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鈞豪集團有限公司\*

**GRAND FIELD GROUP HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 115)**

**MAJOR AND CONNECTED TRANSACTION  
IN RELATION TO ACQUISITION OF  
ENTIRE SHARE CAPITAL OF THE TARGET COMPANY**

The Board is pleased to announce that, on 24 February 2017 (after trading hours), the Company, the Purchaser and the Vendors entered into the Agreement in relation to the acquisition of the entire share capital of the Target Company, pursuant to which the Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 100% of the issued share capital of the Target Company at the Consideration of HK\$207,000,000.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, Mr. Tsang is a member of the Tsang's Family, in which Mr. Tsang Yee being a substantial shareholder of the Company holding approximately 14.57% of the total issued shares of the Company amounted for 165,564,529 shares of the Company. Therefore the Mr. Tsang is a connected person of the Company under Chapter 14A of the Listing Rules. The Acquisition and the transactions contemplated under the Sale and Purchase Agreement, including the allotment and issue of the Consideration Shares under the Specific Mandate, are therefore subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

\* *For identification purpose only*

The Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Independent Shareholders as a whole. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 25% but all are less than 100%, the Acquisition constitutes a major transaction of the Company under the Listing Rules. The Acquisition is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **GENERAL**

The SGM will be convened and held for the Shareholders to consider, and if thought fit, approve, among other matters, the Agreement, the Acquisition and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Acquisition and the transactions contemplated thereunder; (ii) recommendation of the independent board committee; (iii) letter of advice from the Independent Financial Adviser; (iv) other information as required to be disclosed under the Listing Rules; and (v) a notice of the SGM and a form of proxy are expected to be despatched to the Shareholders on or before 17 March 2017.

**Completion of the Acquisition is subject to fulfillment of the conditions precedent set out in the Agreement, and the Agreement may or may not proceed to Completion. The Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

The Board is pleased to announce that, on 24 February 2017 (after trading hours), the Company, the Purchaser and the Vendors entered into the Agreement, pursuant to which the Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 100% of the issued share capital of the Target Company at the Consideration of HK\$207,000,000.

## **THE AGREEMENT**

Date: 24 February 2017 (after trading hours)

Parties: (1) The Company

(2) Purchaser

(3) Vendors

As at the date of this announcement, the Sale Shares held by Ms. Tsang (being the daughter of Mr. Tsang) was held by her on trust for Mr. Tsang pursuant to a declaration of trust. As such, Mr. Tsang is the ultimate beneficial owner of the Sale Shares. The Vendors are connected persons of the Company by way of being associates of a substantial shareholder of the Company.

### **Assets to be acquired**

Pursuant to the Agreement, the Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares for a total Consideration of HK\$207,000,000. Upon Completion, the Target Company will become a subsidiary of the Company and accordingly, the financial information of the Target Group will be consolidated into the accounts of the Group.

### **Consideration**

The total consideration of purchase and sale of Sale Share shall be HK\$207,000,000.

The consideration shall be paid to the Vendors in the following manners:

- (i) a refundable deposit of HK\$11,270,000 shall be payable in cash within one (1) month upon signing of the Agreement;
- (ii) as to HK\$11,270,000 shall be payable in cash by the Purchaser to the Vendor within seven (7) Business Days upon Completion
- (iii) as to HK\$47,460,000, by the allotment and issue of the Consideration Shares, being 210,000,000 new Shares at the issue price of HK\$0.226 per Share, by the Company to the Vendors within seven (7) Business Days upon Completion; and

(iv) as to the balance of the Consideration of HK\$137,000,000, by the issue of the Convertible Bonds in the principal amount of HK\$137,000,000 by the Company to the Vendors within seven Business Days upon Completion.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendors with reference to, among other things, (i) adjusted net assets value of the Target Group of approximately HK\$190,565,000 having considered (a) unaudited net assets value of the Target Group of approximately HK\$125,735,000; (b) increase in fair value of the Property Project of approximately HK\$5,660,000 between the appraised value of the Property Project of approximately RMB316,000,000 (equivalent to approximately HK\$356,132,000) as at 31 December 2016 performed by the Independent Valuer using market approach and the book value of the Property Project of HK\$350,472,000 as at 31 October 2016 recorded in the unaudited consolidated financial statements of the Target Company; (c) provision for late delivery compensation of approximately HK\$23,408,000 which the Vendors have undertaken to provide full indemnity to the Purchaser in the event any provision made is materialized; and (d) accumulated deferred tax liabilities of approximately HK\$35,762,000 as at 31 October 2016 arising from the fair value change of the Property Project which is non-cash in nature; and (ii) the purchase price of the car parking space leasing agreement to be entered into with an Independent Third Party by Xuzhou Guojin in the amount of RMB14,620,000 (equivalent to approximately HK\$16,476,740); and (iii) the prospect as elaborated in the section headed "REASONS FOR AND BENEFIT OF THE ACQUISITION".

Taking into account the above-mentioned, the Directors (excluding Mr. Kwok Siu Bun, Ms. Kwok Siu Wa, Alison and Ms. Tsang Tsz Tung, Debbie who are associates of the Vendors and had abstained from voting at the Board resolutions approving the Agreement and the transactions contemplated thereunder, and the independent non-executive Directors who will express their view after considering the advice from the Independent Financial Adviser) consider that the Consideration is fair and reasonable and on normal commercial terms or better and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

### **Conditions precedent**

The Purchaser shall, and shall procure its agents, forthwith upon the signing of the Agreement, to conduct such review regarding the assets, liabilities, operation and affairs of the Target Group as it may reasonably consider appropriate, and the Vendors shall provide and procure the Target Group and its agents to provide such assistance as the Purchaser or its agents may reasonably require in connection with such review.

Completion is conditional upon fulfillment of the followings:

- (a) the Purchaser has completed the due diligence in relation to the Target Group and the Property Project and has been satisfied with the results;
- (b) the Purchaser has obtained a PRC legal opinion (in the form and substance to the satisfaction of the Purchaser) from a qualified PRC legal adviser appointed by the Purchaser in respect of the Agreement and the transactions contemplated under the Agreement;
- (c) the Purchaser has obtained a valuation report for the Property Project from the Independent Valuer, which indicates that the valuation of the Property Project as at 31 December 2016 is not less than RMB316,000,000;
- (d) the Vendors have successfully procured Xuzhou Guojin to enter into a formal lease agreement with Xuzhou Yuanchun Decoration Engineering Limited\* (徐州遠純裝飾工程有限公司), pursuant to which, Xuzhou Yuanchun Decoration Engineering Limited\* has agreed to lease 112 underground parking lots (74 of which are located at Basement 1 and 38 of which are located at Basement 2), at a price of not less than RMB16,240,000 and for period of 20 years;
- (e) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal, in the Consideration Shares and the Conversion Shares;
- (f) the Independent Shareholders passing the resolutions approving the Agreement and the transactions contemplated thereunder (including the issue and allotment of the Consideration Shares and the Conversion Shares under the Specific Mandate) at the SGM;
- (g) there is no event, change, incident or condition, the occurrence of which individually or coincidentally has affected or would reasonably affect the Vendors, the Target Company or the Target Group; and
- (h) all statements and guarantees provided by the Vendors under the Agreement shall be correct in all respects.

All of the above conditions precedent cannot be waived. The Vendors shall use its reasonable endeavor to fulfill the conditions precedent under the Agreement by the Long Stop Date or such other date as agreed in written between the Purchaser and the Vendors. In the event that the conditions precedent to Agreement failed to take place by the Long Stop Date or such other date as agreed in written between the Purchaser and the Vendors, the Purchaser shall have right to terminate the Agreement without prejudice to obligations to each other due to any antecedent breach of the terms of the Agreement.

Completion shall take place on the seventh (7) Business Day after all conditions precedent to the Agreement have been satisfied (or such other time and date as the parties to the Agreement may agree in writing).

### **Consideration Shares**

The Consideration Shares will be issued at the issue price of HK\$0.226 per Consideration Share which represents:

- (i) a discount of approximately 11.4% to the closing price of HK\$0.255 per Share as quoted on the Stock Exchange on the date of signing of the Agreement; and
- (ii) a discount of approximately 10.6% to the average closing price of HK\$0.2528 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of signing of the Agreement;

The issue price was determined after arm's length negotiations between the Company and the Vendors, with reference to the recent performance of the Shares and current market conditions.

The Consideration Shares represent: (i) approximately 18.5% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 15.60% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

## CONVERTIBLE BONDS

### The Convertible Bonds

The terms of the Convertible Bonds have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer	:	The Company
Principal amount	:	HK\$137,000,000
Maturity date	:	18 months from the date of issue of the Convertible Bonds
Interest rate	:	3% per annum
Conversion Price	:	HK\$0.226 per Conversion Share subject to adjustments for adjustment provisions summarized below.
Conversion Shares	:	A total of 606,194,690 new Shares subject to adjustment provisions, of a par value of HK\$0.10 each to be issued upon conversion of the Convertible Bonds.
Conversion Period	:	The period commencing on the date of issue of the Convertible Bonds and expiring on the Maturity Date.
Conversion rights	:	Bondholder will have the right to convert the Convertible Bonds in whole or in part (in an integral multiple of HK\$1,000,000) of the outstanding principal amount of the Convertible Bonds on any Business Day during the Conversion Period.

Conversion right of the Convertible Bonds shall not be exercised by the Bondholder if:

- (i) the Bondholder and parties acting in concert with it will directly or indirectly control or be interested in such percentage of voting rights of the Company which the Bondholder would be obliged to make a general offer under the Takeovers Code;
- (ii) the Company will be unable to meet the public float requirements under the Listing Rules; or
- (iii) the Bondholder or the Company will as a result of the issue of the relevant Conversion Shares be in breach of the Listing Rules, the Takeovers Code or applicable laws or regulations.

Redemption : Unless previously converted, the Convertible Bonds will be redeemed by the Company on the Maturity Date at its principal amount outstanding. The Company shall have the right to redeem the whole or any part(s) of the principal amount of the Convertible Bonds at any time on any business day prior to the Maturity Date.

Adjustment provisions : The Conversion Price shall from time to time be adjusted upon the occurrence of certain events in relation to the Company including but not limited to the following:

- (i) consolidation or sub-division;
- (ii) capitalization of profits or reserves;
- (iii) capital distributions;
- (iv) rights issue of Shares or options over Shares etc;
- (v) rights issue of other securities of the Company; and
- (vi) issues at less than prevailing market prices.



Transferability : The Convertible Bonds or any part(s) thereof may be assigned or transferred to any third party during the period commencing from the date of such issue and until the Maturity Date (as defined above), subject to the conditions, approvals, requirements and any other provisions of or under (i) the Stock Exchange or their rules and regulations; (ii) the approval for listing in respect of the Conversion Shares; and (iii) all applicable laws and regulations, or any others as disclosed in the instrument.

If the Convertible Bonds are transferred to a connected person (as defined in the Listing Rules) (except the transfer of the Convertible Bonds to the holding company or subsidiary of the Bondholder) of the Company or its associate(s) (as defined in the Listing Rules), the Company shall immediately notify the Stock Exchange and all such transfer shall be made subject to having obtained the written consent from the Company and prior approval of the Stock Exchange (if necessary) and full compliance with the Listing Rules.

Voting : Bondholder will not be entitled to attend or vote at any Shareholders' meetings of the Company by reason only of its being a Bondholder.

Listing : No application will be made by the Company for the listing or permission to deal in the Convertible Bonds on the Stock Exchange. An application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Conversion Shares.

Ranking of the Conversion Shares : Shares issued upon conversion will rank *pari passu* in all respects among themselves and with other existing Shares outstanding at the date of issue of the Conversion Shares and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of their issue.

## **Conversion Price**

HK\$0.226 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Bonds.

The Conversion Price of HK\$0.226 per Conversion Share represents:

- (a) a discount of approximately 11.4% to the closing price of HK\$0.255 per Share as quoted on the Stock Exchange on the date of signing of the Agreement; and
- (b) a discount of approximately 10.6% to the average closing price of HK\$0.2528 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of signing of the Agreement.

The Conversion Price was determined after arm's length negotiations between the Company and the Purchaser, with reference to the recent performance of the Shares and current market conditions.

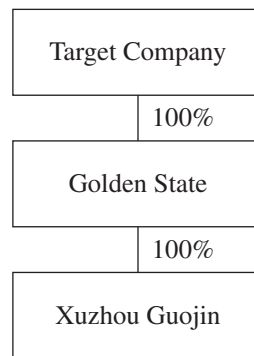
## **The Conversion Shares**

Upon full conversion of the Convertible Bonds in the aggregate principal amount of HK\$137,000,000 by the holder(s) of the Convertible Bonds at the Conversion Price, a maximum of 606,194,690 Conversion Shares will be issued. The Conversion Shares will represent: (i) approximately 53.4% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 34.8% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares assuming the conversion rights attaching to the Convertible Bonds are exercised in full.

## **INFORMATION ABOUT THE TARGET GROUP**

The Target Group comprises the Target Company, Golden State and Xuzhou Guojin. As at the date of this announcement, the Target Company, Golden State and Xuzhou Guojin have been duly incorporated.

As at the date of the announcement, the shareholding structure of the Target Group is as follows:



The Target Company is a company incorporated in the British Virgin Islands with limited liability. Golden State is a company incorporated in Hong Kong and wholly-owned by the Target Company.

The Target Company, Golden State and Xuzhou Guojin were incorporated on 1 July 2008, 24 May 2005 and 24 December 2008 respectively. The Target Company and Golden State have no major assets and liabilities. As at the date of this announcement, the Target Company and Golden State have not conducted any businesses yet and have not generated any revenue and profit since their incorporation.

Xuzhou Guojin, being the subject operating subsidiary of the Target Group, was incorporated on 24 December 2008. Mr. Tsang's controlled corporation is a 60% co-founder of Xuzhou Guojin with a registered capital of HK\$50,000,000 in 2008. Xuzhou Guojin subsequently became a wholly-owned subsidiary of a Mr. Tsang's controlled corporation in 2014 which Xuzhou Guojin's registered capital increased to HK\$70,000,000. As at the date of this announcement, Xuzhou Guojin has a registered capital of HK\$70,000,000. Xuzhou Guojin is principally engaged in property development of the Property Project. Based on the unaudited consolidated management accounts of the Target Company for each of the two financial years ended 31 December 2014 and 31 December 2015 and for the ten months ended 31 October 2016, the turnover, net profit (before and after taxation) are as follows:

	<b>For the year ended 31 December 2014 HK\$'000</b>	<b>For the year ended 31 December 2015 HK\$'000</b>	<b>For the ten months ended 31 October 2016 HK\$'000</b>
Turnover	–	–	–
Net (loss) before tax	(12,263)	(2,663)	(4,156)
Net Profit/(loss) after tax	(8,190)	(1,215)	4,731

As at 31 October 2016, the unaudited net assets value of the Target Group was approximately HK\$125,735,000.

The Property Project is situated on the southwestern side of Huanghe West Road in Gulou District of Xuzhou with a total gross floor area of approximately 46,226 square meters. The immediate locality is a mixed commercial/residential area. Developments in the vicinity comprise commercial buildings and residential of various ages and heights.

#### **State-owned Land Use Certificates**

The land use rights of two parcels of land with a total site area of 15,528.40 square meters have been granted to Xushou Guojin. Details of the said certificates are as follows:

<b>No.</b>	<b>Certificate No.</b>	<b>Site Area (square meters)</b>	<b>Use</b>
1.	Xu Tu Guo Yong (2009) No. 11859	13,847.40	Finance and Residential
2.	Xu Tu Guo Yong (2010) No. 11856	<u>1,681.00</u>	Finance and Residential
		<u><u>15,528.40</u></u>	

### **Construction Land Planning Permit**

Under the construction land planning permit – Xu Shi Gui Di Di Zi No. 320300200901024, Xushou Guojin was permitted to use a parcel of land with a site area of 23.3 mu for residential, commercial and office developments.

### **Construction Work Planning Permit**

Under the construction work planning permit – No. 20090053, the construction works of Residential Building No. 1 and 2, commercial office tower No.3, a basement, a public toilet, a garbage room and a guard room with a total gross floor area of 47,121.60 square meters were approved to construct.

### **Construction Work Commencement Permit**

Under to the construction work commencement Permit – No. 0091411 320300020120151, the construction works of residential building No.1 and 2, commercial office tower No.3 and a basement with a total gross floor area of 46,228.00 square meters were approved to commence.

### **Pre-sale Permits**

Under the following pre-sale permits, various buildings of the property with a total gross floor area of 35,238.82 square meters have been permitted for pre-sale.

<b>No.</b>	<b>Permit No.</b>	<b>Building</b>	<b>Gross Floor Area (square meters)</b>
1.	Xu Fang Shou Xu Zi (2013) No. 103	Building No. 1 and 2	22,319.31
2.	Xu Fang Shou Xu Zi (2014) No. 18	Building No. 3	9,274.97
3.	Xu Fang Shou Xu Zi (2014) No. 239	Basement	<u>3,644.54</u>
<b>Total:</b>			<b><u><u>35,328.82</u></u></b>

Portion of the buildings with a total gross floor area of 23,010.25 square meters has been pre-sold under various sales and purchases agreements and/or subscribed.

## Specific Mandate

The Consideration Shares and the Conversion Shares will be allotted and issued under the Specific Mandate to be approved by the Independent Shareholders at the SGM. The Company will make an application to the Stock Exchange for the listing of and permission to deal in the Consideration Shares and the Conversion Shares. The Consideration Shares and the Conversion Shares, when issued and fully paid, will rank pari passu in all respects with each other and with other Shares then in issue at the time of issue of the Consideration Shares and the Conversion Shares.

## Changes of Shareholding

As at the date of this announcement, the Company has 1,136,280,937 Shares in issue. Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon the allotment and issue of the Consideration Shares; and immediately upon the allotment and issue of the Consideration Shares and full conversion of the Convertible Bonds based on the best knowledge, information and belief of the Directors:

	As at the date of this announcement		Upon the allotment and issue of the Consideration Shares		Upon the allotment and issue of the Consideration Shares and full conversion of the Convertible Bonds	
	Number of Shares	% (Approx.)	Number of Shares	% (Approx.)	Number of Shares	% (Approx.)
Rhenfield Development Corp. (Note 1)	165,564,529	14.57	165,564,529	12.30	165,564,529	8.48
<b>Directors:</b>						
Kwok Siu Bun	1,000,000	0.09	1,000,000	0.07	1,000,000	0.05
Chow Kwai Wa, Anne	1,300,000	0.11	1,300,000	0.10	1,300,000	0.07
Kwok Siu Wa, Alison	2,000,000	0.18	2,000,000	0.15	2,000,000	0.10
Vendors and his associate (Note 2)	12,633,534	1.11	222,633,534	16.54	828,828,224	42.45
<b>Public:</b>						
Other public Shareholders	953,782,874	83.94	953,782,874	70.84	953,782,874	48.85
<b>Total</b>	<b>1,136,280,937</b>	<b>100.00</b>	<b>1,346,280,937</b>	<b>100.00</b>	<b>1,952,475,627</b>	<b>100.00</b>

*Notes:*

1. Rhenfield Development Corp. is owned by Mr. Tsang Yee who is deemed to be interested in 165,564,529 shares of the Company pursuant to the Part XV of the SFO.
2. Tsang's Family including Mr. Tsang, Ms Tsang and Ms. Kwok Wai Man (excluding Mr. Tsang Yee, Mr. Kwok Siu Bun and Ms. Kwok Siu Wa, Alison).
3. The above table is for illustration purpose only and does not indicate or imply any intention or decision on the part of the Vendors as to the timing or extent of conversion of the Convertible Bonds. The relevant parties will observe and comply with the requirements of the Listing Rules in connection with the conversion of the Convertible Bonds if and when it takes place.

## **REASONS FOR AND BENEFIT OF THE ACQUISITION**

The Group is principally engaged in investment holdings, property development, property investment, trading of wine and trading of foods.

From a macro-geographical perspective, Xuzhou has witnessed rapid economic development in recent years, where it has evolved from a fourth-tier city to a second-tier one in the PRC in just five years, ranking among the top five cities in terms of economic development and growth in Jiangsu province for three consecutive years as it achieved an average GDP growth exceeding 9% for the past three years.

Situated in the core strategic place in Yangtze River Delta and Huaihai region, Xuzhou is located at the junction among Jiangsu, Shandong and Anhui provinces. It is not only a comprehensive transport hub of national importance, but also a famous historic city in the PRC with rich historical and cultural heritage and places of interest.

Furthermore, Xuzhou is a vital node city for the national “the Belt and Road” initiative. Leveraged on the state policy, its prime geographic location, drastic economic growth and profound culture, the hotel and logistics sectors of the city are well-positioned to benefit from a very promising future.

From a micro-regional perspective, the Property Project to be acquired is located in Gulou District, the central business district of Xuzhou City. Gulou District is the ancient district of the city and also one of the financial, commercial and transportation centers of Xuzhou, encompassing the most thriving Pengcheng Square and Huaihai Plaza. Moreover, the property enjoys a beautiful river view, which is an extremely rare privilege in an inland city as Xuzhou.

The Property Project is located at a prime location on No. 3, West Huanghe Road, Gulou District with only 50 meters from the Cultural Palace Exit of Route 1 of the Xuzhou Railway under construction. The lot is currently a reputable school zone in Xuzhou with well-established community and infrastructure. It is expected to have an immense commercial value and future potentials upon the commencement of operation of the Xuzhou railway.

The Company intends to develop the Property Project into a large-scale residential/commercial development which will comprise two residential buildings and an office/SOHO tower being erected on two parcels of land with a total site area of approximately 15,528 square meters. A shopping arcade together with a carpark are also being constructed underneath the aforesaid two land parcels. The total gross floor area of the Property Project will be approximately 46,226 square meters.

In addition, the Acquisition neither requires excessive cash nor has a material effect on the cash flows of the Group as it is on reasonable payment terms. The Acquisition of the Property Project can also optimize the property portfolio of the Company. Currently, the Group's project amounting to over RMB100 million only comprises the Zongke Cloud Project. In the future, the footprint of the Group in its real estate development plan must reach outside Guangdong province. The Acquisition of the Property Project situated at the prime location at Xuzhou, Jiangsu province with extremely low costs, will contribute to lay a solid foundation for the Group's future plan of real estate market in the PRC.

Certain properties in the Zongke Cloud Project in Shenzhen will commence commercial operation in the future. Hence, the Acquisition can allow the team of the Company to gain experiences in the operation of commercial properties with low costs and act as a pilot project, thus providing a valuable opportunity for the Zongke Cloud Project.

In consideration of the above factors, the Company therefore opts to invest and acquire the quality Property Project for long-term investment and rental income purposes of the Group.

The Directors consider that the terms of the Acquisition are fair and reasonable in the current property market conditions, and are in the interests of the Group and the Shareholders as a whole.



## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Mr. Tsang is a member of the Tsang's Family, in which Mr. Tsang Yee being a substantial shareholder of the Company holding approximately 14.57% of the total issued shares of the Company amounted for 165,564,529 shares of the Company. Therefore the Mr. Tsang is a connected person of the Company under Chapter 14A of the Listing Rules. The Acquisition and the transactions contemplated under the Sale and Purchase Agreement, including the allotment and issue of the Consideration Shares under the Specific Mandate, are therefore subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Independent Shareholders as a whole. The Company has appointed an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 25% but all are less than 100%, the Acquisition constitutes a major transaction of the Company under the Listing Rules. The Acquisition is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **GENERAL**

The SGM will be convened and held for the Shareholders to consider, and if thought fit, approve, among other matters, the Agreement, the Acquisition and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Acquisition and the transactions contemplated thereunder; (ii) recommendation of the independent board committee; (iii) letter of advice from the Independent Financial Adviser; (iv) other information as required to be disclosed under the Listing Rules; and (v) a notice of the SGM and a form of proxy are expected to be despatched to the Shareholders on or before 17 March 2017.

**Completion of the Acquisition is subject to fulfillment of the conditions precedent set out in the Agreement, and the Agreement may or may not proceed to Completion. The Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

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

“Acquisition”	the acquisition of Sale Shares as contemplated under the Agreement
“Agreement”	the conditional sale and purchase agreement dated 24 February 2017 entered into between the Vendors and the Company in relation to the Acquisition
“Board”	the board of Directors
“Bondholder”	the holder of the Convertible Bonds
“Business Day(s)”	any day(s) except Saturday, Sunday or other day on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	Grand Field Group Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on Main Board of the Stock Exchange
“Completion”	has the meaning ascribed to it in the section headed “Completion” in this announcement
“Completion Date”	a day falling on the seventh (7) Business Day following the conditions precedent are fulfilled (or waived)

“Conditions Precedent”	the conditions precedent as stated under the paragraph headed “Conditions Precedent” in this announcement
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Consideration”	the total consideration in the sum of HK\$207,000,000 payable by the Purchaser to the Vendors for the Acquisition as described under the paragraphs headed “Consideration” in this announcement
“Consideration Share(s)”	new Share(s) to be allotted and issued to the holder(s)
“Conversion Price”	the initial conversion price of HK\$0.226 per Conversion Share (subject to adjustments) of the Convertible Bonds
“Conversion Share(s)”	new Share(s) to be allotted and issued to the holder(s) of the Convertible Bonds upon exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the convertible bonds with a 18 months term and 3% annual interest rate in the principal amount of HK\$137,000,000
“Directors”	the directors of the Company, including the independent non-executive Directors of the Company
“Golden State”	Golden State (HK) Limited (國鑫(香港)有限公司), a company incorporated in the Hong Kong with limited liability
“Group”	the Company and its subsidiaries
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors, namely Mr. Hui Pui Wai Kimber, Mr. Liu Chaodong and Ms. Chui Wai Hung, to advise the Independent Shareholders on the Acquisition

“Independent Shareholder”	Shareholders other than Tsang’s Family, together with their respective associates who are required by the Listing Rules to abstain from voting on the resolutions approving the Agreement and the transactions contemplated respectively thereunder
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of China
“Independent Financial Adviser”	Titan Financial Services Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Independent Third Party(ies)”	the third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules)
“Independent Valuer”	APAC Assets Valuation and Consulting Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 March 2017, or such other date as otherwise agreed in written by both parties under the Agreement
“Mr. Tsang”	Mr. Tsang Wai Lun, Wayland, the beneficial owner of Intra Asia Limited and a member of the Tsang Family
“Ms. Tsang”	Ms. Tsang Tsz Nok, Aleen, the registered sole shareholder of Intra Asia Limited
“Parties”	the Company, the Purchaser and the Vendors

“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau and Taiwan
“Property Project”	held by Guojin Xuzhou situating on the southwestern side of Huanghe West Road in Gulou District of Xuzhou comprising residential and commercial buildings of various ages and heights and intend to be developed in a large-scale residential/commercial development
“Purchaser”	Surplus Full Development Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Sale Shares”	two ordinary shares in the share capital of the Target Company, being the entire issued share capital of the Target Company held by the Vendors
“SGM”	a special general meeting of the Company to be convened for the purpose to consider and, if thought fit, approve the Agreement, the Acquisition and the transactions contemplated thereunder, including but not limited to the issue of the Consideration Shares to the Vendors and the allotment and issue of the Consideration Shares upon the exercise of conversion rights attaching to the Consideration Shares, and other ancillary matters as may be required under the Listing Rules
“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)
“Specific Mandate”	the issue mandate to be granted to the Directors to allot and issue the Consideration Shares and to allot and issue the Conversion Shares upon exercise of the conversion rights attached to the Convertible Bonds at the SGM

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	Mr. Tsang and Ms. Tsang
“Xuzhou Guojin”	Xuzhou Guojin Property Development Limited* (徐州國金房地產開發有限公司), a company established in China with limited liability and the entire issued share capital of which is to be wholly-owned by the Target Company
“Target Company”	Intra Asia Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	the Target Company and its subsidiaries
“Tsang’s Family”	Tsang Yee and his associate
“%”	per cent.

*Note:* RMB has been exchanged at rate approximately RMB1 = HK\$1.127.

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

Hong Kong, 24 February 2017

*As at the date of this announcement, the Board 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.*