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鈞濠集團有限公司*

GRAND FIELD GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 115)

**CONNECTED TRANSACTION
LOAN SETTLEMENT INVOLVING ISSUE OF
CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

THE LOAN SETTLEMENT

On 16 November 2018 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscribers, pursuant to which, the Subscribers have conditionally agreed to subscribe and the Company has conditionally agreed to issue the New Convertible Bonds in the principal amount of HK\$112,320,000. The subscription amount payable by the Subscribers under the Subscription Agreement shall be satisfied by discharging the payment obligation of the Company on the Indebted Amount.

The New Convertible Bonds carries the right to convert into the Conversion Shares at the Conversion Price of HK\$0.123 per Conversion Share (subject to adjustments). Assuming the conversion rights are exercised in full at the Conversion Price, 913,170,731 Conversion Shares will be allotted and issued to Ms. Tsang (subject to the conversion restrictions attached to the New Convertible Bonds) representing approximately 37.28% of the issued share capital of the Company as at the date of this announcement and approximately 27.16% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares, assuming that there are no other changes in the share capital of the Company from the date of this announcement to the Completion Date.

* For identification purpose only

LISTING RULES IMPLICATION

The Subscribers are substantial Shareholder holding 709,183,037 Shares, representing approximately 28.95% of the total issued share capital of the Company as at the date of this announcement. Accordingly, the Subscribers are connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the Subscription constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements.

Given that the Subscribers have material interest in the Subscription, the Subscribers and each of their respective associates including Ms. Kwok Wai Man Nancy, Mr. Kwok Siu Bun, Ms. Kwok Siu Wa Alison, Mr. Tsang Yee, Ms. Tsang Tsz Tung Debbie, Rhenfield Development Corp. and their respective associates are deemed to have a material interest in the Subscription and are therefore required to abstain from voting on the relevant resolution(s) to be proposed at the SGM to approve the Subscription Agreement and the transactions contemplated thereunder. Save as disclosed above, no other Shareholders have any material interest in the Subscription and the grant of the Specific Mandate.

Each of Mr. Kwok Siu Bun, Ms. Kwok Siu Wa, Alison and Ms. Tsang Tsz Tung Debbie, being the Directors, had abstained from voting on the Board resolutions for approving the Subscription Agreement and the transactions contemplated thereunder.

The Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the Subscription 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 Advisor to advise the Independent Board Committee and the Independent Shareholders in the same regard.

Completion is subject to the fulfillment of the conditions set out in the Subscription Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

GENERAL

The SGM will be convened and held to consider and, if thought fit, approve the Subscription Agreement and all the transactions contemplated thereunder (including the grant of the Specific Mandate).

A circular containing, among other things, (i) details of the Subscription Agreement and the transactions contemplated thereunder; (ii) recommendation of the Independent Board Committee; (iii) letter of advice from the Independent Financial Advisor; and (iv) a notice of the SGM and a form of proxy are expected to be despatched to the Shareholders on or before 7 December 2018.

BACKGROUND OF THE LOAN SETTLEMENT

References is made to the announcements of the Company dated 27 February 2017, 24 March 2017 and 28 April 2017 and the circular of the Company dated 30 March 2017 in relation to the issue of the Original Convertible Bonds to Ms. Tsang, being one of the vendor to the Acquisition, in the principal amount of HK\$137,000,000 due on 28 October 2018, for partial settlement of the consideration of the Acquisition. As at the date of this announcement, the Original Convertible Bonds was expired and leaving the balance of HK\$112,320,000, representing the outstanding principal amount of the Original Convertible Bonds as at the date of the Subscription Agreement, remain unsettled.

On 16 November 2018 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscribers, pursuant to which, the Subscribers have conditionally agreed to subscribe and the Company has conditionally agreed to issue the New Convertible Bonds in the principal amount of HK\$112,320,000. The subscription amount payable by the Subscribers under the Subscription Agreement shall be satisfied by discharging the payment obligation of the Company on the Indebted Amount.

The Subscription Agreement

Date : 16 November 2018 (after trading hours of the Stock Exchange)

Parties : The Company (as issuer)

Mr. Tsang and Ms. Tsang (as Subscribers)

As at the date of this announcement, the Mr. Tsang, Ms. Tsang and her controlled corporation namely Rhenfield together holds 709,183,037 Shares, representing approximately 28.95% of the total issued share capital of the Company. Accordingly, the Subscribers are connected persons of the Company under the Listing Rules.

Subject matter

Pursuant to the Subscription Agreement, the Subscribers have conditionally agreed to subscribe and the Company has conditionally agreed to issue the New Convertible Bonds in the principal amount of HK\$112,320,000. The subscription amount payable by the Subscribers under the Subscription Agreement shall be satisfied by releasing the payment obligation of the Company against the Indebted Amount. Pursuant to the terms of the Subscription Agreement, the Company will issue the New Convertible Bonds to Ms. Tsang upon Completion.

Conversion Shares

The New Convertible Bonds carries the right to convert into the Conversion Shares at the Conversion Price of HK\$0.123 per Conversion Share (subject to adjustments). Assuming the conversion rights are exercised in full at the Conversion Price, 913,170,731 Conversion Shares will be allotted and issued to Ms. Tsang (subject to the conversion restrictions attached to the New Convertible Bonds) representing approximately 37.28% of the issued share capital of the Company as at the date of this announcement and approximately 27.16% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares, assuming that there are no other changes in the share capital of the Company from the date of this announcement to the Completion Date.

Conversion Price

The Conversion Price of HK\$0.123 per Conversion Share represents:

- (a) a premium of approximately 5.13% over the closing price of HK\$0.117 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (b) a premium of approximately 4.77% over the average closing price of HK\$0.1174 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the Subscription Agreement.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Subscribers with reference to the prevailing market prices of the Shares. The Directors (excluding Mr. Kwok Siu Bun, Ms. Kwok Siu Wa, Alison and Ms. Tsang Tsz Tung Debbie who had abstained from voting at the Board resolutions approving the Subscription Agreement and the transactions contemplated thereunder and the independent non-executive Directors who will form an opinion after taken into consideration of the recommendation from the Independent Financial Advisor) consider the Conversion Price and the terms and conditions of the Subscription Agreement are fair and reasonable based on the current market conditions and in the interests of the Company and Shareholders as a whole.

Specific Mandate

The Conversion Shares will be allotted and issued under the Specific Mandate to be approved by the Independent Shareholders at the SGM.

Conditions precedent

Completion of the Subscription Agreement is conditional upon the fulfillment of the following Conditions:

- (a) the granting of the listing of, and permission to deal in, the Conversion Shares by the Listing Committee of the Stock Exchange;
- (b) the Independent Shareholders having passed the resolutions to approve the Subscription Agreement, the transactions contemplated thereunder and the allotment and issue of the Conversion Shares under the Specific Mandate, and such approval not having been amended and having remained fully effective; and
- (c) any necessary approval, confirmation, waiver or consent by the relevant bodies or other third parties as required relating to the issue of the New Convertible Bonds having been obtained.

None of the above conditions is waivable. If any of the conditions cannot be fulfilled on or before 18 January 2019 or such later date as agreed between the Company and Subscribers, the Subscription Agreement will lapse and the parties thereto shall be released from all obligations thereunder, save for the liabilities for any antecedent breaches of the terms of the Subscription Agreement.

Completion

Completion of the Subscription Agreement shall take place within five (5) Business Days after fulfillment of all conditions.

THE NEW CONVERTIBLE BONDS

Principal terms of the New Convertible Bonds are summarised as follows:

Issuer:	the Company
Principal amount:	HK\$112,320,000
Conversion price:	HK\$0.123 per Conversion Share (subject to adjustments)
Maturity Date:	the date falling on the 24 months from the date of Issue of the New Convertible Bonds
Interest:	3% per annum on the principal amount of New Convertible Bonds, which shall be payable half yearly
Conversion Shares:	a maximum of 913,170,731 new Shares (subject to adjustments), of a par value of HK\$0.10 each to be issued upon conversion of the New Convertible Bonds
Conversion Period:	the period commencing on the date of issue of the New Convertible Bonds and expiring on the Maturity Date
Redemption:	unless previously converted, the New 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 New Convertible Bonds at any time on any business day prior to the Maturity Date
Conversion rights:	Bondholder will have the right to convert the New Convertible Bonds in whole or in part (in an integral multiple of HK\$500,000) of the outstanding principal amount of the New Convertible Bonds on any Business Day during the Conversion Period

Conversion right of the New 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.

Transferability:

The New 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 New Convertible Bonds are transferred to a connected person (as defined in the Listing Rules) (except the transfer of the New 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.

Ranking: 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.

Adjustment events: 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

Application of Listing

No application will be made by the Company for the listing of or permission to deal in the New 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.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 2,449,554,132 Shares in issue. Assuming there are no other changes to the issued share capital of the Company, set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon Completion and assuming full conversion of the New Convertible Bonds into Conversion Shares, assuming that there are no other changes in the share capital of the Company from the date of this announcement to the Completion Date:

Shareholders	As at the date of this announcement		Upon Completion and assuming full conversion of the New Convertible Bonds into Conversion Shares (Note 4)	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Rhenfield Development Corp. (Note 1)	300,972,862	12.29	300,972,862	8.95
Ms. Tsang	407,440,675	16.63	1,320,611,406	39.27
Mr. Tsang (Note 2)	769,500	0.03	769,500	0.02
Ms. Kwok Wai Man Nancy (Note 2, 3)	13,435,500	0.55	13,435,500	0.40
Directors:				
Kwok Siu Bun	1,500,000	0.06	1,500,000	0.04
Chow Kwai Wa Anne	1,950,000	0.08	1,950,000	0.06
Kwok Siu Wa Alison	3,000,000	0.12	3,000,000	0.09
Public Shareholders	1,720,485,595	70.24	1,720,485,595	51.17
Total	<u>2,449,554,132</u>	<u>100.00</u>	<u>3,362,724,863</u>	<u>100.00</u>

Note(s):

1. Rhenfield Development Corp. is owned as to 50% by Mr. Tsang Yee and 50% by Ms. Tsang whose are deemed to be interested in 300,972,862 Shares 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. Ms. Kwok Wai Man Nancy is the spouse of Mr. Tsang.
4. The above shareholdings of the Company set out in the above table are for illustration purpose only. As one of the conversion restrictions, any exercise of conversion rights by the Bondholder shall not trigger any mandatory offer under Rule 26 of the Takeovers Code, and in any event, any exercise of conversion rights by the Bondholder shall not render the Company no longer maintain the minimum public float of the Shares of not less than 25% required under the Listing Rules upon the such conversion.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF NET PROCEEDS

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

The Directors consider that the Subscription will allow the Company to release the immediate payment obligation on the Indebted Amount by extending the payment period by 24 months upon Completion via the issue of the New Convertible Bonds while would provide an opportunity for the Company to capitalise the New Convertible Bonds through equity and hence strengthening the financial position of the Group if the Subscribers exercise any part of the conversion rights attached to the New Convertible Bonds in future.

In view of the above, the Directors (excluding Mr. Kwok Siu Bun, Ms. Kwok Siu Wa, Alison and Ms. Tsang Tsz Tung Debbie who had abstained from voting at the Board resolutions approving the Subscription Agreement and the transactions contemplated thereunder and the independent non-executive Directors who will form an opinion after taken into consideration of the recommendation from the Independent Financial Advisor) consider that the terms of the Subscription Agreement is on normal commercial terms or better and that the entering into of the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

During the past 12 months immediately preceding the date of this announcement, the Company has conducted the following equity fund raising activities:

Date of announcement	Fund raising activity	Amount of net proceeds	Intended use of proceeds	Actual use of proceeds up to the date of this announcement
27 June 2018	Open offer	Approximately HK\$94,228,769	Approximately HK\$60,000,000 towards partial settlement of the committed capital injection into the Company's subsidiary namely Shenzhen Zongke Real Estate Co., Ltd.; (ii) approximately HK\$30,000,000 will be reserved for partial redemption of the Original Convertible Bonds; and (iii) the rest of the net proceeds for general working capital of the Company.	The Company has applied the net proceeds from the open offer as to (i) HK\$60,000,000 for partial settlement of the committed capital injection into the Company's subsidiary namely Shenzhen Zongke Real Estate Co., Ltd.; (ii) HK\$24,680,000 for partial redemption of the Original Convertible Bonds; (iii) HK\$5,326,110 for settlement of all accrued interest expense of the Original Convertible Bonds as at the date of redemption; (iv) approximately HK\$1,911,000 for general working capital of the Group; and (v) the balance of approximately HK\$2,311,659 remain unutilised and will be reserved for general working capital of the Company.

Date of announcement	Fund raising activity	Amount of net proceeds	Intended use of proceeds	Actual use of proceeds up to the date of this announcement
13 February 2018	Placing of new share under general mandate	Approximately HK\$18,964,000	Approximately HK\$13,890,000 for development of the Company's real estate projects on hand and the remaining for general working capital	The Company has utilized as to approximately HK\$10,364,000, HK\$2,000,000, HK\$1,600,000, and HK\$3,000,000 in respect of costs on constructing the main structure, on building drainage system, on town plan design, and finance costs in relation to the Company's real estate project in Shenzhen. The company has further utilized the remaining net proceeds as to approximately HK\$1,500,000 and HK\$500,000 in respect of legal & professional fees, and general administrative expense.

IMPLICATIONS UNDER LISTING RULES

The Subscribers are substantial Shareholder holding 709,183,037 Shares, representing approximately 28.95% of the total issued share capital of the Company as at the date of this announcement. Accordingly, the Subscribers are connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the Subscription constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements.

Given that the Subscribers have material interest in the Subscription, the Subscribers and each of their respective associates including Ms. Kwok Wai Man Nancy, Mr. Kwok Siu Bun, Ms. Kwok Siu Wa Alison, Mr. Tsang Yee, Ms. Tsang Tsz Tung Debbie, Rhenfield Development Corp. and their respective associates are deemed to have a material interest in the Subscription and are therefore required to abstain from voting on the relevant resolution(s) to be proposed at the SGM to approve the Subscription Agreement and the transactions contemplated thereunder. Save as disclosed above, no other Shareholders have any material interest in the Subscription and the grant of the Specific Mandate.

Each of Mr. Kwok Siu Bun, Ms. Kwok Siu Wa, Alison and Ms. Tsang Tsz Tung Debbie, being the Directors, had abstained from voting on the Board resolutions for approving the Subscription Agreement and the transactions contemplated thereunder.

The Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the Subscription 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 Advisor to advise the Independent Board Committee and the Independent Shareholders in the same regard.

GENERAL

The SGM will be convened and held to consider and, if thought fit, approve the Subscription Agreement and all the transactions contemplated thereunder (including the grant of the Specific Mandate).

A circular containing, among other things, (i) details of the Subscription Agreement and the transactions contemplated thereunder; (ii) recommendation of the Independent Board Committee; (iii) letter of advice from the Independent Financial Advisor; and (iv) a notice of the SGM and a form of proxy are expected to be despatched to the Shareholders on or before 7 December 2018.

Completion is subject to the fulfillment of the conditions set out in the Subscription Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Acquisition”	the acquisition of the entire issued share capital of Intra Asia Limited by the Group and completed on 28 April 2017
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	the holder(s) of the New Convertible Bonds
“Business Day”	a day (excluding Saturday or Sunday and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted or a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong and PRC are generally open for business
“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 Subscription pursuant to the terms and conditions of the Subscription Agreement
“Completion Date”	the date on which Completion take place in accordance with the Subscription Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Conversion Price”	the conversion price of HK\$0.123 per Conversion Share

“Conversion Shares”	913,170,731 new Shares which may fall to be allotted and issued to Subscribers at the Conversion Price, credited as fully paid, upon full exercise of the Conversion Rights by Subscribers
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indebted Amount”	the outstanding balance of HK\$112,320,000 owed by the Company to the Subscribers as of the date of the Subscription Agreement
“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 Mr. Wong Sze Lok, to advise the Independent Shareholders on the Subscription
“Independent Financial Advisor”	Red Sun Capital 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 Shareholders”	Shareholders other than those who are required by the Listing Rules to abstain from voting on the resolutions approving the Subscription Agreement, the transactions contemplated thereunder and the issue of the New Convertible Bonds and the Conversion Shares under the Specific Mandate
“Listing Committee”	has the meaning ascribed to it in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Tsang”	Mr. Tsang Wai Lun, Wayland
“Ms. Tsang”	Ms. Tsang Tsz Nok, Aleen
“New Convertible Bonds”	the convertible bonds with a 24 months term and 3% annual interest rate in the principal amount of HK\$112,320,000
“Original Convertible Bonds”	the convertible bonds in the principal amount of HK\$137,000,000 issued by the Company to Ms. Tsang upon completion of the Acquisition which was expired on 28 October 2018
“Rhenfield”	Rhenfield Development Corp.
“SFC”	the Securities and Futures Commission
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Subscription and the grant of the Specific Mandate
“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 specific mandate for the allotment and issue of the Conversion Shares to be granted to the Directors by the Independent Shareholders at the SGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	Mr. Tsang and Ms. Tsang
“Subscription”	the subscription of the New Convertible Bonds by the Subscribers

“Subscription Agreement”	the Subscription Agreement dated 16 November 2018 entered into by Subscribers and the Company in respect of the Subscription
“Takeovers Code”	the Code on Takeovers and Mergers and Share Repurchases published by the SFC from time to time
“%”	percent.
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 16 November 2018

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 alternate); and three independent non-executive Directors, namely, Mr. Hui Pui Wai Kimber, Mr. Liu Chaodong and Mr. Wong Sze Lok.

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.