THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Grand Field Group Holdings Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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鈞濠集團

鈞 濠 集 團 有 限 公 司 *

GRAND FIELD GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 115)

MAJOR TRANSACTION
IN RELATION TO THE DISPOSAL OF THE TARGET UNITS OF THE GUOJIN ERA IN XUZHOU CITY

Capitalised terms used in this cover page shall have the same meanings as defined in this circular unless requires otherwise. A letter from the Board is set out on pages 4 to 14 of this circular.

The Company had obtained a written shareholder's approval from Rhenfield, which is the beneficial owner of 6,743,433 Shares, representing approximately 55.06% of the entire issued share capital of the Company as at the Latest Practicable Date, to approve the Disposal Agreement and transactions contemplated thereunder. Accordingly, no general meeting will be convened to approve the entering into of the Disposal Agreement and transactions contemplated thereunder. This circular is being despatched to the Shareholders for information purposes only.

14 January 2025

* *for identification purposes only*

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

"3-year Lease Agreement"	the lease agreement in relation to the Second Batch Units entered into between Xuzhou Guojin, as landlord, and the Purchaser, as tenant
"Announcement"	the announcement of the Company dated 3 December 2024 in respect of the Disposal
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"Company"	Grand Field Group Holdings Limited (Stock Code: 00115), a company incorporated in Bermuda with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	director(s) of the Company
"Disposal"	the disposal of the Target Units by Xuzhou Guojin according to the terms of the Disposal Agreement
"Disposal Agreement"	the conditional sale and purchase agreement dated 3 December 2024 entered into between Mr. Zong (as purchaser) and Xuzhou Guojin (as vendor) in relation to the Disposal
"First Batch Units"	unit 102 (approximately 323.64 sq. m.), unit 201 (approximately 896.14 sq. m.), units 301 to 315 except for units 307, 308 and 312 (approximately 549.99 sq. m.) and units 401 to 415 except for units 407 and 408 (approximately 619.87 sq. m.) of the Guojin Era
"First Batch Units Consideration"	the consideration for the sale and purchase of the First Batch Units under the Disposal Agreement
"Group"	the Company and its subsidiaries

"Guojin Era"	the 3# building located at 17 Huanghe West Road, Gulou District, Xuzhou City, Jiangsu Province, the PRC, a commercial building comprising offices and retail units developed by Xuzhou Guojin
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Latest Practicable Date"	9 January 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Purchaser" or "Mr. Zong"	Mr. Zong Heng (縱横先生), an independent third party
"Rhenfield"	Rhenfield Development Corp., the controlling shareholder of the Company, which beneficially held approximately 55.06% of the issued Shares as at the Latest Practicable Date
"Second Batch Units"	units 501 to 515 (approximately 690.12 sq. m.), units 601 to 615 (approximately 697.13 sq. m.), units 701 to 715 (approximately 697.13 sq. m.) and units 801 to 815 (approximately 693.91 sq. m.) of the Guojin Era
"Second Batch Units Consideration"	the consideration for the sale and purchase of the Second Batch Units under the Disposal Agreement
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.20 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Units"	the First Batch Units and the Second Batch Units

"Total Consideration"	the First Batch Units Consideration and the Second Batch Units Consideration
"Xuzhou Guojin"	徐州國金房地產開發有限公司 (Xuzhou Guojin Property Development Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"GFA"	gross floor area
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"sq. m."	square meters
"%" or "per cent."	percentage or per centum

For the purpose of this circular, unless otherwise specified, the conversion of RMB into HK$ is based on the approximate exchange rate from RMB1.00 to HK$1.07. The exchange rate is adopted for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rate at all.

* *for identification purposes only*

鈞濠集團有限公司 *
GRAND FIELD GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 115)

Executive Directors:
Mr. Ma Xuemian *(Chairman)*
Mr. Kwok Siu Bun
Ms. Chow Kwai Wa Charmaine
Ms. Kwok Siu Wa Alison

Independent non-executive Directors:
Mr. Hui Pui Wai Kimber
Mr. Liu Chaodong
Mr. Tsui Matthew Mo Kan

Registered office in Bermuda:
Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda

Head office and principal place of business in Hong Kong:
Office A, 19/F,
Kings Wing Plaza 1, 3 On Kwan Street,
Shek Mun, Shatin,
New Territories, Hong Kong

14 January 2025

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF THE TARGET UNITS OF THE GUOJIN ERA IN XUZHOU CITY

INTRODUCTION

On 3 December 2024, Xuzhou Guojin (as vendor) and Mr. Zong (as purchaser) entered into the Disposal Agreement pursuant to which, among other things and subject to the terms and condition set out in the Disposal Agreement, Xuzhou Guojin conditionally agreed to sell, and Mr. Zong conditionally agreed to purchase, the Target Units, on "as is" basis, at an aggregate consideration of RMB25,681,182.50.

The Disposal constitutes a major transaction for the Company and is subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, no Shareholder or any of their respective close associates have a material interest in the Disposal, and therefore no Shareholder is required to abstain from voting if a general meeting of the Company were to be convened to approve the Disposal Agreement and transactions contemplated thereunder.

On 6 December 2024, the Company had obtained an irrevocable and unconditional written shareholder's approval from Rhenfield, which was the beneficial owner of 6,743,433 Shares, representing approximately 55.06% of the entire issued share capital of the Company as at the date of such approval, to approve the Disposal Agreement and transactions contemplated thereunder. Accordingly, no general meeting will be convened to approve the entering into of the Disposal Agreement and transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

The purpose of this circular is to provide you with further information relating to the Disposal Agreement and the Disposal together with other information of the Group as required by the Listing Rules.

THE DISPOSAL AGREEMENT

Details of the Disposal Agreement are set out as follows.

Date	:	3 December 2024
Parties	:	(i) Xuzhou Guojin, as vendor; and
		(ii) Mr. Zong, as purchaser

As at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, (i) the Purchaser is a businessman and a third party independent of the Company and its connected persons; and (ii) there is, and in the past twelve months, there has been, no material loan arrangement between (a) the Purchaser and (b) the Company, any connected person at the Company's level and/or any connected person at the subsidiary level (to the extent that such subsidiary/subsidiaries is/are involved in the Disposal).

Subject assets to be disposed of

The assets to be disposed of by Xuzhou Guojin pursuant to the Disposal Agreement comprise the Target Units with an aggregate GFA of approximately 5,167.93 sq. m.. The Target Units comprise the First Batch Units and the Second Batch Units. After payment of the relevant consideration, Xuzhou Guojin shall transfer the First Batch Units or the Second Batch Units, as the case may be, to the Purchaser on "as is" basis.

The First Batch Units comprise unit 102 (approximately 323.64 sq. m.), unit 201 (approximately 896.14 sq. m.), units 301 to 315 except for units 307, 308 and 312 (approximately 549.99 sq. m.) and units 401 to 415 except for units 407 and 408 (approximately 619.87 sq. m.) of the Guojin Era.

The Second Batch Units comprise units 501 to 515 (approximately 690.12 sq. m.), units 601 to 615 (approximately 697.13 sq. m.), units 701 to 715 (approximately 697.13 sq. m.) and units 801 to 815 (approximately 693.91 sq. m.) of the Guojin Era.

Please refer to the paragraph headed "Information of the Guojin Era and the Target Units" below for further details of Guojin Era.

Consideration

The First Batch Units Consideration is RMB13,039,963.00, and the Second Batch Units Consideration is RMB12,641,219.50.

The First Batch Units Consideration of RMB13,039,963.00 shall be paid in cash and satisfied in the following manner:

(i) an amount of RMB2 million has been paid as deposit (the "**First Deposit**") on the date of the Disposal Agreement; and

(ii) the remaining balance of the First Batch Units Consideration of RMB11,039,963.00 shall be settled within 15 working days from the date on which Xuzhou Guojin notifies the Purchaser that the Shareholders' approval regarding the Disposal has been obtained.

As at the Latest Practicable Date, the First Batch Units Consideration had been settled in full.

The Second Batch Units Consideration of RMB12,641,219.50 shall be paid and satisfied in cash in the following manner:

(i) an amount of RMB1.2 million has been paid as deposit (the "**Second Deposit**") on the date of the Disposal Agreement; and

(ii) the remaining balance of the Second Batch Units Consideration of RMB11,441,219.50 shall be settled within three years from the date on which the Shareholders' approval regarding the Disposal has been obtained.

The remaining balance of the Second Batch Units Consideration is expected to be settled on or before the completion of the sale and purchase of the Second Batch Units, as further elaborated below.

The consideration for the Target Units was arrived at after arm's length negotiations between the parties to the Disposal Agreement and is on normal commercial terms, based on the unit price of each floor with reference to the preliminary valuation of the Target Units in November 2024 as determined by Ravia Global Appraisal Advisory Limited, an independent property valuer, with direct comparison approach, the difficulties in attracting tenants for the Target Units in recent years, the fact that the Target Units had contributed no income to the Group over the past three years and the Target Units represented the majority saleable area of the Guojin Era currently owned by the Group.

In consideration of Xuzhou Guojin's arrangement to relocate an escalator, subject to completion of the sale and purchase of the First Batch Units in accordance with the Disposal Agreement, the Purchaser shall pay an additional occupancy fee of RMB0.2 million to Xuzhou Guojin.

Condition precedent of the Disposal Agreement

Completion of the Disposal Agreement is conditional upon the Company obtaining the approval from Shareholders in relation to the Disposal Agreement and transactions contemplated thereunder, and such condition is not capable of being waived.

If the relevant approval cannot be obtained within 90 working days from the payment of the First Deposit and the Second Deposit, Xuzhou Guojin will enter into separate lease agreement(s) for the leasing of the Target Units to the Purchaser at RMB15 per sq. m. per month for a term of 12 years. In such case, the First Deposit and the Second Deposit will become rental deposits and will be applied towards the satisfaction of such part of the first rental payment (calculated based on the rental for the first three months) under the lease agreement(s) to be entered into as mentioned above.

The approval from Shareholders in relation to the Disposal Agreement and transactions contemplated thereunder was obtained on 6 December 2024.

Completion

Completion of the sale and purchase of the First Batch Units, which shall take place within 15 working days from the date on which Xuzhou Guojin notifies the Purchaser that the Shareholders' approval regarding the Disposal has been obtained, took place on 23 December 2024.

Completion of the sale and purchase of the Second Batch Units shall take place within three years from the date on which Xuzhou Guojin notifies the Purchaser that the Shareholders' approval regarding the Disposal has been obtained. Based on information currently available to the Company, the completion of the sale and purchase of the Second Batch Units is expected to take place on or before 3 December 2027.

At the respective completion of the above sales and purchases, the commodity house purchase and sales contracts in respect of the First Batch Units or the Second Batch Units (as the case may be) has been or will be (as the case may be) entered into between Xuzhou Guojin and the Purchaser.

The above-mentioned terms of the Disposal Agreement have been arrived after arm's length negotiation between the Group and the Purchaser taking into account that, to the best knowledge, information and beliefs of the Company, it will take time for the Purchaser to arrange financing to complete the purchase of the Second Batch Units and it is the intention of the Purchaser to purchase all of the Target Units (instead of just the First Batch Units or the Second Batch Units), while the Group, having considered, among other things, (i) despite the Group had launched campaigns to attract tenants to the Guojin Era, the lease performance of the Guojin Era was still unsatisfactory and the Group had not generated any rental revenue from the Guojin Era over the past three years; (ii) it is the intention of the Purchaser to take up all of the Target Units instead of just the First Batch Units or the Second Batch Units; (iii) the Target Units represented the majority saleable area of the Guojin Era currently owned by the Group; (iv) the Group will derive rental income from the Second Batch Units, which were vacant prior to the entering into of the Disposal Agreement, under the 3-year Lease Agreement (as further set out below); and (v) the sales of commercial properties in the region may not recover in the near future, although it is possible that the market prices of commercial properties in the second-tier or third-tier cities may recover before the date of completion of the disposal of the Second Batch Units, the Company currently has no plans to implement any property projects in second-tier or third-tier cities, and the Group's exposure and presence in the second-tier and third-tier cities will be further reduced as a result of the Disposal which will allow the Group to focus its resources in its property project in Shenzhen, the Directors are of the view that the terms of the Disposal Agreement, including the 3 years deferred settlement and completion in the Second Batch Units, are fair and reasonable.

Lease of the Second Batch Units

On 9 December 2024, the Purchaser had further entered into the 3-year Lease Agreement with Xuzhou Guojin to lease the Second Batch Units, and details of the 3-year Lease Agreement are set out as follows.

Date	:	9 December 2024
Parties	:	(i) Xuzhou Guojin, as landlord; and
		(ii) Mr. Zong, as tenant

Subject assets to be leased

Pursuant to the 3-year Lease Agreement, Mr. Zong, as tenant, will lease the Second Batch Units with an aggregate gross floor area of approximately 2,778.29 sq. m.

Rental

The rental rate of the Second Batch Units is RMB15 per month per sq. m., being RMB41,674.4 per month (representing an annual rental of RMB500,092.2). In consideration that the relevant properties are in a bare-shell state, the tenant will have a rent-free period of six months. The rental shall be prepaid quarterly with a quarterly payment of RMB125,023.1.

Deposit

Prior to the completion of the sale and purchase of the Second Batch Units, the deposit paid for the Second Batch Units will be applied as rental deposit under the 3-year Lease Agreement.

Term

A term (i) of three years or (ii) up to the completion of the sale and purchase of the Second Batch Units, whichever is earlier.

Other terms

If the Purchaser is unable to settle the consideration of the sale and purchase of the Second Batch Units in full by the end of the lease term, the Purchaser will have the first right to renew the lease of the Second Batch Units subject to written application from the Purchaser in 60 days before the expiry of the lease term and the entering into a new lease agreement.

Xuzhou Guojin undertakes to the Purchaser that during the lease term, it will not sell the Second Batch Units to any parties other than the Purchaser.

INFORMATION OF THE GUOJIN ERA AND THE TARGET UNITS

The Guojin Era is 3# building located at 17 Huanghe West Road, Gulou District, Xuzhou City, Jiangsu Province, the PRC and is a commercial building comprising offices and retail units. The Company considered the Guojin Era to be ancillary to the residential property development project of the Group in Xuzhou City and all residential units of the aforesaid project had been sold by the end of 2017.

The Guojin Era is a 13-storey building with a basement level, with a total GFA of approximately 13,009.13 sq. m..

The Group had not derived any rental revenue from the Guojin Era over the past three years. As at the Latest Practicable Date, the Group still owned the majority of the GFA of the Guojin Era, including the Target Units. The Target Units comprise approximately 3,948.15 sq. m. of office units and approximately 1,219.78 sq. m. of retail units covering units from the first floor to the eighth floor of the Guojin Era.

The carrying value of the Target Units was approximately HK$48.0 million as at 30 June 2024. The valuation of the Target Units as determined by Ravia Global Appraisal Advisory Limited, an independent property valuer, with direct comparison approach was approximately RMB26.7 million (equivalent to approximately HK$28.5 million) as at 30 November 2024. For details, please refer to the valuation report on the Target Units as set out in Appendix II to this circular.

INFORMATION ON THE GROUP AND REASONS FOR THE ENTERING INTO THE DISPOSAL AGREEMENT AND USE OF PROCEEDS

The Company is an investment holding company and its principal subsidiaries operate through three major divisions: property development, property investment, and general trading. Xuzhou Guojin is principally engaged in the development of the property project situating on the southwestern side of Huanghe West Road in Gulou District of Xuzhou comprising residential and commercial buildings including the Guojin Era.

As at the Latest Practicable Date, apart from the Guojin Era, the Group has another major property project, namely the Shenzhen Mix Park Project, located in Xihuan Road, Buji Town, Longgang District, Shenzhen City, Guangdong Province, the PRC with a total GFA of approximately 33,611.40 sq. m. which is being owned by the Group for commercial, commercial apartment and office uses.

As mentioned in the annual report of the Company for the year ended 31 December 2021, the Group would use its best endeavours to complete the rental and operations of all properties and to optimize the combination of assets and to sell part of the non-core assets in order to lower the debt ratio. The Group engaged a property agent to sell the unsold part of the Guojin Era in June 2022, while the sales performance regarding the units of the Guojin Era remained unsatisfactory and only two units were sold with consideration of approximately RMB1.0 million. Since October 2024, the Group has further sold 31 units (excluding the Target Units) through another agent (who also introduced the Purchaser to the Group) with aggregate consideration of approximately RMB8.3 million. The management of the Company believed that the unsatisfactory sales performance of Guojin Era prior to June 2024 was principally attributable to its asking prices (which were comparatively higher than the asking prices subsequent to September 2024 and for the Target Units) and the relevant agent's effort.

As further stated in the interim report of the Company for the six months ended 30 June 2024 (the "**2024 Interim Report**"), the Group will adopt measures to, *inter alia*, lower the debt ratio and level by selling the assets and properties in the non-core areas, and to reduce the operation costs and improve the operational efficiency in order to cope with the uncertainty of the external economic environment. As further set out in the 2024 Interim Report, the Group recorded net current liabilities of approximately HK$97.1 million with current portion of net debt (calculated by deducting current portion of interest-bearing borrowings by cash and cash equivalents) of approximately HK$290.1 million as at 30 June 2024. Meanwhile, as disclosed in the 2024 Interim Report, the Group recorded slight losses from operations of approximately HK$11.0 million and HK$7.3 million for the six months ended 30 June 2023 and 2024, respectively, while the finance costs, which amounted to approximately HK$24.6 million for each of the six months ended 30 June 2023 and 2024, had worsened the financial performance of the Group in each of the six months ended 30 June 2023 and 2024. Taking into account the recent development of the property market in the PRC and the historical sales pattern and recent cashflow of the Group, the Board considers that the Disposal will enable the Group to increase its liquidity resources to repay part of its outstanding borrowings, to lower the debt ratio and to reduce its finance costs, which are beneficial to the sustainable development of the Group.

Meanwhile, despite the Group had launched campaigns to attract tenants to the Guojin Era, the lease performance of the Guojin Era was still unsatisfactory, and the Group had not generated any rental revenue from the Guojin Era over the past three years. On the other hand, it was noted from reports on Shenzhen commercial property market that despite a slight recovery in leasing demand, continued rental declines and considerable future supply still make the investment sector challenging. Although owners are willing to further reduce prices to speed up asset disposal, investors remain extremely cautious in transaction review and capital allocation. In the strata sale market, some state-owned enterprises, owner-occupier buyers with abundant cash flow, and Hong Kong individual investors are very interested in projects with higher investment returns in core locations. Taking into account the performance of the commercial properties market in Shenzhen, it is reasonable to anticipate that the market landscape of the commercial properties in second-tier or third-tier cities, like Xuzhou City, will be even more challenging.

As stated above, the unsold units of the Guojin Era had been made available for sale in the open market. However, the management of the Company, anticipating that the sales of commercial properties in the region may not recover in the near future, considers it would be most efficient for the Group to dispose of the unsold units of the Guojin Era in bulk to a single purchaser in return for cash so as to further improve the Group's liquidity resources. Meanwhile, subsequent to the completion of the Disposal, the Group still owns a number of units of the Guojin Era including the basement, and it is the intention of the Group to sell the remaining units of Guojin Era as and when appropriate.

The net cash proceeds from the Disposal, after deducting the estimated expenses and value added tax in relation to the Disposal, is expected to amount to approximately HK$23.8 million (representing approximately RMB22.2 million). It is currently intended that approximately RMB15.7 million of the net proceeds will be applied to repay the borrowings of the Group and the remaining of the net proceeds will be applied to replenish the working capital of the Group (including settlement of land appreciation tax for the project of approximately RMB4.1 million). The relevant borrowings to be repaid currently expected to comprise (i) as to approximately RMB2.0 million for the partial repayment of a borrowing from China Zheshang Bank with current outstanding balance of approximately RMB175.0 million, interest rate of 7% per annum and maturity in March 2025; (ii) as to approximately RMB12.0 million for the partial repayment of a borrowing from Shenzhen Rural Commercial Bank with current outstanding balance of approximately RMB43.2 million, interest rate of 6% per annum and maturity in March 2029; and (iii) as to approximately RMB1.7 million for the partial repayment of another borrowing from Shenzhen Rural Commercial Bank with current outstanding balance of approximately RMB186.0 million, interest rate of 6.5% per annum and maturity in August 2030. Given there is uncertainty on the date of completion of the sale of the Second Batch Units, taking into account the loan portfolio and repayment schedules of the Group at the material time and for the interest of the Group, the Group may apply the net proceeds to repay other borrowings of the Group. Accordingly, the Disposal is expected to facilitate the enhancement of working capital and improvement of liquidity and gearing, and overall financial position of the Group.

Taking into account the aforesaid and the fact that the Total Consideration is determined with reference to, among other things, the preliminary valuation of, and the valuation report as set out in Appendix II to this circular on, the Target Units, the Board (including the independent non-executive Directors) considered that the terms of the Disposal Agreement are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

Based on the unaudited book value of the Target Units as at 30 June 2024 and the aggregate consideration of the Disposal, it is expected that a fair value loss on investment properties of approximately HK$20.5 million would be recorded by the Company as a result of the Disposal, which is calculated with reference to the unaudited book value of the Target Units of approximately HK$48.0 million as at 30 June 2024 and the Total Consideration of approximately RMB25.7 million (equivalent to approximately HK$27.5 million). On the other hand, the Group expects to incur expenses (including commission, professional fees, tax and surcharges) of approximately HK$2.4 million and value added tax of approximately HK$1.3 million in relation to the Disposal.

Meanwhile, it is expected that, as a result of the Disposal, the non-current assets of the Group will be reduced by approximately HK$48.0 million, being the carrying value of the Target Units as at 30 June 2024, and current assets of the Group will be increased by approximately HK$23.8 million, assuming all payables regarding the relevant expenses and value added tax incurred in relation to the Disposal were settled but before the partial settlement of outstanding borrowings with the net proceeds from the Disposal.

It is expected that there will be no significant impact on the liabilities of the Group as a result of the Disposal assuming the relevant expenses and value added tax incurred in relation to the Disposal were settled but before the partial settlement of outstanding borrowings with the net proceeds from the Disposal.

The aforesaid financial effects of the Disposal are for illustrative purpose only, which have to be ascertained at the time of preparation of the Company's consolidated financial statements, and is subject to audit.

LISTING RULES IMPLICATION

As one or more percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal is more than 25% while all of them are less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements thereunder.

Under Rule 14.44 of the Listing Rules, Shareholders' approval for the Disposal may be obtained by way of written Shareholders' approval in lieu of holding a general meeting if (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal; and (ii) written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting to approve the Disposal.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, no Shareholder or any of their respective close associates have a material interest in the Disposal and the transactions contemplated thereunder and accordingly, no Shareholder is required to abstain from voting for the resolution(s) to approve the entering into of the Disposal, should they be put forward to the Shareholders to approve at a general meeting of the Company.

The Company had obtained an irrevocable and unconditional written shareholder's approval from Rhenfield, which was the beneficial owner of 6,743,433 Shares representing approximately 55.06% of the entire issued share capital of the Company as at the date of such approval, to approve the Disposal Agreement and transactions contemplated thereunder. Accordingly, no general meeting will be convened to approve the entering into of the Disposal Agreement and transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

RECOMMENDATION

Although no general meeting will be convened for approving the Disposal Agreement and transactions contemplated thereunder, the Directors are of the view that the terms of the Disposal Agreement are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

Accordingly, if a general meeting were to be convened to approve the entering into of the Disposal Agreement and transactions contemplated thereunder, the Directors would recommend the Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the general meeting to approve the Disposal Agreement and transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

1. FINANCIAL INFORMATION OF THE GROUP

Details of (i) the audited financial information of the Group for the three years ended 31 December 2021, 2022 and 2023 are disclosed in the following annual reports of the Company for the years ended 31 December 2021, 2022 and 2023, respectively; and (ii) the unaudited financial information of the Group for the six months ended 30 June 2024 is disclosed in the following interim report of the Company, which have been published and are available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.gfghl.com).

(i) The annual report of the Company for the year ended 31 December 2021 published on 28 April 2022 (pages 78 to 167) in relation to the financial information of the Group. Please see below a link to the annual report:

https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042804121.pdf

(ii) The annual report of the Company for the year ended 31 December 2022 published on 26 April 2023 (pages 92 to 181) in relation to the financial information of the Group. Please see below a link to the annual report:

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0426/2023042603297.pdf

(iii) The annual report of the Company for the year ended 31 December 2023 published on 26 April 2024 (pages 106 to 193) in relation to the financial information of the Group. Please see below a link to the annual report:

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0426/2024042604519.pdf

(iv) The interim report of the Company for the six months ended 30 June 2024 published on 26 September 2024 (pages 4 to 28) in relation to the financial information of the Group. Please see below a link to the interim report:

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0926/2024092602368.pdf

2. STATEMENT OF INDEBTEDNESS

At the close of business on 30 November 2024, being the latest practicable date for the purpose of this statement of indebtedness, the Group had the following indebtedness:

Bank Loans and Bank Overdrafts

As at the close of business on 30 November 2024, the Group had bank loans and overdrafts balance of approximately HK$485,138,000.

Loan from Non-Controlling Interests

As at the close of business on 30 November 2024, the Group had loan balance from a non-controlling interest holder of approximately HK$14,124,000.

Other Borrowings

As at the close of business on 30 November 2024, the Group had other borrowings balance of approximately HK$92,521,000.

Convertible Bond

As at the close of business on 30 November 2024, the Group had convertible bond with face value of approximately HK$100,969,000.

Charges

As at the close of business on 30 November 2024, the Group had assets pledged to lenders of total value of approximately HK$1,650,495,000. Save as disclosed in this paragraph, the Group had no other charges as at the close of business on 30 November 2024.

Lease Liabilities

As at the close of business on 30 November 2024, the Group had lease liabilities balance of approximately HK$781,000.

Contingent Liabilities and Guarantees

As at the close of business on 30 November 2024, the Group had no guarantees, and save as disclosed below, neither the Company nor any of its subsidiaries was engaged in any material litigation of claims, and so far as the Directors were aware, no material litigation or claims were pending or threatened by or against any companies of the Group which likely have adverse effect to the Group:

(i) An Originating Summons was issued and filed with the High Court of Hong Kong on 11th August, 2017 by Fourseasons Hong Kong Trading Limited, a shareholder of the Company claiming against the Company as the defendant for leave to bring legal proceedings on behalf of the Company against Tsang Wai Lun Wayland and Kwok Wai Man Nancy, the former executive directors of the Company, Kwok Siu Bun, Kwok Siu Wa Alison, Ma Xuemian, Chow Kwai Wa Charmaine, Hui Pui Wai Kimber, Liu Chaodong, the Directors of the Company, Tsang Tsz Tung Debbie and Chui Wai Hung, the former non-executive director and Independent non-executive Director of the Company respectively, Surplus Full Development Limited (a BVI company) and Intra Asia Limited, both now are the subsidiaries of the Company and the other interested parties in a property project in Xuzhou.

The Company upon legal advice opposes the plaintiff's application and has filed its affirmation in opposition and the plaintiff has paid into Court security for costs of the defendants. As at the Latest Practicable Date, the trial date of these proceedings has not yet been fixed.

(ii) Chen Huan Chi claimed against Dongguan City Zhangmutou Properties Development Limited, Ka Fong Industrial Company Limited ("**Ka Fong**") and Grand Field Group Limited, the latter two companies being the subsidiaries of the Company for a dispute over the construction agreements. By the Judgment of Dongguang the 3rd People's Court, it was adjudged that Ka Fong had to pay to Chen Huan Chi approximately RMB15,480,000 and accrued interest thereon out of which approximately RMB15,080,000 from 13 March 1996 and RMB400,000 from 13 February 1997 both until 19 August 2019 are at the Financial Institutions Base Rate of the similar loans as pronounced by the People's Bank of China for the said period of time and as from 20 August 2019 until payment at the Loan Prime Rate pronounced by the National Interbank Funding Centre for the said period of time. Ka Fong appealed against the said judgment. The Appeal was dismissed by Dongguang City Intermediate People's Court on 23 May 2022 and the said judgment was upheld.

Ka Fong had lodged a petition for re-trial with The Guangdong Higher People's Court. The lodge of the said petition has been accepted by The Guangdong Higher People's Court for investigation on 4 July 2023 and it has yet to have any further update as at the Latest Practicable Date. However, as advised by the Company's PRC legal adviser, the chance of The Guangdong Higher People's Court to give a decision ordering the case to be tried is remote. As a result, the Group has made a provision of the compensation of approximately RMB42,037,000 (equivalent to approximately HK$49,182,000), which was calculated basing on the principal amount of approximately RMB15,480,000 and the accrued interest of approximately RMB26,893,000 for the aforesaid periods and rates from 13 March 1996 up to 31 December 2022 as ordered by the said judgment to the consolidated profit or loss for the year ended 31 December 2022. Further provision of accrued interest of approximately RMB657,000 is made to the condensed consolidated statement of profit or loss for the year ended 31 December 2023. In the opinion of the Directors, the said proceedings have no material impact on the operations of the Group. However, the Directors cannot reasonably measure the financial impact of the Group before the final conclusion of the said proceedings.

(iii) Xingfu Jiari Hotel Management (Shenzhen) Company Limited ("**Xingfu Jiari**"), a subsidiary of the Company claimed against Zhejiang Beishen Wen Lu Development Company Limited ("**Zhejiang Beishen**"), Shenzhen City Bo Rui De Trading Company Limited ("**Shenzhen Bo Rui De**"), Ningbo Heshan Industrial Company Limited ("**Ningbo Heshan**") and five other defendants arising from the dispute over a loan agreement for the sum of about RMB30 million and interest thereon was withdrawn. According to the 2024 Interim Report, the right of debt owed to Xingfu Jiari by Zhejiang Beishen for RMB34,707,835.64 was upheld and Ningbo Hezhan has collateral liabilities for the whole said debt owed by Zhenjiang Beishen, to be paid within one month from the Judgment, the other defendants have collateral liabilities of 50% of the unpaid said debt owed by Zhejiang Beishen to be paid within one month after the conclusion of the winding up proceedings of Zhenjiang Beishen.

(iv) The administrators of Zhejiang Beishen mentioned in paragraph (iii) above sued against Grand Field Property Development (Shenzhen) Limited ("**Grand Field Shenzhen**"), a subsidiary of the Company for collateral liabilities of the unpaid share capital by Ningbo Heshan (RMB29,981,200 being registered capital plus the interest incurred thereon). It was held that Grand Field Shenzhen and another shareholder were collaterally liable for the said unpaid share capital. Grand Field Shenzhen and another shareholder have appealed against this decision to Hangzhou intermediate People's Court. On 5 March 2024, Hangzhou intermediate People's Court dismissed the appeal of Grand Field Shenzhen and another and upheld the original decision.

Zhejiang Beishen has applied to the People's Court of Fu Yang District of Hangzhou City for compulsory execution of the said judgment. It was held that the amount for RMB30,194,804 under Grand Field Shenzhen was executed compulsorily. On 15 August 2024, Grand Field Shenzhen has submitted its application for re-trial to the Higher People's Court of Zhejiang Province. As at the Latest Practicable Date, the Company has yet received the result about the said application. According to the PRC legal adviser, the said proceedings involving Grand Field Shenzhen have not been concluded.

(v) Reference is made to the announcement by the Company dated 24 March 2023 in respect of the incident that G&H International Supply Chain (Shenzhen) Limited, a wholly-owned subsidiary of the Company, was alleged to have been defrauded by its former business partner (the "**Business Partner**") through a series of fictitious transactions. The Business Partner were arrested by the PRC police for criminal investigations. The Company may seek damages against the Business Partner and/or the relevant persons by civil action. For details, please refer to the announcements of the Company dated 24 March 2023 and 4 December 2023.

3. WORKING CAPITAL

The Directors are of the opinion that, having regard to (i) the financial resources available to the Group, including internally generated funds and available banking facilities; and (ii) the consideration to be received as contemplated under the Disposal Agreement, the Group will have sufficient working capital for its present requirements for the next twelve months from the date of this circular.

The Company has obtained a letter on the working capital statement from its auditors as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGE

The Directors confirmed that there had not been any material adverse change in the financial or trading position of the Group since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up) up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

Due to the rise of interest rates in America, Israel Palestine and Russia-Ukraine conflicts and geopolitical tensions, the global economic recession continues in the first half of 2024. After the release of macroeconomic control policy on the property market in China, the property market is expected to be stabilised and recover gradually. However, the recovery may be slow in the near term due to strong wait-and-see sentiment, low consumer confidence and declining purchasing power. If the foregoing downward pressure continues, it may take longer for the Group to complete the sales of its inventories on hand. The management of the Company will continue to monitor the development of the industry, responses from the market and needs of the Group, and to formulate appropriate strategies with a view to strengthen the financial health of the Group for the sake of long-term development. With reference to the experience on the Disposal, the Group may, subject to the compliance with the relevant rules and regulations, consider disposing of part of its properties in bulk to a single or consortium purchaser in return for cash so as to strengthen the Group's liquidity position in a more efficient manner.

Under the influence of global unsteady factors, the Group will continue adopting a stable development strategy to ensure the Group develops steadily in the long term. Specifically, the Group will continue to adopt the following measures: (i) To lower the debt ratio and optimize the combination of debt, such as further reducing its property portfolio with a view to lower the debt ratio level and optimize the existing debt structure in order to reduce the finance costs and the exposures of the Group under the current economic outlook; (ii) To reduce the operation costs; and (iii) To search for new opportunities in the market through diversified development in order to accomplish the long-term targets.

Meanwhile, the Group will strive to keep conducting positive financial controls and steady business strategies, obtain firm progress in the current market environment and create long-term value for the Shareholders.

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this Circular received from Ravia Global Appraisal Advisory Limited, an independent valuer, in connection with their opinion of values as at 30 November 2024 of the Target Units.

RAVIA GLOBAL APPRAISAL ADVISORY LIMITED

17/F., 83 Wan Chai Road
Wan Chai, Hong Kong
T: (852) 2811 1876 F: (852) 3007 8501
W: www.raviagroup.com
E: general@raviagroup.com

14 January 2025

Grand Field Group Holdings Limited
Unit A, 19/F,
Phase 1 of Kings Wing Plaza,
3 On Kwan Street,
Shek Mun, Shatin,
N.T., Hong Kong

Dear Sirs/Madams,

Re: Property Valuation of Property in the People's Republic of China

In accordance with the instructions of Grand Field Group Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") to value the property held by the Group in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 30 November 2024 (the "**Date of Valuation**") for the purpose of incorporation in the circular dated 14 January 2025 issued by the Company.

1. BASIS OF VALUATION

Our valuation of property are our opinion of the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

2. VALUATION METHODOLOGY

We have valued the property by the direct comparison approach assuming sale of the properties in their existing states with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market.

3. TITLE INVESTIGATION

We have been provided with copies or extracts of title documents relating to the properties in the PRC and have been confirmed by the Group that no further relevant documents have been produced. However, we have not inspected the original documents to verify the ownership or to verify any amendments which may not appear on the copies handed to us. In the course of our valuations, we have relied upon the legal opinion (the "**Legal Opinion**") given by the Group's PRC legal advisor, Guangdong Nianfeng Law Firm (廣東年豐律師事務所) (the "**PRC Legal Adviser**"), regarding the titles of the properties located in the PRC.

4. VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the property in the market in their existing states without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of the property.

In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no allowance has been made for the property to be sold in one lot or to a single purchaser.

5. SOURCE OF INFORMATION

In the course of our valuation, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of properties, particulars of occupation, site/floor areas, ages of buildings and all other relevant matters which can affect the value of the property. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

6. VALUATION CONSIDERATION

We have inspected the exterior and, where possible, the interior of the property. No structural survey has been made in respect of the property. However, in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the site/floor areas of the property under consideration but we have assumed that the site/floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificate is based on information contained in the documents provided to us by the Group and are therefore approximations.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In valuing the property, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards (2020 Edition) published by The Hong Kong Institute of Surveyors.

7. REMARKS

In accordance with our standard practice, we must state that this report is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents and neither the whole, nor any part of this report may be included in any published documents or statement nor published in any way without our prior written approval of the form and context in which it may appear.

Unless otherwise stated, all monetary amounts stated in our valuation is in Renminbi (RMB).

Our Valuation Certificate is attached herewith.

Yours faithfully,
For and on behalf of
RAVIA GLOBAL APPRAISAL ADVISORY LIMITED

Dr. Alan Lee
PhD(BA) MFin BCom(Property)
MHKIS RPS(GP) AAPI CPV CPV(Business)
Director

Nancy Chan
Bsc (Hons) Surveying
MHKIS MRICS RPS(GP) MCIREA
Associate Director

Dr. Alan W K Lee is a Registered Professional Surveyor (General Practice), a member of Hong Kong Institute of Surveyors and an Associate of Australian Property Institute. He has over 20 years' valuation experience in Hong Kong, Macau, the PRC, the Asia Pacific Region, European countries and American countries.

Ms. Nancy Chan is Registered Professional Surveyor (General Practice), a member of Hong Kong Institute of Surveyors and a member of Royal Institute of Surveyors. She has over 14 years' valuation experience in Hong Kong, Macau, the PRC, the Asis Pacific Region.

VALUATION CERTIFICATE

Property held by the Group for investment purpose

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2024
1.	Various office and retail units in Guo Jin Era, Huanghe West Road Gulou District, Xuzhou City Jiangsu Province, the PRC 中華人民共和國江蘇省徐州市鼓樓區黃河西路國金時代之數個寫字樓及商舖單位 (Details please refer to Note 1)	The property comprises several office and retail units in a composite development, Guo Jin Era, which was completed in about 2015. The entire property development project is located on the southwest side of Huanghe West Road, Gulou District, Xuzhou City, adjacent to a mixed commercial/ residential area. The nearby development projects include residential and commercial buildings of different ages and floors. According to the information provided by the Company, the property has a total gross floor area of approximately 5,167.93 sq.m. (details please refer to Note 1), of which the office part is approximately 3,948.15 sq.m. and retail part is approximately 1,219.78 sq.m. The land use rights of the property have been granted for two concurrent terms expiring in 19 March 2049 and 19 March 2079 for office and commercial uses.	As advised by the Group, the property is partially owner occupied and partially vacant as at the Date of Valuation.	RMB26,660,000. (100% interest attributable to the Group)

Notes:

1. The room number and area breakdown of the property are as follows:

Floor	Room No.	Gross Floor Area (*sq.m.*)
1/F	Room 102	323.64
2/F	Room 201	896.14
3/F	Rooms 301 to 306, 309 to 311, 313, 315	549.99
4/F	Rooms 401 to 406, 409 to 415	619.87
5/F	Rooms 501 to 515	690.12
6/F	Rooms 601 to 615	697.13
7/F	Rooms 701 to 715	697.13
8/F	Rooms 801 to 815	693.91
	Sub-total:	5,167.93

2. Pursuant to Land Use Rights contract (No. 3203012008CR0038) dated 26 December 2008, the land use rights of a piece of land covering an area of 15,528 sq.m. have been granted to Xuzhou Guojin Real Estate Development Co. Ltd (徐州國金房地產開發有限公司)("**Xuzhou Guojin**").

3. Pursuant to Stated-owned Land Use Right Certificate, Xuzhou Guojin has been granted the land use rights of two plots with a total area of 15,528.40 sq.m. Details of the above certificates are set out below:

Certificate Number	Issue Date	Area (sq.m.)	Use	Expiry date
Xu Tu Guoyong (2009) No. 11859	2 June 2009	13,847.40	Finance	19 March 2049
			Residential	19 March 2079
Xu Tu Guoyong (2009) No. 08856	16 March 2010	1,681.00	Finance	19 March 2049
			Residential	19 March 2079
	Sub-total:	15,528.40		

4. Pursuant to Construction Land Planning Permit No. Xu Shi Gui Di Di Zi No. 320300200901024 dated 19 March 2009, Xuzhou Guojin was allowed to use a land use area of 23.3 acres for residential, commercial and office uses.

5. Pursuant to Construction Project Planning Permit No. 20090053 dated 1 March 2012, it includes residential building No. 1 and 2, commercial office building No. 3, basement, one public toilet, and one garbage room and a guard room with a total construction area of 47,121.60 sq.m. (of which 31,642.01 sq.m. is plot ratio GFA) has been approved for construction.

6. Pursuant to various Real Estate Title Certificates, the property has a total floor area of approximately 11,604.36 sq.m. and is legally owned by Xuzhou Guojin for office and commercial uses.

7. We have made reference to the below office comparable in arriving the unit rate of RMB$4,800 after adjustment of nature and location. The comparable were selected according to location and similarities with the subject property.

Comparable No.	Address	Consideration *(RMB)*	Gross Floor Area *(sq.m.)*	Unit Rate *(RMB per sq.m.)*
1	Hexin Plaza	360,000	62.25	5,783
2	Jun Sheng Plaza	520,000	110	4,727
3	Heng Mao Building	190,000	47	4,043

We have made reference to the below retail comparable in arriving the unit rate of RMB10,000 after adjustment of nature and location. The comparable were selected according to location and similarities with the subject property.

Comparable No.	Address	Consideration *(RMB)*	Gross Floor Area *(sq.m.)*	Unit Rate *(RMB per sq.m.)*
1	Huaihai West Road	2,300,000	209	11,000
2	Haiou Road	780,000	94.06	8,293
3	Haodejia Wuzi Shangcheng	400,000	40	10,000

The breakdown of the market value are as follows:

Floor	Gross Floor Area *(sq.m.)*	Unit Rate *(RMB per sq.m.)*	Market Value *(RMB) (Rounded)*
1/F	323.64	10,000	3,200,000
2/F	896.14	5,000	4,500,000
3/F	549.99	4,800	2,640,000
4/F	619.87	4,800	2,980,000
5/F	690.12	4,800	3,310,000
6/F	697.13	4,800	3,350,000
7/F	697.13	4,800	3,350,000
8/F	693.91	4,800	3,330,000
		Sub-total:	26,660,000

8. The inspection was performed by Huang Xiaojing, with 12 years valuation experience, in December 2024.

9. We have been provided with the Legal Opinion on the property prepared by the Group's PRC Legal Adviser, which contains, *inter alia*, the following information:

   a. Xuzhou Guojin (徐州國金) is in possession of a proper legal title to the property with a total gross floor area of approximately 5,167.93 sq.m. of the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;

   b. The existing use of the property is in compliance with the local planning regulations and has been approved by the relevant authorities;

   c. The property is not subject to mortgage or any other material encumbrances; and

   d. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(i) Directors' and chief executives' interests and short positions in the Shares

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), were as follows:

Long position in the Shares

Name of directors	Nature of interest	Number of ordinary Shares held	Total interests as percentage of the total number of issued Shares
Kwok Siu Bun	Beneficial owner	7,500	0.06%
Chow Kwai Wa Charmaine	Beneficial owner	9,750	0.08%
Kwok Siu Wa Alison	Beneficial owner	15,000	0.12%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(ii) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

As at Latest Practicable Date, so far as is known to the Directors, the following parties (other than the Directors and chief executives of the Company) had interests of 5% or more in the total number of issued shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long position in the Shares

Name of director	Nature of interest	Number of ordinary Shares held	Number of underlying Shares held	Total interests as percentage of the total number of Shares in issue
Rhenfield *(Note 1)*	Beneficial owner	6,743,433	–	55.06%
Tsang Yee	Interest in controlled corporation *(Note 1)*	6,743,433	–	55.06%
Tsang Tsz Nok Aleen	Beneficial owner	23,726	38,834,266 *(Note 2)*	317.27%
	Interest in controlled corporation *(Note 1)*	6,743,433	–	55.06%
Lui Kin Chung *(Note 3)*	Interest of spouse	6,767,159	38,834,266	372.32%
周偉康	Beneficial owner	743,475	–	6.07%

Notes:

1. Rhenfield is owned as to 50% by Mr. Tsang Yee and 50% by Ms. Tsang Tsz Nok Aleen, who are deemed to be interested in 6,743,433 Shares pursuant to the Part XV of the SFO.

2. Ms. Tsang Tsz Nok Aleen in her personal capacity is interested in an aggregate of 38,857,992 Shares, among which 38,834,266 Shares are the underlying Shares which will fall to be issued upon exercise of the conversion rights attaching to the convertible bond in the principal amount of HK$100,969,093.34 issued by the Company at the conversion price of HK$2.6 per Share on 6 May 2024. Details were set out in the announcements of the Company dated 6 March 2024, 10 April 2024, 26 April 2024, 30 April 2024, 2 May 2024 and 6 May 2024 and the circular of the Company dated 10 April 2024.

3. Mr. Lui Kin Chung is the spouse of Ms. Tsang Tsz Nok Aleen. Under the SFO, Mr. Lui Kin Chung is deemed to be interested in the same number of Shares in which Ms. Tsang Tsz Nok Aleen is interested.

Save as disclosed above, as at Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the issued shares carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, controlling shareholders nor their respective associates was interested in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any other member of the Group which is not determinable within one year without payment of compensation, other than statutory compensation.

5. DIRECTORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENT AND CONTRACTS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

6. MATERIAL CONTRACTS

Saved for the (i) Disposal Agreement; (ii) subscription agreement dated 6 March 2024 ("**Subscription Agreement**") entered into between the Company and Ms. Tsang Tsz Nok Aleen in respect of the subscription of the new convertible Bond as more particularly set out below ("**New Convertible Bond**"); and (iii) standstill agreement dated 30 April 2024 ("**Standstill Agreement**") entered into between the Company and Ms. Tsang Tsz Nok Aleen in respect of the 6% convertible bond due on 30 April 2024 issued by the Company to the Subscriber, the outstanding principal amount of which was HK$95,896,475.43 ("**Existing Convertible Bond**"), the Group has not entered into any material contract within the two years immediately preceding the Latest Practicable Date, which is or may be material.

Pursuant to the Subscription Agreement, the Company agreed to issue, and Ms. Tsang agreed to subscribe for the New Convertible Bond with a principal amount of not less than HK$100,869,000 and not more than HK$101,912,000. The New Convertible Bond will be mature by the end of the 36 months from the issue date of the New Convertible Bond and bear an interest of 6% per annum. The holder of New Convertible Bond shall have the right to convert the whole or in part of the New Convertible Bond into Shares at an initial conversion price of HK$2.6 on any business day during the conversion period, subject to the terms of the New Convertible Bond. Unless previously converted, the Company shall redeem the outstanding principal amount of the New Convertible Bond at the maturity date. The subscription was completed on 6 May 2024 and the Company issued a New Convertible Bond in the principal amount of HK$100,969,093.34 to Ms. Tsang. For further details of the Subscription Agreement and the New Convertible Bond, please refer to the announcements of the Company dated 6 March 2024 and 6 May 2024 and the circular of the Company dated 9 April 2024.

Pursuant to the Standstill Agreement, the time of repayment of all amounts outstanding under the Existing Convertible Bond will be extended to 30 June 2024 with interest rate unchanged, and the expiry date of the Standstill Agreement will be the earlier of the date of Completion or 30 June 2024. Moreover, the conversion rights under the Existing Convertible Bond will be extinguished pursuant to its terms on 30 June 2024. For further details of the Standstill Agreement, please refer to the announcement dated 30 April 2024.

7. LITIGATION

Save as disclosed below, neither the Company nor any of its subsidiaries was engaged in any material litigation of claims, and so far as the Directors were aware, no material litigation or claims were pending or threatened by or against any companies of the Group which likely have adverse effect to the Group:

(i) An Originating Summons was issued and filed with the High Court of Hong Kong on 11th August, 2017 by Fourseasons Hong Kong Trading Limited, a shareholder of the Company claiming against the Company as the defendant for leave to bring legal proceedings on behalf of the Company against Tsang Wai Lun Wayland and Kwok Wai Man Nancy, the former executive directors of the Company, Kwok Siu Bun, Kwok Siu Wa Alison, Ma Xuemian, Chow Kwai Wa Charmaine, Hui Pui Wai Kimber, Liu Chaodong, the Directors of the Company, Tsang Tsz Tung Debbie and Chui Wai Hung, the former non-executive director and Independent non-executive Director of the Company respectively, Surplus Full Development Limited (a BVI company) and Intra Asia Limited, both now are the subsidiaries of the Company and the other interested parties in a property project in Xuzhou.

The Company upon legal advice opposes the plaintiff's application and has filed its affirmation in opposition and the plaintiff has paid into Court security for costs of the defendants. As at the Latest Practicable Date, the trial date of these proceedings has not yet been fixed.

(ii) Chen Huan Chi claimed against Dongguan City Zhangmutou Properties Development Limited, Ka Fong Industrial Company Limited ("**Ka Fong**") and Grand Field Group Limited, the latter two companies being the subsidiaries of the Company for a dispute over the construction agreements. By the Judgment of Dongguang the 3rd People's Court, it was adjudged that Ka Fong had to pay to Chen Huan Chi approximately RMB15,480,000 and accrued interest thereon out of which approximately RMB15,080,000 from 13 March 1996 and RMB400,000 from 13 February 1997 both until 19 August 2019 are at the Financial Institutions Base Rate of the similar loans as pronounced by the People's Bank of China for the said period of time and as from 20 August 2019 until payment at the Loan Prime Rate pronounced by the National Interbank Funding Centre for the said period of time. Ka Fong appealed against the said judgment. The Appeal was dismissed by Dongguang City Intermediate People's Court on 23 May, 2022 and the said judgment was upheld.

Ka Fong had lodged a petition for re-trial with The Guangdong Higher People's Court. The lodge of the said petition has been accepted by The Guangdong Higher People's Court for investigation on 4 July 2023 and it has yet to have any further update as at the Latest Practicable Date. However, as advised by the Company's PRC legal adviser, the chance of The Guangdong Higher People's Court to give a decision ordering the case to be tried is remote. As a result, the Group has made a provision of the compensation of approximately RMB42,037,000 (equivalent to approximately HK$49,182,000), which was calculated basing on the principal amount of approximately RMB15,480,000 and the accrued interest of approximately RMB26,893,000 for the aforesaid periods and rates from 13 March 1996 up to 31 December 2022 as ordered by the said judgment to the consolidated profit or loss for the year ended 31 December 2022. Further provision of accrued interest of approximately RMB657,000 is made to the condensed consolidated statement of profit or loss for the year ended 31December 2023. In the opinion of the Directors, the said proceedings have no material impact on the operations of the Group. However, the Directors cannot reasonably measure the financial impact of the Group before the final conclusion of the said proceedings.

(iii) Xingfu Jiari Hotel Management (Shenzhen) Company Limited ("**Xingfu Jiari**"), a subsidiary of the Company claimed against Zhejiang Beishen Wen Lu Development Company Limited ("**Zhejiang Beishen**"), Shenzhen City Bo Rui De Trading Company Limited ("**Shenzhen Bo Rui De**"), Ningbo Heshan Industrial Company Limited ("**Ningbo Heshan**") and five other defendants arising from the dispute over a loan agreement for the sum of about RMB30 million and interest thereon was withdrawn. According to the 2024 Interim Report, the right of debt owed to Xingfu Jiari by Zhejiang Beishen for RMB34,707,835.64 was upheld and Ningbo Hezhan has collateral liabilities for the whole said debt owed by Zhenjiang Beishen, to be paid within one month from the Judgment, the other defendants have collateral liabilities of 50% of the unpaid said debt owed by Zhejiang Beishen to be paid within one month after the conclusion of the winding up proceedings of Zhenjiang Beishen.

(iv) The administrators of Zhejiang Beishen mentioned in paragraph (iii) above sued against Grand Field Property Development (Shenzhen) Limited ("**Grand Field Shenzhen**"), a subsidiary of the Company for collateral liabilities of the unpaid share capital by Ningbo Heshan (RMB29,981,200 being registered capital plus the interest incurred thereon). It was held that Grand Field Shenzhen and another shareholder were collaterally liable for the said unpaid share capital. Grand Field Shenzhen and another shareholder have appealed against this decision to Hangzhou intermediate People's Court. On 5 March 2024, Hangzhou intermediate People's Court dismissed the appeal of Grand Field Shenzhen and another and upheld the original decision.

Zhejiang Beishen has applied to the People's Court of Fu Yang District of Hangzhou City for compulsory execution of the said judgment. It was held that the amount for RMB30,194,804 under Grand Field Shenzhen was executed compulsorily. On 15 August 2024, Grand Field Shenzhen has submitted its application for re-trial to the Higher People's Court of Zhejiang Province. As at the Latest Practicable Date, the Company has yet received the result about the said application. According to the PRC legal adviser, the said proceedings involving Grand Field Shenzhen have not been concluded.

(v) Reference is made to the announcement by the Company dated 24 March 2023 in respect of the incident that G&H International Supply Chain (Shenzhen) Limited, a wholly-owned subsidiary of the Company, was alleged to have been defrauded by its Business Partner through a series of fictitious transactions. The Business Partner were arrested by the PRC police for criminal investigations. The Company may seek damages against the Business Partner and/or the relevant persons by civil action. For details, please refer to the announcements of the Company dated 24 March 2023 and 4 December 2023.

8. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualifications
Ravia Global Appraisal Advisory Limited	the independent property valuer of the Company

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its report and/or references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the above expert has confirmed that it did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, the above expert has confirmed that it did not have any direct or indirect interests in any assets which have been, since 31 December 2023 (being the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to, any member of the Group, or which are proposed to be acquired or disposed of by or leased to, any member of the Group.

9. MISCELLANEOUS

(i) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business of the Company is at Office A, 19/F, Kings Wing Plaza 1, 3 On Kwan Street, Shek Mun, Shatin, New Territories, Hong Kong.

(ii) The company secretary of the Company is Ms. Lam Yuen Ling, Eva. Ms. Lam is a fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.

(iii) The English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Company (www.gfghl.com) and the Stock Exchange (www.hkexnews.hk) for a period of not less than 14 days commencing from the date of this circular:

(i) the Disposal Agreement;

(ii) the valuation report on the Target Units conducted by the independent property valuer, the text of which is set out on Appendix II of this circular;

(iii) the written consent referred to in the paragraph headed "Expert and Consent" in this appendix; and

(iv) this circular.