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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)

**ANNOUNCEMENT
ISSUE OF SHARES UNDER GENERAL MANDATE**

On 6 February 2015 (after trading hours), the Company and Thrive Season entered into the 2015 Settlement Agreement, pursuant to which Thrive Season has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 85,185,185 Settlement Shares at the Subscription Price of HK\$0.270 per Settlement Share for partial repurchase of the Convertible Bonds in the principal amount of HK\$23,000,000 and convert the remaining principal amount of the Convertible Bonds of HK\$7,055,703 into a loan on and subject to the terms and conditions of the 2015 Settlement Agreement.

Completion of the allot and issue of the Settlement Shares under the 2015 Settlement Agreement is subject to the satisfaction of the conditions precedent mentioned in this announcement.

As the 2015 Settlement Agreement may or may not complete, the Settlement Shares may or may not be issued, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

* For identification purpose only

Reference is made to the announcement of the Company dated 2 October 2013 and 2 September 2013 (the “Announcements”) regarding the Settlement Agreement (as supplemented by the Supplemental Agreement), pursuant to which the Company issued to Thrive Season and Thrive Season subscribed for the Convertible Bonds in the principal amount of HK\$30,055,703, representing the outstanding amount of the Drawn-Down Loan for the settlement of the Drawn-Down Loan.

THE 2015 SETTLEMENT AGREEMENT

On 6 February 2015 (after trading hours), the Company and Thrive Season entered into the 2015 Settlement Agreement, pursuant to which Thrive Season has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 85,185,185 Settlement Shares at the Subscription Price of HK\$0.270 per Settlement Share for partial repurchase of the Convertible Bonds in the principal amount of HK\$23,000,000 and convert the remaining principal amount of the Convertible Bonds of HK\$7,055,703 into a loan on and subject to the terms and conditions of the 2015 Settlement Agreement as described below.

As at the date of this announcement, the Company was indebted to Thrive Season in the sum of HK\$30,055,703 (the “Indebted Amount”), which solely comprises the principal amount of the Convertible Bonds of HK\$30,055,703. Pursuant to the 2015 Settlement Agreement, the Indebted Amount will be settled in following manners:

- (i). the partial principal amount of the Convertible Bonds amounting to HK\$23,000,000 will be settled by the allot and issue of 85,185,185 Settlement Shares at the Subscription Price of HK\$0.270 per Settlement Share; and
- (ii). the remaining principal amount of the Convertible Bonds amounting to HK\$7,055,703 will be converted into a loan.

Terms of the loan

Loan Effective Date	:	Date of completion of the 2015 Settlement Agreement
Lender	:	Thrive Season
Borrower	:	The Company
Loan Amount	:	HK\$7,055,703

Loan Period	:	One year from the Loan Effective Date
Interest	:	17% per annum
Repayment	:	Borrower shall repay the interest on a monthly basis and repay the principal amount on the due date
Security	:	Unsecured

Under the 2015 Settlement Agreement, the parties agreed to cancel the Convertible Bond and Thrive Season agreed to waive and cancel the Early Redemption Premium. In addition, all parties to the 2015 Settlement Agreement agreed that all accrued interest incurred from the date of the 2015 Settlement Agreement until the date of the allot and issue of the Settlement Shares (both day inclusive) will be settled in cash by the Company.

Furthermore, pursuant to the 2015 Settlement Agreement, the reservation rights to further negotiate on the details in the repayment term, interest and other terms of the Loan Facility available from Thrive Season in the sum of RMB20,500,000 (equivalent to approximately HK\$25,750,534) pursuant to the Settlement Agreement shall remain effective and unchanged.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, Thrive Season and/or its associates are Independent Third Parties. As at the date of this announcement, save for the Convertible Bonds, Thrive Season and/or its associates did not hold any Shares.

The Settlement Shares

The Settlement Shares comprise 85,185,185 new Shares, representing approximately 10.99% of the existing issued shares of the Company of 775,203,677 Shares and approximately 9.90% of the Company's issued shares of 860,388,862 as enlarged by the issue of Settlement Shares respectively. Upon completion of the 2015 Settlement Agreement, Thrive Season will be interested in 85,185,185 Shares, representing approximately 9.90% of the Company's issued share capital as enlarged by the issue of the Settlement Shares.

The Subscription Price

The Subscription Price represents:

1. a discount of approximately 15.63% of the closing price of HK\$0.320 per Share as quoted on the Stock Exchange on the Last Trading Day; and
2. a discount of approximately 18.43% of the average closing price of approximately HK\$0.331 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiations between the Company and Thrive Season with reference to the recent market price of the Shares. The Board considers that the Subscription Price is fair and reasonable and on normal commercial terms based on the current market conditions.

The net Subscription Price, after deduction of relevant expenses (including professional expenses and disbursements), is estimated to be approximately HK\$0.269 per Settlement Share.

Conditions

The allot and issue of the Settlement Shares is conditional upon the following conditions have been fulfilled:

- (a). the Stock Exchange granting the approval for the listing of, and permission to deal in the Settlement Shares; and
- (b). all necessary regulatory filings, notifications and approvals to the relevant authorities of competent jurisdiction or relevant regulatory bodies to enter into the 2015 Settlement Agreement and the agreements and documents contemplated therein having been obtained by the Company (if any) and such filings, notifications and approvals remain valid and effective.

Completion

Completion of the allot and issue of the Settlement Shares will take place on the seventh Business Day after the conditions mentioned above are fulfilled.

The conditions of the 2015 Settlement Agreement cannot be waived by the parties thereto. In the event that the above-mentioned conditions of the 2015 Settlement Agreement could not take place on or before the Long Stop Date or such other date as may be agreed by the Company and Thrive Season, the 2015 Settlement Agreement shall terminate and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the 2015 Settlement Agreement save for any antecedent breach of any obligation thereof.

Ranking of the Settlement Shares

The Settlement Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue on the date of the allot and issue of the Settlement Shares.

General mandate

The Settlement Shares will be allotted and issued under the General Mandate. The General Mandate has been utilized as to 9,310,076 Shares since granted. Therefore, the remaining General Mandate is sufficient to allot and issue the Settlement Shares and the allot and issue of Settlement Shares is not subject to approval of the Shareholders.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Settlement Shares.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

The following fund raising activity has been carried out by the Company in the twelve months immediately prior to the date of this announcement:

Date of announcement	Event	Net proceeds raised (Approximately)	Intended use of proceeds	Actual use of proceeds
17 January 2014	Open offer on the basis of one (1) offer Share for every two (2) Shares held on the record date completed on 10 March 2014	HK\$47.96 million	Intended to be used as to (i) approximately HK\$10 million for repayment of short-term interest bearing borrowings; (ii) approximately HK\$35 million for financing the Group's existing properties development projects and (iii) the rest of the net proceeds for general working capital to strengthen the Company's financial position	Used as intended

Save as disclosed above, the Company has not conducted any fund raising exercise during the past twelve months preceding the date of this announcement.

CHANGES IN SHAREHOLDING STRUCTURE

Set out below is a summary of the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allot and issue of the Settlement Shares:

	As at the date of this announcement		Immediately after the allot and issue of the Settlement Shares (Note 1)	
	Number of	%	Number of	%
	Shares	(Approx.)	Shares	(Approx.)
Rhenfield Development Corp. (Note 2)	143,715,000	18.54	143,715,000	16.70
Kwok Wai Man, Nancy (Note 2)	10,056,529	1.30	10,056,529	1.17
Tsang Wai Lun, Wayland (Note 2)	19,263,000	2.48	19,263,000	2.24
Thrive Season	–	–	85,185,185	9.90
Public Shareholders	602,169,148	77.68	602,169,148	69.99
Total	<u>775,203,677</u>	<u>100.00</u>	<u>860,388,862</u>	<u>100.00</u>

Note(s):

- On the assumption that there are no other changes in the issued share capital of the Company.
- Rhenfield Development Corp. is owned by Ms. Kwok Wai Man, Nancy (“Ms. Kwok”) and Mr. Tsang Wai Lun, Wayland (“Mr. Tsang”) in equal shares. Mr. Tsang and Ms. Kwok are deemed to be interested in 143,715,000 shares of the Company pursuant to the Part XV of the SFO. Mr. Tsang personally held 19,263,000 Shares while Ms. Kwok, spouse of Mr. Tsang, personally held 10,056,529 Shares. By virtue of the SFO, Mr. Tsang and Ms. Kwok are both deemed to be interested in 29,319,529 Shares. In conclusion, both Mr. Tsang and Ms. Kwok have an aggregate interest of 173,034,529 Shares, representing approximately 22.32% of the shareholding of the Company.

REASONS FOR AND BENEFITS OF THE 2015 SETTLEMENT AGREEMENT

The Company is principally engaged in investment holding. The Group is principally engaged in investment holding, property development and property investment.

Throughout 2014, the Company has suffered from several legal proceedings in connection with the Shenzhen Land. Such legal proceedings have hindered the progress of the Group's property development business while incurred certain legal and professional fees resulting in weakening the Group's financial positions. Fortunately, as disclosed in the announcements of the Company dated 4 September 2014, 17 October 2014 and 31 December 2014, the legal proceedings against the Company in connection with the Shenzhen Land have been dismissed and that the Shenzhen Land has been released free from incumbrances. On 25 December 2014, the registered title of the Shenzhen Land has been successfully transferred into Shenzhen Zongke (a non-wholly owned subsidiary of the Company) which means the Company could develop the Shenzhen Land without legal obstacle arising from the above-mentioned legal proceedings thereafter.

Given the further loosening up of control measures and further marketization in China's real estate industry since the last quarter of 2014, the Directors are optimistic that the atmosphere of the China's real estate industry is recovering and it is essential for the Company to strengthen its financial resources to accelerate the progress of its existing property development projects in order to enjoy the expected recovery of the China's real estate market.

The Directors having considered (i) with the waiver by Thrive Season on the Early Redemption Premium is in favour of the Company; (ii) the relaxation of obligation to pay the future 17% interest from the date of the partial repurchase of the Convertible Bonds in the principal amount of HK\$23,000,000 until the maturity date of the Convertible Bonds (i.e. 6 October 2016) and the principal amount of the Convertible Bonds when they fall due, the Company could reduce future cash outlay of approximately HK\$31,040,738 and allow the Company to re-allocate more resources to focus on its business development; (iii) the allot and issue of the Settlement Shares will enlarge the capital base of the Company and will improve the gearing level of the Group thereby strengthening the financial position of the Group for future fund raising activities when opportunity comes; (iv) the existing liabilities of the Group will be reduced without affecting the working capital of the Group; and (v) the cancellation of the Convertible Bonds could avoid future fluctuation to the financial results of the Company

due to the fluctuation to the fair values of the derivative component of the Convertible Bonds given the Company has recorded fair value loss on derivative instruments of approximately HK\$3,941,000 and approximately HK\$3,200,000 for the year ended 31 December 2013 and for the six months ended 30 June 2014, respectively, are of the view that the terms and conditions of the 2015 Settlement Agreement are fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Completion of the allot and issue of the Settlement Shares under the 2015 Settlement Agreement is subject to the satisfaction of the conditions precedent mentioned in this announcement.

As the 2015 Settlement Agreement may or may not complete, the Settlement Shares may or may not be issued, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“2015 Settlement Agreement”	the conditional agreement dated 6 February 2015 entered into between the Company and Thrive Season in relation to (i) the allot and issue of the Settlement Shares for partial repurchase of the Convertible Bonds in the principal amount of HK\$23,000,000; and (ii) the conversion of the remaining principal amount of the Convertible Bonds of HK\$7,055,703 into a loan
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturdays and Sundays and public holidays) on which licensed banks are generally open for business in Hong Kong

“Company”	Grand Field Group Holdings Limited (stock code: 115), a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the of the Stock Exchange
“connected person”	has the meaning ascribed to this term under the Listing Rules
“Convertible Bonds”	the outstanding convertible bonds in the principal amount of HK\$30,055,703
“Directors”	directors (including the independent non-executive directors) of the Company
“Drawn-Down Loan”	the indebted amount by the Company to Thrive Season in the sum of RMB23,927,345 (equivalent to approximately HK\$30,055,703) which comprises principal of RMB20,500,000 (equivalent to approximately HK\$25,750,534) and accrued interests of RMB3,427,345 (equivalent to approximately HK\$4,305,169) due on 27 November 2013
“Early Redemption Premium”	the interest difference of interest rate of the principal amount of the Convertible Bonds and the coupon rate of the Convertible Bonds, i.e (30-17)% = 13% accrued from the date of the entering into the Settlement Agreement (as supplemented by the Supplemental Agreement) to the redemption date under the terms of the Convertible Bonds
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 18 June 2014, among other things, to allot, issue and deal with up to 153,178,720 Shares, being 20% of the then issued share capital of the Company as at the date of the annual general meeting of the Company held on 18 June 2014

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third parties independent to the Company and its connected person(s) (as defined under the Listing Rules)
“Last Trading Day”	6 February 2015, being the trading day on which the 2015 Settlement Agreement was entered into and the last full trading day of the Shares on the Stock Exchange immediately prior to the publication of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Facility”	the remaining available loan facility provided by Thrive Season to the Company in the sum of RMB20,500,000 (equivalent to approximately HK\$25,750,534) pursuant to the loan agreement dated 20 February 2012 and the supplemental loan agreement dated 22 February 2013 entered into between the Company and Thrive Season and that the Company has yet to draw down as at the date of this announcement
“Long Stop Date”	within 30 Business Days from the date of the 2015 Settlement Agreement to fulfill the conditions stipulated under the 2015 Settlement Agreement
“Settlement Share(s)”	85,185,185 new Shares to be allotted and issued to Thrive Season at an issue price of HK\$0.270 per Settlement Share for partial repurchase of the Convertible Bonds in the principal amount of HK\$23,000,000

“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Land”	a parcel of land located at Buji Shenzhen covering an area of approximately 25,502 square metres and is owned by Shenzhen Zongke
“Shenzhen Zongke”	Shenzhen Zongke Real Estate Co., Ltd. (深圳棕科置業有限公司), a non-wholly owned subsidiary of the Company
“Settlement Agreement”	the conditional agreement dated 30 August 2013 entered into between the Company and Thrive Season in relation to the issue of Convertible Bonds for the settlement of the Drawn-Down Loan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.270 per Settlement Share
“Supplemental Agreement”	the supplemental agreement dated 2 October 2013 entered into between the Company and Thrive Season to amend certain terms of the Convertible Bonds under the Settlement Agreement
“Thrive Season”	Thrive Season Limited, a company incorporated in the British Virgin Islands and is wholly-owned by Mr. Chen Yuchi (陳育池先生)

“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“RMB”	Reminbi, the lawful currency of the PRC
“%”	per cent

By order of the Board
Grandfield Group Holdings Limited
Ma Xuemian
Chairman

Hong Kong, 6 February 2015

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; one non-executive Director, namely, Ms. Tsang Tsz Tung Debbie (with Mr. Kwok Siu Bun as alternative); and three independent non-executive Directors, namely, Mr. Hui Pui Wai, Kimber, 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 RMB0.79610. 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.