

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.*



鈞濠集團有限公司\*

**GRAND FIELD GROUP HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 115)**

**(1) CAPITAL REORGANISATION;  
(2) CONNECTED TRANSACTION  
IN RELATION TO  
SUBSCRIPTION OF THE NEW CONVERTIBLE BOND;  
AND  
(3) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

**CAPITAL REORGANISATION**

The Board proposes to put forward to the Shareholders the Capital Reorganisation which will comprise:

- (i) the Share Consolidation whereby every ten (10) issued and unissued Existing Shares of par value of HK\$0.10 each will be consolidated into one (1) Consolidated Share of par value of HK\$1.00 each;
- (ii) the Capital Reduction whereby the par value of each issued Consolidated Share will be reduced from HK\$1.00 to HK\$0.01 by cancelling the paid-up capital to the extent of HK\$0.99 on each issued Consolidated Share and any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be cancelled;

\* For identification purpose only

- (iii) the Share Subdivision of every unissued Consolidated Share of par value of HK\$1.00 each in the authorised share capital of the Company into one hundred (100) New Shares of par value of HK\$0.01 each; and
- (iv) the transfer of the credit arising from the Capital Reduction to the contributed surplus account of the Company within the meaning of the Companies Act.

It is expected that the Capital Reorganisation will become effective on Monday, 25 January 2021.

## **THE SUBSCRIPTION**

On 17 November 2020 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has agreed to subscribe for the New Convertible Bond with a principal amount of not more than HK\$102.32 million.

As the Subscriber is a substantial Shareholder, the Subscription constitutes a connected transaction of the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. The Conversion Shares to be allotted and issued pursuant to the New Convertible Bond are proposed to be issued pursuant to a specific mandate to be granted by the Independent Shareholders by way of poll at the SGM. An application will be made to the Stock Exchange for the listing of and permission to deal in the Conversion Shares.

The outstanding principal amount of the Existing Convertible Bond will first be offset by the Deemed Settlement Amount as at 31 December 2020 and the remaining balance will be settled through the issue of the New Convertible Bond on the Completion Date, on a dollar-for-dollar basis.

## **APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

Red Sun Capital Limited has been appointed as the independent financial adviser to make recommendation to the Independent Shareholders and the Independent Board Committee which comprises all independent non-executive Directors, namely Mr. Hui Pui Wai Kimber, Mr. Liu Chaodong and Mr. Wong Sze Lok, as to whether the Subscription is fair and reasonable and to advise the Independent Shareholders on how to vote on the proposed resolutions in respect thereof at the SGM, and such appointment has been approved by the Independent Board Committee.

## **GENERAL**

A circular containing, among other things, (i) details of the Subscription, the New Convertible Bond and the Capital Reorganisation; (ii) recommendations from the Independent Board Committee in respect of the Subscription; (iii) the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription; and (iv) the notice of the SGM, is expected to be despatched to the Shareholders on or around 14 December 2020, taking into account the time required for the preparation of the abovementioned information.

Only Shareholders whose names appear in the register of members of the Company on the Record Date are entitled to attend and vote at the SGM.

**Shareholders and potential investors should note that the completion of the Subscription Agreement is conditional upon satisfaction of the respective conditions as set out in this announcement and therefore, the Subscription may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

## **CAPITAL REORGANISATION**

On 17 November 2020, the Board proposes to put forward to the Shareholders the Capital Reorganisation which will comprise:

- (i) the Share Consolidation whereby every ten (10) issued and unissued Existing Shares of par value of HK\$0.10 each will be consolidated into one (1) Consolidated Share of par value of HK\$1.00 each;
- (ii) the Capital Reduction whereby the par value of each issued Consolidated Share will be reduced from HK\$1.00 to HK\$0.01 by cancelling the paid-up capital to the extent of HK\$0.99 on each issued Consolidated Share and any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be cancelled;
- (iii) the Share Subdivision of every unissued Consolidated Share of par value of HK\$1.00 each in the authorised share capital of the Company into one hundred (100) New Shares of par value of HK\$0.01 each; and

- (iv) the transfer of the credit arising from the Capital Reduction to the contributed surplus account of the Company within the meaning of the Companies Act.

### **Effects of the Capital Reorganisation**

As at the date of this announcement, the authorised share capital of the Company is HK\$500,000,000 divided into 5,000,000,000 Existing Shares, of which 2,449,554,132 Existing Shares are issued and credited as fully paid. Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the date on which the Share Consolidation becomes effective and only 0.2 fractional Consolidated Shares is created from the Share Consolidation, the issued share capital of the Company will be HK\$244,955,413 divided into 244,955,413 Consolidated Shares of par value of HK\$1.00 each.

Upon the Capital Reduction becoming effective, the par value of all the Consolidated Shares shall be reduced from HK\$1.00 each to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.99 per Consolidated Share in issue. The fractional Consolidated Shares in the issued share capital of the Company arising from the Share Consolidation, if any, will also be cancelled. Any fractional Consolidated Shares to which the Shareholders are entitled shall be aggregated and sold for the benefit of the Company.

The New Shares will rank *pari passu* in all respects with each other in accordance with the Bye-Laws. There will be no change in authorised share capital of the Company and the issued share capital will be reduced to HK\$2,449,554.13 divided into 244,955,413 New Shares of par value of HK\$0.01 each.

The credit of HK\$242,505,858.87 arising from the Capital Reduction will be transferred to the contributed surplus account of the Company within the meaning of the Companies Act, which will be used by the Board in any manner as the Board may deem fit as may be permitted under the applicable laws and the Bye-Laws.

Other than the relevant expenses incurred and to be incurred, the implementation of the Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company.

The Capital Reorganisation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders.

The following table sets out the effect of the Capital Reorganisation on the share capital of the Company before and after the implementation of the Capital Reorganisation, assuming that there is no change in the issued share capital of the Company from the date of this announcement until the effective date of the Capital Reorganisation.

	<b>As at the date of this announcement</b>	<b>Immediately after the Share Consolidation becoming effective</b>	<b>Immediately after the Capital Reorganisation becoming effective</b>
Par value	HK\$0.10 per Existing Share	HK\$1.00 per Consolidated Share	HK\$0.01 per New Share
Authorised share capital	HK\$500,000,000.00 divided into 5,000,000,000 Existing Shares	HK\$500,000,000.00 divided into 500,000,000 Consolidated Shares	HK\$500,000,000.00 divided into 50,000,000,000 New Shares
Issued and fully paid up or credited as fully paid up share capital	HK\$244,955,413.20 divided into 2,449,554,132 Existing Shares	HK\$244,955,413.00 divided into 244,955,413 Consolidated Shares ( <i>Note</i> )	HK\$2,449,554.13 divided into 244,955,413 New Shares ( <i>Note</i> )
Unissued share capital	HK\$255,044,586.80 divided into 2,550,445,868 Existing Shares	HK\$255,044,587.00 divided into 255,044,587 Consolidated Shares ( <i>Note</i> )	HK\$497,550,445.87 divided into 49,755,044,587 New Shares ( <i>Note</i> )

*Note:* Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the date on which the Share Consolidation becomes effective and only 0.2 fractional Consolidated Shares is created from the Share Consolidation.

## **Reasons for the Capital Reorganisation**

Under Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, pursuant to the requirements set out in “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by Hong Kong Exchanges and Clearing Limited, the expected board lot value per board lot should be greater than HK\$2,000 taking into account the minimum transaction costs for a securities trade. In view of the fact that the Shares had been traded below HK\$0.10 on average and the Shares were trading at under HK\$2,000 per board lot over the past six months (based on the closing price per Share as quoted on the Stock Exchange), the Board proposes to implement the Share Consolidation in order to comply with the trading requirements of the Listing Rules. The Share Consolidation will reduce the total number of Shares currently in issue. As such, it is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price of the Shares.

Meanwhile, the Capital Reorganisation involves the Capital Reduction which reduces the par value of the issued Consolidated Shares from HK\$1.00 per Consolidated Share to HK\$0.01 per New Share. Under the laws of Bermuda, a company may not issue shares at a discount to the par value of such shares. Accordingly, the Capital Reduction will allow greater flexibility in the pricing for any issue of new Shares in the future.

The Board considers that (i) the Share Consolidation will reduce the transaction costs for dealing in the Shares, including those fees which are charged with reference to the number of board lots; (ii) the Capital Reorganisation will provide the Company with greater flexibility in possible fund raisings in the future given the Existing Shares were trading below their par value recently; (iii) the Capital Reorganisation will accommodate the issue of the Conversion Shares; and (iv) the credit in the contributed surplus account of the Company arising from the Capital Reduction, which will be used by the Board in any manner as the Board may deem fit as may be permitted under the applicable laws and the Bye-Laws.

As such, the Board is of the view that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole.

## **Conditions of the Capital Reorganisation**

The Capital Reorganisation (which will be effected in accordance with the Bye-Laws and the Companies Act) is conditional upon:

- (i) the passing of a special resolution to approve the Capital Reorganisation by the Shareholders at the SGM;
- (ii) the Stock Exchange granting the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation and, if required, the New Shares which may fall to be allotted and issued upon exercise of the share options to be granted under the share option scheme of the Company and upon exercise of the Conversion Rights;
- (iii) the compliance with the relevant procedures and requirements under the laws of Bermuda, which includes publication of a notice in relation to the Capital Reduction in Bermuda in accordance with the Companies Act and the Directors being satisfied that on the date the Capital Reorganisation is to take effect, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due, and the Listing Rules to effect the Capital Reorganisation; and
- (iv) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

## **Listing and dealings**

Application will be made to the Listing Committee for the granting of the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation and the New Shares which may fall to be allotted and issued upon exercise of the share options to be granted under the share option scheme of the Company and upon exercise of the Conversion Rights.

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The New Shares will be identical in all respects and rank pari passu in all respects with each other. All necessary arrangements will be made for the New Shares to be admitted into CCASS.

### **Fractional shares**

Fractional Consolidated Shares will not be issued by the Company to the Shareholders. Any fractional Consolidated Shares to which the Shareholders are entitled shall be aggregated and sold for the benefit of the Company.

### **Free exchange of share certificates**

Subject to the Capital Reorganisation becoming effective, Shareholders may from Monday, 25 January 2021 to Monday, 8 March 2021 submit share certificates of the Existing Shares to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong in exchange, at the expense of the Company, for new share certificates of New Shares. Thereafter, share certificates of the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each share certificate of the Existing Shares cancelled or each new share certificate issued for the New Shares, whichever number of certificates cancelled/issued is higher. The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Tuesday, 2 March 2021 (or such other date which may be announced by the Company) and will continue to be good evidence of legal title and may be exchanged for share certificates of the New Shares at any time in accordance with the foregoing.

The new share certificates of the New Shares will be issued in light brown colour in order to distinguish them from the existing blue colour.



### **Arrangement on odd lot trading**

In order to facilitate the trading of odd lots (if any) of the New Shares arising from the Capital Reorganisation, a designated broker will be appointed to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the New Shares to make up a full board lot, or to dispose of their holding of odd lots of the New Shares. Details of the odd lot arrangement will be set out in the Company's circular to be despatched to the Shareholders in relation to, inter alia, the Capital Reorganisation and the Subscription.

### **Adjustment in relation to other securities of the Company**

As at the date of this announcement, the Company has the Existing Convertible Bond, which will be fully settled as set out in this announcement below, in aggregate principal amount of HK\$112,320,000 issued to the Subscriber on 22 February 2019 remains outstanding. Subject to the confirmation of the auditor of the Company or an approved merchant bank (as the case may be) as defined in the Existing Convertible Bond instrument, the Capital Reorganisation may cause adjustments to the conversion price of the Existing Convertible Bond. The Company will inform the Subscriber of the relevant adjustment(s), and make further announcement on the Stock Exchange as and when appropriate.

Save as aforesaid, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the date of this announcement.

## **THE SUBSCRIPTION**

On 17 November 2020 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Company conditionally agreed to issue and the Subscriber conditionally agreed to subscribe for the New Convertible Bond.

The principal terms of the Subscription Agreement are set out below.

### **Subscription Agreement**

**Date:** 17 November 2020

**Parties:** The Company, as issuer

The Subscriber, as subscriber

As at the date of this announcement, the Subscriber and her controlled corporation namely, Rhenfield, together holds 708,413,537 Existing Shares in aggregate, representing approximately 28.9% of the existing number of issued Shares. Accordingly, the Subscriber is a substantial shareholder of the Company and a connected person of the Company under the Listing Rules.

## **Subject**

The Company has conditionally agreed to issue and the Subscriber conditionally agreed to subscribe for the New Convertible Bond at the subscription price which will be fully used for the settlement of part of the outstanding principal amount of the Existing Convertible Bond as at the Completion Date.

The outstanding principal amount of the Existing Convertible Bond will first be offset by the Deemed Settlement Amount as at 31 December 2020 (the “**Settlement Arrangement**”) and the remaining balance will be settled through the issue of the New Convertible Bond on the Completion Date, on a dollar-for-dollar basis. The outstanding principal amount under the Existing Convertible Bond was HK\$112,320,000 as at the date of the Subscription Agreement and is expected to be partially offset under the Settlement Arrangement and will then remain unchanged up to and until the Completion Date. The Deemed Settlement Amount to be setoff under the Settlement Arrangement was approximately HK\$12.6 million as at 30 September 2020, which is expected to be not less than HK\$10.0 million and not more than HK\$20.0 million as at 31 December 2020.

## **Conditions precedent**

Completion of the Subscription Agreement is conditional upon:–

- (a) the completion of the Settlement Arrangement;
- (b) the written confirmation letter provided by the Company to the Subscriber, confirming the representations, warranties and undertaking given by the Company in the Subscription Agreement remaining true, correct and not misleading in all material respects as at the Completion Date;
- (c) the certified true copy or original of the executed New Convertible Bond instrument, the certificate of the New Convertible Bond, the certified true copy of the updated register of bondholders and other relevant documents were delivered to the Subscriber by the Company;

- (d) the Listing Committee granting or agreeing to grant the listing of, and permission to deal in, the New Shares arising from the implementation of the Capital Reorganisation and the Conversion Shares to be issued upon exercise of the Conversion Rights pursuant to the New Convertible Bond and such grant remaining in full force and effect;
- (e) all necessary consents, approvals (or waivers), authorisation, permission or exemption from any third parties, including but not limited to government or regulatory authorities, having been obtained by the Company in connection with the Capital Reorganisation and the Subscription and the issue of the New Convertible Bond and the Conversion Shares upon exercise of the Conversion Rights and such consents, approvals (or waivers), authorisation, permission or exemption remaining in full force and effect;
- (f) the compliance by the Company with all legal and other requirements under the Listing Rules and the laws of Bermuda applicable to the Capital Reorganisation and the transactions contemplated under the Subscription Agreement; and
- (g) the passing of the requisite respective resolutions by the Board and the Shareholders at the SGM (other than those persons who are precluded from voting under the Listing Rules) approving, inter alia, the Capital Reorganisation and the transactions contemplated under the Subscription Agreement (including but not limited to the issue of the New Convertible Bond and the allotment and issue of Conversion Shares upon exercise of the respective Conversion Rights).

All conditions above are non-waivable except that conditions (b) and (c) above are waivable at the discretion of the Subscriber.

In the event that the conditions of the Subscription are not fulfilled by 3:00 p.m. on or before 21 February 2021 or such other time and date as may be agreed between the parties to the Subscription Agreement, the Subscription Agreement shall cease and determine and neither the Company nor the Subscriber shall have any claim against the other save for any antecedent breaches of the terms thereof.

### **Completion**

Completion of the Subscription Agreement shall take place on the Completion Date (or such other date as may be agreed between the respective parties).

## **PRINCIPAL TERMS OF THE NEW CONVERTIBLE BOND**

<b>Principal amount</b>	Up to HK\$102.32 million (being the maximum aggregate amount of the outstanding principal amount owing by the Company to the Subscriber under the Existing Convertible Bond, which is HK\$112,320,000 as at the date of the Subscription Agreement, minus the Deemed Settlement Amount, which is expected to be not less than HK\$10.0 million and not more than HK\$20.0 million as at 31 December 2020). The final principal amount of the New Convertible Bond will be determined by reference to the outstanding principal amount of the Existing Convertible Bond as at the Completion Date after netting off the Deemed Settlement Amount as at 31 December 2020.
<b>Maturity</b>	18 month from the date of issue of the New Convertible Bond
<b>Interest rate</b>	5% per annum on the principal amount from time to time outstanding, and, unless previously redeemed, repaid or converted into Shares, payable on every six calendar months. In case of delay in paying the principal or interest, the default interest rate will be 8% per annum.
<b>Denomination for conversion</b>	With a minimum aggregate amount of HK\$1,000,000 and authorised denominations(s) integral multiples thereof save that if at any time the aggregate outstanding principal amount held by a holder of the New Convertible Bond is less than HK\$1,000,000, the whole (but not part only) of such aggregate outstanding principal amount may be converted

**Conversion rights**

A holder of the New Convertible Bond shall have the right to convert in whole or in part (in an integral multiple of HK\$1,000,000) of the New Convertible Bond into Conversion Shares at the Conversion Price (subject to adjustments) on any Business Day from the date of issue of the New Convertible Bond and up to the maturity date of the New Convertible Bond, subject to the restrictions on the exercise of the Conversion Rights as set out below.

**Conversion price**

Initially, HK\$0.8 per New Share (equivalent to HK\$0.08 per Existing Share as adjusted for the effect of the Capital Reorganisation), subject to adjustments.

The Conversion Price shall be adjusted as provided in the New Convertible Bond instrument in each of the following cases:

- (i) an alteration of the number of the Shares by reason of any consolidation or subdivision;
- (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) a capital distribution (as defined in the New Convertible Bond instrument) being made by the Company, whether on a reduction of capital or otherwise, to holders of the Shares in their capacity as such;
- (iv) an offer or grant being made by the Company to holders of Shares by way of rights or of options or warrants to subscribe for new Shares;

- (v) an issue being made by the Company of securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total effective consideration per Share (as defined in the New Convertible Bond instrument) initially receivable for such securities is less than 80% of the market price;
- (vi) an issue being made by the Company of Shares at a price which is less than 80% of the market price; and
- (vii) an issue being made by the Company of Shares for the acquisition of asset at a total effective consideration per Share (as defined in the New Convertible Bond instrument) less than 80% of the market price.

**Transferability**

Freely transferrable, in whole or any part of the outstanding principal amount, to any person, subject to the terms of the New Convertible Bond (as the case may be), the Listing Rules and all applicable laws and regulations

**Listing**

No application will be made for the listing of the New Convertible Bond on the Stock Exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be issued upon the exercise of the Conversion Rights.

**Ranking**

The Conversion Shares to be issued upon the exercise of the Conversion Rights will be credited as fully paid and 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 for which falls on a date on or after the date of their issue.

**Voting**

A holder of the New Convertible Bond will not be entitled to receive notices of, attend or vote at any Shareholders' meetings of the Company by reason only of it being a holder of the New Convertible Bond.

**Redemption and repurchase**

The Company shall redeem at 100% of the outstanding principal amount of the New Convertible Bond (as the case may be) on the maturity date.

The Company shall have the right to redeem in whole or any part(s) of the principal amount of the New Convertible Bond, with an aggregate amount of HK\$1,000,000 and authorised denominations(s) integral multiples thereof (if at any time the aggregate outstanding principal amount held by a holder of the New Convertible Bond is less than HK\$1,000,000, the whole (but not part only) of such aggregate outstanding principal amount may be redeemed), at any time on any business day prior to the maturity date by giving prior notice of not less than thirty (30) days in writing to the holder of the New Convertible Bond. The New Convertible Bond(s) or any part thereof so redeemed shall forthwith be cancelled by the Company.

**Status**

The obligations of the Company arising under the New Convertible Bond constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank pari passu with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable laws.

**Restriction on the  
exercise of the  
Conversion Rights**

The holder(s) of the New Convertible Bond agree and undertake to the Company that it shall not exercise any of the Conversion Rights if (i) the holder(s) of the New Convertible Bond and parties acting in concert with it/ them will directly or indirectly control or be interested in such percentage of voting rights of the Company which the holder(s) would be obliged to make a general offer under the Takeovers Code unless (a) a whitewash waiver is obtained in accordance with the requirement of the Takeovers Code; or (b) a general offer is made in accordance with the requirement of the Takeovers Code; (ii) the Company will be unable to meet the public float requirements under the Listing Rules; or (iii) the holder(s) of the New Convertible Bond 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.

Assuming full conversion of the maximum principal amount of the New Convertible Bond of HK\$102.32 million (being the maximum aggregate amount of the outstanding principal amount owing by the Company to the Subscriber under the Existing Convertible Bond, which is HK\$112,320,000 as at the date of the Subscription Agreement, minus the Deemed Settlement Amount, which is expected to be not less than HK\$10.0 million and not more than HK\$20.0 million as at 31 December 2020) at the initial Conversion Price, a total of maximum 127,900,000 New Shares (assuming the Capital Reorganisation has become effective) with aggregate nominal value of HK\$1,279,000 will be issued, representing approximately 52.2% of the total existing issued share capital of the Company (taking into account the effect of the Capital Reorganisation) and approximately 34.3% of the Company's total issued share capital as enlarged by the issue of the Conversion Shares (taking into account the effect of the Capital Reorganisation).

Investors shall note that the conversion of the New Convertible Bond is subject to the conversion restrictions under the New Convertible Bond as set out above.



## **Conversion Price**

The initial Conversion Price, being HK\$0.8 per New Share (equivalent to HK\$0.08 per Existing Share as adjusted for the effect of the Capital Reorganisation), represents:

- (i) a premium of approximately 2.6% over the adjusted closing price of HK\$0.78 per New Share (based on the closing price of HK\$0.078 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation);
- (ii) a premium of approximately 2.8% over the adjusted average closing price of approximately HK\$0.778 per New Share (based on the average closing price of approximately HK\$0.0778 per Existing Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation); and
- (iii) a premium of approximately 4.7% to the adjusted average closing price of approximately HK\$0.764 per New Share (based on the average closing price of HK\$0.0764 per Existing Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation).

The Conversion Price was arrived at after arm's length negotiation between the Company and the Subscriber after taking into account the prevailing market price of the Shares, the operation and financial performance of the Group, the current market conditions and the consolidated net current liabilities position of the Company as at 30 June 2020.

## **REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS**

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

As stated in the interim report of the Company for the six months ended 30 June 2020 (the “**2020 Interim Report**”), the Group recorded revenue of approximately HK\$1.2 million in the first half of 2020, which was mainly generated from properties rental income, and the Group recorded unaudited consolidated net assets of approximately HK\$2,012.0 million as at 30 June 2020. The cash and cash equivalents balance of the Group was approximately HK\$83.8 million and the Group recorded net current liabilities of approximately HK\$935.5 million as at 30 June 2020.

As further stated in the 2020 Interim Report, the progress of work and inspection of the Shenzhen Mix Park Project had to be postponed. The certificate for completion for the whole project was issued in June 2020 and the purchasers of the individual units are expected to be delivered vacant possession after the completion of internal decoration of the units in 2021. As at 30 September 2020, approximately 86% of the residential units of the project had been presold, the Group will continue to sell the remaining units of the project. Based on the development and selling progress of the project, the expected tax and construction fees to be paid and loan repayment, it is currently expected that no significant net operating cash inflow would be generated from the aforesaid project in the first half of 2021.

Taking into account, among other things, the financial position and expected operating cash flow to be generated by the Group, and given the prevailing market prices and trading volume of the Shares and the net current liabilities position of the Group, it may not be favourable to have a fund raising exercise for substantial amount by way of issue of new Shares to independent third party(ies) or to existing Shareholders on a pro rata basis (e.g. rights issue and open offer) where considerable discount to the market prices of the Shares would be required. After the Company’s enquiry of certain brokerage houses with no favourable responses, the Company has decided to negotiate with the Subscriber on the proposed settlement plan of the Existing Convertible Bond. As a result of the negotiations, the Company and the Subscriber agreed to settle the amount to be due under the Existing Convertible Bond principally through the entering into the Subscription Agreement.

The outstanding principal amount of the Existing Convertible Bond on the Completion Date will first be offset by the Deemed Settlement Amount as at 31 December 2020. The remaining balance of the outstanding principal amount of the Existing Convertible Bond on the Completion Date will be settled through the issue of the New Convertible Bond on the Completion Date. Accordingly, no immediate cash outflow will be incurred in the settlement of the principal amount of the Existing Convertible Bond.

After taking into account that: (i) the full settlement of the outstanding principal amount of the Existing Convertible Bond will not exert immediate cash outflow burden on the Group; (ii) the interest rate of 5% per annum charged under the New Convertible Bond was still below the range of interest rates of the secured borrowings of the Group; (iii) the Subscription will secure the continuing financial support from the Subscriber to the Group's business development and operation; and (iv) upon conversion of the New Convertible Bond, the financial position of the Group would be improved, the executive Directors consider that the issue of the New Convertible Bond is an appropriate debt restructuring plan for the Company.

In view of the above, the Board (excluding the independent non-executive Directors whose views will be included in the Company's circular to be despatched to the Shareholders in connection with, among other things, the Subscription and excluding Mr. Kwok Siu Bun and Ms. Kwok Siu Wa Alison who had abstained from voting at the Board resolutions approving the Subscription Agreement and the transactions contemplated thereunder) considers that the terms of the Subscription Agreement are on normal commercial terms and fair and reasonable, and the transactions contemplated under the Subscription Agreement are in the interests of the Company and the Shareholders as a whole.

## SHAREHOLDING STRUCTURE OF THE COMPANY

Save as the Existing Convertible Bond, as at the date of this announcement, there are no other outstanding options, warrants, derivatives, or other securities which carry rights to subscribe for or be converted into Shares.

The table below illustrates the shareholding structures of the Company as at the date of this announcement and immediately upon Capital Reorganisation becoming effective and full conversion of (i) the minimum principal amount of the New Convertible Bond of HK\$92,320,000 and (ii) the maximum principal amount of the New Convertible Bond of HK\$102,320,000 at the initial Conversion Price only (assuming there is no other change in the issued share capital and shareholding structure of the Company from the date of this announcement and up to the occurrence of the relevant events mentioned below):

	Assuming Capital Reorganisation becoming effective and					
	As at the date of this announcement		(i) full conversion of the maximum principal amount of the New Convertible Bond (being HK\$102,320,000)		(ii) full conversion of the minimum principal amount of the New Convertible Bond (being HK\$92,320,000)	
	Number of Shares	Approximate %	Number of Shares (Note 3)	Approximate %	Number of Shares (Note 3)	Approximate %
Rhenfield (Note 1)	703,668,236	28.73	70,366,823	18.87	70,366,823	19.53
Ms. Tsang (Note 2)	4,745,301	0.19	128,374,530	34.43	115,874,530	32.16
Mr. Tsang (Note 2)	769,500	0.03	76,950	0.02	76,950	0.02
Ms. Kwok Wai Man Nancy (Note 2)	13,435,500	0.55	1,343,550	0.36	1,343,550	0.37
<b>Sub-total</b>	<b>722,618,537</b>	<b>29.50</b>	<b>200,161,853</b>	<b>53.68</b>	<b>187,661,853</b>	<b>52.08</b>
<b>Directors:</b>						
Kwok Siu Bun	1,500,000	0.06	150,000	0.04	150,000	0.04
Chow Kwai Wa Charmaine	1,950,000	0.08	195,000	0.05	195,000	0.06
Kwok Siu Wa Alison	3,000,000	0.12	300,000	0.08	300,000	0.08
Public Shareholders	1,720,485,595	70.24	172,048,560	46.15	172,048,560	47.74
<b>Total</b>	<b>2,449,554,132</b>	<b>100.00</b>	<b>372,855,413</b>	<b>100.00</b>	<b>360,355,413</b>	<b>100.00</b>

*Notes:*

1. Rhenfield is owned as to 50% by Mr. Tsang Yee and 50% by Ms. Tsang, who are deemed to be interested in 703,668,236 Shares as at the date of this announcement pursuant to the Part XV of the SFO.
2. Mr. Tsang and Ms. Kwok Wai Man Nancy are parents of Mr. Tsang Yee and Ms. Tsang.
3. Pursuant to the terms of the New Convertible Bond, the Subscriber has agreed and undertaken to the Company that it shall not exercise any of the Conversion Rights unless the relevant applicable requirements under the Takeovers Code had been or will be duly complied with. Accordingly, scenarios above are shown for illustrative purpose only.

## **FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS**

The Company has not conducted any fund raising activities in the 12 months prior to the date of this announcement.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Subscriber and her close associates in aggregate holds 708,413,537 Existing Shares, representing approximately 28.9% of the existing number of issued Shares. As a substantial Shareholder, the Subscriber is a connected person of the Company and the Subscription constitutes a connected transaction of the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The Conversion Shares to be allotted and issued upon exercise of the Conversion Rights pursuant to the New Convertible Bond are proposed to be issued pursuant to a specific mandate to be granted by the Independent Shareholders by way of poll at the SGM.

An application will be made to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares. Upon completion of the Subscription Agreement, an announcement regarding the principal amount of the New Convertible Bond and the number of Conversion Shares (based on the initial Conversion Price) issuable thereunder will be made by the Company.

## **APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

Red Sun Capital Limited has been appointed as the independent financial adviser to make recommendation to the Independent Shareholders and the Independent Board Committee which comprises all independent non-executive Directors, namely Mr. Hui Pui Wai Kimber, Mr. Liu Chaodong and Mr. Wong Sze Lok, as to whether the Subscription is fair and reasonable and to advise the Independent Shareholders on how to vote on the proposed resolutions in respect thereof at the SGM, and such appointment has been approved by the Independent Board Committee.

## **EXPECTED TIMETABLE**

**2020**

Despatch of circular with notice and proxy form of the SGM. . . . . Monday, 14 December

**2021**

Latest time for lodging transfer documents and relevant share certificates to be eligible to attend and vote at the SGM. . . . . 4:30 p.m. on Friday, 15 January

Record date for the purpose of ascertaining Shareholders' eligibility to attend and vote at the SGM. . . . . Friday, 15 January

Latest time for lodging the proxy form of the SGM. . . . . 10:30 a.m. on Tuesday, 19 January

Expected date and time of the SGM . . . . . 10:30 a.m. on Thursday, 21 January

Announcement of the results of the SGM . . . . . Thursday, 21 January

**The following events are conditional on the fulfilment of the conditions for the implementation of the Capital Reorganisation:**

- Expected effective date of the Capital Reorganisation. . . . . Monday, 25 January
- First day for free exchange of existing share certificates for new share certificates. . . . . Monday, 25 January
- Commencement of dealings in New Shares. . . . . 9:00 a.m. on Monday, 25 January
- Original counter for trading in Existing Shares in board lots of 10,000 Existing Shares (in the form of existing share certificates) temporarily closes . . . . . 9:00 a.m. on Monday, 25 January
- Temporary counter for trading in New Shares in board lots of 1,000 New Shares (in the form of existing share certificates) opens. . . . . 9:00 a.m. on Monday, 25 January
- Original counter for trading in New Shares in board lots of 10,000 New Shares (in the form of new share certificates) re-opens. . . . . 9:00 a.m. on Monday, 8 February
- Parallel trading in New Shares (in the form of new share certificates and existing share certificates) commences . . . . . 9:00 a.m. on Monday, 8 February
- Designated broker starts to provide matching services for odd lots of New Shares . . . . . Monday, 8 February
- Temporary counter for trading in New Shares in board lots of 1,000 New Shares (in the form of existing share certificates) closes . . . . . 4:10 p.m. on Tuesday, 2 March
- Parallel trading in New Shares (in the form of new share certificates and existing share certificates) ends . . . . . 4:10 p.m. on Tuesday, 2 March

Designated broker ceases to provide matching services

for odd lots of New Shares . . . . . 4:10 p.m. on Tuesday, 2 March

Last day for free exchange of existing share

certificates for new share certificates. . . . . Monday, 8 March

This timetable is indicative only and any subsequent changes to the expected timetable will be announced by the Company as and when appropriate.

## **GENERAL**

The SGM will be convened by the Company at which resolutions will be proposed to seek approval of the Shareholders in respect of (i) the Capital Reorganisation; and (ii) the Subscription Agreement and the transactions contemplated thereunder (including but not limited to the issue of the New Convertible Bond and the issue and allotment of the Conversion Shares upon exercise of the Conversion Rights).

A circular containing, among other things, (i) details of the Subscription, the New Convertible Bond and the Capital Reorganisation; (ii) recommendations from the Independent Board Committee in respect of the Subscription; (iii) the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription; and (iv) the notice of the SGM, is expected to be despatched to the Shareholders on or around 14 December 2020, taking into account the time required for the preparation of the abovementioned information.

Only Shareholders whose names appear in the register of members of the Company on the Record Date are entitled to attend and vote at the SGM. In order to qualify for the entitlement to attend and vote at the SGM, unregistered holders of Shares will ensure that all transfer documents and relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 pm on Friday, 15 January 2021.

**Shareholders and potential investors should note that the completion of the Subscription Agreement is conditional upon satisfaction of the respective conditions as set out in this announcement and therefore, the Subscription may or may not proceed.**



**Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

## **DEFINITIONS**

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

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of the Directors
“Business Day”	a day (excluding Saturday, Sunday, any public holiday and any day on which a tropical cyclone warning no.8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“Bye-Laws”	the bye-laws of the Company as amended from time to time
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Capital Reduction”	the proposal for the reduction of the par value of the issued Consolidated Shares from HK\$1.00 each to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.99 on each issued Consolidated Share and the cancellation of any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation immediately after the Share Consolidation

“Capital Reorganisation”	the proposed reorganisation of the capital of the Company by way of (i) the Share Consolidation; (ii) the Capital Reduction; and (iii) the Share Subdivision referred to in this announcement
“Companies Act”	the Companies Act 1981 of Bermuda, as amended, modified or supplemented from time to time
“Company”	Grand Field Group Holdings Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the Stock Exchange
“Completion Date”	being 21 February 2021, or such other date as may be agreed between the parties to the Subscription Agreement in writing
“Consolidated Share(s)”	the ordinary share(s) of par value of HK\$1.00 each in the capital of the Company immediately after the Share Consolidation but prior to the Capital Reduction
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Conversion Price”	the initial conversion price of HK\$0.8 per New Share (subject to adjustment as set out in the New Convertible Bond instrument, from time to time, if any)
“Conversion Right(s)”	the right(s) attaching to the New Convertible Bond to convert in whole or in part (in an integral multiple of HK\$1,000,000) the respective outstanding principal amounts into the Conversion Share(s)
“Conversion Share(s)”	the Share(s) to be issued by the Company as a result of the exercise of the Conversion Rights attaching to the New Convertible Bond

“Deemed Settlement Amount”	the net amount receivable from the Subscriber excluding the provision amount(s) under the deed of indemnity dated 28 April 2017 entered into by and between the Subscriber and Surplus Full Development Limited, a wholly owned subsidiary of the Company, which will be determined on 31 December 2020 to offset the outstanding principal amount of the Existing Convertible Bond
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Existing Convertible Bond”	3% convertible bond due on 21 February 2021 issued by the Company to the Subscriber, the outstanding principal amount of which is HK\$112,320,000 as at the date of this announcement
“Existing Share(s)”	the ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company
“Group”	the Company and its subsidiaries
“HK” or “Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. Hui Pui Wai Kimber, Mr. Liu Chaodong and Mr. Wong Sze Lok, established for the purpose of advising the independent Shareholders in relation to the Subscription
“Independent Shareholders”	Shareholders other than the Subscriber and her associates, and those who are interested in the Subscription

“Last Trading Day”	16 November 2020, being the last full trading day prior to the publication of this announcement
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Tsang”	Mr. Tsang Wai Lun, Wayland, father of Ms. Tsang and Mr. Tsang Yee
“New Convertible Bond”	the 5% convertible bond to be subscribed by the Subscriber under the Subscription Agreement
“New Share(s)”	the ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Record Date”	being 15 January 2021, for the purpose of ascertaining Shareholders’ eligibility to attend and vote at the SGM
“Rhenfield”	Rhenfield Development Corp., a substantial Shareholder and owned as to 50% by Ms. Tsang and 50% by Mr. Tsang Yee
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation, the Subscription Agreement and the transactions contemplated thereunder
“Share(s)”	the Existing Share(s), the Consolidated Share(s) or the New Share(s) as the case may be
“Shareholder(s)”	holder(s) of the Share(s)

“Share Consolidation”	the proposed consolidation of every ten (10) Existing Shares of par value of HK\$0.10 each into one (1) Consolidated Share of par value of HK\$1.00 each in the share capital of the Company
“Share Subdivision”	the proposed subdivision of each authorised but unissued Consolidated Share of par value of HK\$1.00 into one hundred (100) New Shares of par value of HK\$0.01 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the New Convertible Bond by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 17 November 2020 entered into between the Company and the Subscriber pursuant to which the Company has agreed to issue, and the Subscriber has agreed to subscribe for, the New Convertible Bond
“Subscriber” or “Ms. Tsang”	Ms. Tsang Tsz Nok, Aleen, a substantial Shareholder
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.

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

Hong Kong, 17 November 2020

*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 Charmaine and Ms. Kwok Siu Wa Alison; and three independent non-executive Directors, namely Mr. Hui Pui Wai Kimber, Mr. Liu Chaodong and Mr. Wong Sze Lok.*