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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)

**(1) DISPOSAL OF
34% EQUITY INTEREST IN
ZHEJIANG BEISHEN CULTURAL AND TRAVEL
DEVELOPMENT COMPANY LIMITED*
AND
(2) DISCLOSEABLE TRANSACTION
IN RELATION TO
PROVISION OF FINANCIAL ASSISTANCE**

THE SPA

On 2 December 2020 (after trading hours of the Stock Exchange), the Vendor, an indirect wholly-owned subsidiary of the Company, the Purchaser, Beiying Movie, Bo Rui De Trading, Fubei Investment and the Project Company entered into the SPA pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Interests at a consideration of RMB1.

In addition, pursuant to the SPA, the Purchaser has undertaken to the Vendor that the Purchaser shall, in any event no later than six (6) months from the Completion Date, inject RMB30 million in cash into the Project Company and shall procure the Project Company to repay the Shareholder's Loan to Grandfield Hotel Management in full within five (5) Business Days upon completion of the above-mentioned.

* *For identification purpose only*

LISTING RULES IMPLICATIONS

As all applicable percentage ratios in respect of the Disposal are less than 5%, the Disposal does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

Upon Completion, the repayment arrangement of the Shareholder's Loan would constitute financial assistance provided by the Vendor to the Project Company under the Listing Rules.

As certain applicable percentage ratios in respect of the financial assistance to be provided by the Vendor to the Project Company upon Completion in connection with the repayment arrangement of the Shareholder's Loan exceed 5% but are less than 25%, the provision of financial assistance to the Project Company constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements.

INTRODUCTION

Reference is made to the announcement of the Company dated 12 September 2019 in relation to the formation of the Project Company and the intention of the Company to dispose of its interest in the Project Company. As at the date of this announcement, Shenzhen Grandfield has, via funds from Grandfield Hotel Management (an indirect wholly-owned subsidiary of the Company), injected RMB30 million in cash into the Project Company and recorded as the Shareholder's Loan in the books and records of the Project Company.

On 2 December 2020 (after trading hours of the Stock Exchange), the Vendor, an indirect wholly-owned subsidiary of the Company, the Purchaser, Beiying Movie, Bo Rui De Trading, Fubei Investment and the Project Company entered into the SPA pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Interests at a consideration of RMB1. In addition, pursuant to the SPA, the Purchaser has undertaken to the Vendor that the Purchaser shall, in any event no later than six (6) months from the Completion Date, inject not less than RMB30 million in cash into the Project Company and shall procure the Project Company to repay the Shareholder's Loan to Grandfield Hotel Management in full within five (5) Business Days upon completion of the above-mentioned capital injection.

THE SPA

Date : 2 December 2020 (after trading hours of the Stock Exchange)

Parties : (1) Shenzhen Grandfield (as the Vendor);
(2) Ningbo Heshan (as the Purchaser and the Guarantor);
(3) Beiying Movie;
(4) Bo Rui De Trading;
(5) Fubei Investment; and
(6) The Project Company

As at the date of this announcement, Ningbo Heshan is owned as to 85% by Ms. Xie and 15% by Mr. Lang. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

Asset to be disposed of

Pursuant to the SPA, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Interests at a consideration of RMB1. The Sale Interests represent the Company's 34% equity interest in the Project Company.

Consideration for the Sale Interests and repayment of the Shareholder's Loan

Pursuant to the SPA, the consideration payable by the Purchaser for the Sale Interests is RMB1.

In addition, pursuant to the SPA, the Purchaser has undertaken to the Vendor that the Purchaser shall procure the Project Company to repay the Shareholder's Loan to Grandfield Hotel Management in full. The Consideration and the repayment schedule of the Shareholder's Loan shall be satisfied in following manner:

- (a). a refundable deposit of RMB1 million and the Consideration shall be satisfied by the Purchaser to the Vendor five (5) Business Days prior to the processing of the industrial and commercial registration procedures in connection with the transfer of the Sale Interests; and

- (b). the Purchaser shall, in any event no later than six (6) months from the Completion Date, inject not less than RMB30 million in cash into the Project Company and shall procure the Project Company to repay the Shareholder's Loan to Grandfield Hotel Management in full within five (5) Business Days upon completion of the above-mentioned capital injection.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to 34% of the unaudited net liabilities position of the Project Company as at 30 June 2020. And the arrangement of the Shareholder's Loan upon Completion was negotiated and agreed among the parties to the SPA. As at the date of this announcement, the Refundable Deposit has been satisfied by the Purchaser to the Vendor in cash.

To secure the repayment obligation of the Project Company on the Shareholder's Loan in accordance with the terms of the SPA, the Purchaser as chargor agreed to enter into the Share Charge as charge and the Purchaser also agreed to execute the Corporate Guarantee in favour of the Vendor upon Completion. In addition, the Project Company shall execute the Debt Confirmation and Repayment Undertaking in favour of the Vendor in respect of the Shareholder's Loan upon Completion.

The Share Charge shall be released and the Refundable Deposit shall be returned to the Purchaser upon full repayment of the Shareholder's Loan. In the event that the Purchaser fails to inject RMB30 million in cash into the Project Company leading to the Project Company fails to repay the Shareholder's Loan in accordance with the terms and conditions of the SPA, the Purchaser shall be liable to (i) pay interests to Grandfield Hotel Management on the overdue sums at an annual interest rate to be determined with reference to the then deposit rate offered by banks in the PRC, from the Completion Date until full repayment on the overdue sums; and (ii) pay default penalty to the Vendor on the overdue sums at a daily default rate of 0.05%, from the date of default until full repayment on the overdue sums.

Conditions precedent

Completion of the SPA is conditional upon the satisfaction of the following conditions:

- (a). the Vendor's representations, warranties and undertakings being true, correct and complete when made and remaining true, correct and complete and not misleading as at the Completion Date;

- (b). all JV Partners having approved the Disposal contemplated under the SPA by means of shareholder resolution;
- (c). all necessary undertakings in relation to the transactions contemplated under the SPA having been provided by the Purchaser;
- (d). the industrial and commercial registration procedures in connection with the transfer of the Sale Interests has not been rejected by relevant regulatory authorities; and
- (e). the Refundable Deposit having been paid by the Purchaser to the Vendor.

None of the above conditions could be waived. In the event that condition (d) could not be fulfilled within one month from the date of the SPA for reason not due to intentional acts and/or material negligent acts by either parties to the SPA , then either parties shall have the rights to terminate the SPA and the Refundable Deposit shall be forfeited by the Purchaser. As at the date of this announcement, conditions (b) and (e) have been fulfilled.

Completion

Completion shall take place at the date of completion of the industrial and commercial registration procedures in connection with the transfer of the Sale Interests. At Completion, the Purchaser shall execute the Share Charge and the Corporate Guarantee while the Project Company shall execute the Debt Confirmation and Repayment Undertaking.

Following the Completion, the Group shall cease to have any interest in the Project Company and save for the repayment obligation of the Project Company in connection with the Shareholder's Loan, all other responsibility, obligation, rights, risk and return of the Project Company shall be transferred to the Purchaser.

INFORMATION OF THE PURCHASER

The Purchaser is a company established under the laws of the PRC with limited liability and is principally engaged in real estate development and asset management in the PRC.

INFORMATION OF THE PROJECT COMPANY

The Project Company is established under the laws of the PRC with limited liability for the construction and development of picture and culture related projects and peripheral commercial facilities on the Land. As at the date of this announcement, the Project Company is owned as to (i) 34% by Shenzhen Grandfield; (ii) 34% by Beiyong Movie; (iii) 26% by Bo Rui De Trading; and (iv) 6% by Fubei Investment.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, save for the business partnership in the Project Company, each of Beiyong Movie, Bo Rui De Trading, Fubei Investment and their respective ultimate beneficial owners are Independent Third Parties.

Set out below are certain key unaudited financial figures of the Project Company for the period since its date of incorporation on 26 February 2019 to 31 December 2019 and for the six months ended 30 June 2020:

	For the period since date of incorporation on 26 February 2019 to 31 December 2019 <i>Approx. RMB'000</i> (Unaudited)	For the six months ended 30 June 2020 <i>Approx. RMB'000</i> (Unaudited)
Net loss before taxation	6,656	3,647
Net loss after taxation	6,656	3,647

Unaudited net liabilities of the Project Company as at 30 June 2020 was approximately RMB10.30 million.

FINANCIAL IMPACT ON THE DISPOSAL AND USE OF PROCEEDS

The Company expects to record an unaudited before tax gain on disposal of approximately RMB3.50 million from the Disposal, which is calculated with the reference to the Consideration and 34% of the unaudited net liabilities of the Project Company as at 30 June 2020.

The actual gain or loss as a result of the Disposal to be recorded in the consolidated statement of profit or loss of the Group for the year ending 31 December 2020 is subject to audit performed by the Company's auditor.

The Company intends to utilize the net proceeds from the Disposal and the repayment of the Shareholder's Loan for general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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

As disclosed in the Company's announcement dated 12 September 2019, the alternation of business plan on the Land among the other shareholders of the Project Company was not in line with the business strategies of the Group and thus, the Disposal provides the Company an opportunity to divest its investment at early stage and avoid any further investment to the Project Company.

The repayment arrangement of the Shareholder's Loan without interest was requested by the Purchaser and the JV Partners (excluding Shenzhen Grandfield) and it was agreed among the parties to the SPA as a result of arm's length negotiations between the parties after taking into account the following factors: (i) Share Charge and Corporate Guarantee are provided by the Purchaser in favour of the Vendor for securing the payment obligations of the Shareholder's Loan by the Project Company; (ii) all the terms and conditions of the SPA (including the Consideration) as a whole; and (iii) the Disposal provides an opportunity for the Group to divest its investment in the Project Company at early stage and avoid any future capital requirement to be required by the Project Company.

Based on the above, the Directors consider that the terms of the Disposal (including the Consideration and financial assistance to be provided by the Vendor to the Purchaser upon Completion in connection with the deferred repayment of the Shareholder's Loan) are fair and reasonable, on normal commercial terms and the entering into of the SPA is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As all applicable percentage ratios in respect of the Disposal are less than 5%, the Disposal does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

Upon Completion, the deferred repayment arrangement of the Shareholder's Loan would constitute financial assistance provided by the Vendor to the Project Company under the Listing Rules.

As certain applicable percentage ratios in respect of the financial assistance to be provided by the Vendor to the Project Company upon Completion in connection with the deferred repayment arrangement of the Shareholder's Loan exceed 5% but are less than 25%, the provision of financial assistance to the Project Company constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Beiyong Movie”	Beiyong Movie Industry Development (Ningbo) Limited* (北影電影產業園開發(寧波)有限公司, a company established under the laws of the PRC with limited liability

“Bo Rui De Trading”	Shenzhen Bo Rui De Trading Limited* (深圳市博銳德商貿有限公司) , a company established under the laws of the PRC with limited liability
“Board”	the board of Directors
“Business Day(s)”	day(s) on which commercial banks are open for business in the PRC (excluding Saturday, Sunday and public holiday)
“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”	completion of the Disposal
“Completion Date”	the date of completion of the industrial and commercial registration procedures in connection with the transfer of the Sale Interests and the Share Charge
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	RMB1.00, being the consideration payable by the Purchaser to the Vendor in respect of the Disposal
“Corporate Guarantee”	corporate guarantee provided by the Purchaser to the Vendor for the Project Company to guarantee the repayment obligation of the Project Company under the terms and conditions of the SPA
“Debt Confirmation and Repayment Undertaking”	the undertaking to be executed by the Project Company at Completion to confirm the amount of the Shareholder’s Loan and undertake its repayment obligation in accordance with the terms and conditions of the SPA

“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Interests under the SPA
“Fubei Investment”	Hangzhou Fubei Investment Management Limited* (杭州富北投資管理有限公司), a company established under the laws of the PRC with limited liability
“Grandfield Hotel Management”	Grandfield Hotel Management (Shenzhen) Limited* (鈞濠酒店管理(深圳)有限公司), a company established under the laws of the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Guarantor”	the Purchaser
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent to the Company and its connected persons (as defined under the Listing Rules)
“JV Partners”	Shenzhen Grandfield, Beiying Movie, Bo Rui De Trading and Fubei Investment, being all partners of the Project Company
“Land”	The land parcel situated at Hangzhou Fu Chun Wan New Town* (杭州富春灣新城) with a total site area of 50,344 sq.m. and gross floor area of not less than 100,688 sq.m. and not more than 110,756.80 sq.m.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Lang”	Mr. Lang Zu Lin (郎祖林先生)
“Ms. Xie”	Ms. Xie Juan (謝娟女士)
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Project Company”	Zhejiang Beishen Cultural and Travel Development Company Limited* (浙江北深文旅發展有限公司), a company established under the laws of the PRC with limited liability
“Purchaser” or “Ningbo Heshan”	Ningbo Heshan Limited* (寧波禾山實業有限公司), a company established under the laws of the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Refundable Deposit”	the amount of RMB1 million payable by the Purchaser to the Vendor pursuant to the terms and conditions of the SPA
“Sale Interests”	34% equity interests in the Project Company
“Share Charge”	the share charge to be executed by the Purchaser over the 34% equity interests in the Project Company upon Completion
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholder’s Loan”	the shareholder’s loan due from the Project Company to the Vendor in the sum of RMB30 million as of the date of the SPA

“Share(s)”	ordinary share(s) with a nominal value of HK\$0.1 each in the share capital of the Company
“Shenzhen Grandfield” or “Vendor”	Grandfield Real Estate Development (Shenzhen) Limited* (鈞濠房地產開發(深圳)有限公司), a company established under the laws of the PRC with limited liability, being an indirect wholly-owned subsidiary of the Company
“SPA”	the sale and purchase agreement dated 2 December 2020 among the Vendor, the Purchaser, Beiying Movie, Bo Rui De Trading, Fubei Investment and the Project Company in relation to the sale and purchase of the Sale Interests and the repayment arrangement of the Shareholder’s Loan
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 2 December 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.

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