this announcement is for reference only. In case of any inconsistency, the English version shall prevail.*