
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Partial Offer, this Composite Document and/or the accompanying Form of Approval and Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a 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 Composite Document and the accompanying Form of Approval and Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Approval and Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Approval and Acceptance.

This Composite Document should be read in conjunction with the accompanying Form of Approval and Acceptance, the contents of which form part of the terms and conditions of the Partial Offer.

RHENFIELD DEVELOPMENT CORP.
(Incorporated in the British Virgin Islands with limited liability)

 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)

**COMPOSITE DOCUMENT RELATING TO
CONDITIONAL VOLUNTARY CASH PARTIAL OFFER BY
HALCYON SECURITIES LIMITED
FOR AND ON BEHALF OF
RHENFIELD DEVELOPMENT CORP.
TO ACQUIRE A MAXIMUM OF 110,809,306 SHARES IN
GRAND FIELD GROUP HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

Financial adviser to the Offeror

 鎧盛

Halcyon Capital Limited

Independent Financial Adviser to the Independent Board Committee



紅日資本有限公司
RED SUN CAPITAL LIMITED

Capitalised terms used in this cover page have the same meaning as those defined in the section headed “Definitions” in this Composite Document. A letter from Halcyon Securities containing, among other things, the details of the terms and conditions of the Partial Offer is set out on pages 6 to 21 of this Composite Document. A letter from the Board is set out on pages 22 to 30 of this Composite Document. A letter from the Independent Board Committee containing its recommendation to the Qualifying Shareholders in respect of the Partial Offer is set out on pages 31 to 32 of this Composite Document. A letter from Independent Financial Adviser, containing its advice to the Independent Board Committee in respect of the Partial Offer is set out on pages 33 to 59 of this Composite Document.

The procedures for acceptance and settlement of the Partial Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Approval and Acceptance. Acceptances should be received by the Share Registrar by no later than 4:00 p.m. (Hong Kong time) on Thursday, 21 March 2024, being the First Closing Date, or such later time and/or date as the Offeror may decide and announce and the Executive may approve.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Approval and Acceptance to any jurisdiction outside of Hong Kong should read the section headed “Overseas Shareholders” in the “Letter from Halcyon Securities” and Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Partial Offer to satisfy himself, herself or itself as to full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Partial Offer.

This Composite Document will remain on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at <http://www.gfghl.com>.

29 February 2024

CONTENTS

	<i>Page</i>
Expected timetable	ii
Important notice	vi
Definitions	1
Letter from Halcyon Securities	6
Letter from the Board	22
Letter from the Independent Board Committee	31
Letter from the Independent Financial Adviser	33
Appendix I – Further terms of the Partial Offer	I-1
Appendix II – Financial Information of the Group	II-1
Appendix III – Property Valuation Report	III-1
Appendix IV – General Information	IV-1
Appendix V – Report from ZHONGHUI ANDA CPA Limited	V-1
Appendix VI – Report from Red Sun	VI-1

EXPECTED TIMETABLE

The timetable set out below is indicative only and any changes to the timetable will be jointly announced by the Offeror and the Company as and when appropriate.

Event	Hong Kong Time & Date
Despatch date of this Composite Document and the accompanying Form of Approval and Acceptance and Partial Offer open for acceptance	Thursday, 29 February 2024
First Closing Date ^(Note 1)	Thursday, 21 March 2024
Latest time and date for approval and acceptance of the Partial Offer on the First Closing Date ^(Note 1)	4:00 p.m. on Thursday, 21 March 2024
Announcement of the results of the Partial Offer as at the First Closing Date to be posted on the website of the Stock Exchange ^(Note 1)	no later than 7:00 p.m. on Thursday, 21 March 2024
Latest time and date for the acceptance of the Partial Offer (assuming that the Partial Offer becomes or is declared unconditional as to acceptances on the First Closing Date) (i.e. the Final Closing Date) ^(Note 2)	4:00 p.m. on Friday, 5 April 2024
Announcement of the results of the Partial Offer as at the Final Closing Date to be posted on the website of the Stock Exchange ^(Note 3)	7:00 p.m. on Friday, 5 April 2024
Designated agent starts to stand in the market to provide matching services for sale and purchase of odd lots holdings of Shares (assuming that the Partial Offer becomes or is declared unconditional as to acceptances on the First Closing Date)	9:00 a.m. on Monday, 8 April 2024

EXPECTED TIMETABLE

Event	Hong Kong Time & Date
Latest date for posting of remittances for amounts due in respect of valid acceptances received under the Partial Offer at or before 4:00 p.m. on the Final Closing Date (assuming that the Partial Offer becomes or is declared unconditional in as to acceptances on the First Closing Date) ^(Note 4)	Tuesday, 16 April 2024
Latest date for despatch of share certificate(s) and/or any transfer receipt(s) and other document(s) of title for Shares tendered but not taken up or share certificate(s) in respect of the balance of such Shares (assuming that the Partial Offer becomes or is declared unconditional as to acceptances on the First Closing Date)	Tuesday, 16 April 2024
Latest time and date by which the Partial Offer can become or be declared unconditional as to acceptances ^(Note 2)	7:00 p.m. on Monday, 29 April 2024
Latest date for despatch of share certificate for those Offer Shares tendered but not purchased under the Partial Offer if the Partial Offer has not become unconditional ^(Note 2)	Thursday, 9 May 2024
Designated agent ceases to stand in the market to provide matching services for sale and purchase of odd lots holdings of Shares (assuming that the Partial Offer becomes or is declared unconditional as to acceptances on the First Closing Date)	4:00 p.m. on Monday, 20 May 2024

EXPECTED TIMETABLE

Notes:

1. The latest time for receipt of acceptances under the Partial Offer will be 4:00 p.m. on the First Closing Date unless the Offeror revises or extends the Partial Offer in accordance with the Takeovers Code. The Offeror and the Company will issue a joint announcement on the Stock Exchange's website by 7:00 p.m. on the First Closing Date, stating the results of the Partial Offer and whether the Partial Offer has been revised or extended, has expired or has become or is declared unconditional. Where the Partial Offer becomes or is declared unconditional as to acceptances, the Partial Offer will remain open for acceptance for not less than 14 days thereafter in accordance with the Takeovers Code, but the Partial Offer must remain open for at least 21 days following the Despatch Date. Accordingly, if the Partial Offer is declared unconditional as to acceptances on or before Thursday, 7 March 2024, then the Final Closing Date would be on (but no earlier than) the First Closing Date.
2. Where the Partial Offer becomes or is declared unconditional as to acceptances on the First Closing Date, the Partial Offer will remain open for acceptance for 14 days in accordance with the Takeovers Code, but cannot be further extended. In accordance with the Takeovers Code, except with the consent of the Executive, the Partial Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the Despatch Date. When a period laid down by the Takeovers Code ends on a day which is not a Business Day, the period is extended until the next Business Day. Accordingly, if the Partial Offer is declared unconditional as to acceptances on the First Closing Date, the Final Closing Date will be Friday, 5 April 2024. On the other hand, unless the Partial Offer has previously become unconditional as to acceptances, the Partial Offer will lapse after 7:00 p.m. on Monday, 29 April 2024, unless extended with the consent of the Executive. If the Partial Offer does not become, or is not declared, unconditional within the time permitted by the Takeovers Code, the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Share Registrar will be returned to the Qualifying Shareholders who have accepted the Partial Offer by ordinary post at the Qualifying Shareholders' own risk as soon as possible but in any event no later than seven (7) business days after the Partial Offer has lapsed.
3. The announcement of the results of the Partial Offer will be jointly issued by the Offeror and the Company and posted on the Stock Exchange's website by 7:00 p.m. on the Final Closing Date. Such announcement will comply with the disclosure requirements under Rule 19.1 and Note 7 to Rule 19 of the Takeovers Code and will include, among other things, the results of the Partial Offer and details of the way in which each accepting Shareholder's pro rata entitlement was determined.
4. Remittances in respect of the Shares tendered for acceptance and taken up by the Offeror under the Partial Offer (after deducting the seller's ad valorem stamp duty arising therefrom and, if applicable, the fees payable to the Share Registrar in respect of lost or unavailable Share certificates) will be posted to the relevant Qualifying Shareholders by ordinary post at their own risk as soon as possible, but in any event no later than seven business days following the Final Closing Date.
5. If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning in force or "extreme conditions" caused by super typhoon in Hong Kong:
 - (a) at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Partial Offer and the latest date for despatch of remittances for the amounts due under the Partial Offer in respect of valid acceptances, the latest time for acceptance of the Partial Offer will remain at 4:00 p.m. on the same business day and the latest date for the despatch of remittances will remain on the same business day; or

EXPECTED TIMETABLE

- (b) at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Partial Offer and the latest date for despatch of remittances for the amounts due under the Partial Offer in respect of valid acceptances, the latest time for acceptance of the Partial Offer and the latest date for the despatch of remittances will be rescheduled on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

Save as mentioned above, if the latest time for acceptance of the Partial Offer does not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will jointly notify the Qualifying Shareholders by way of announcement(s) in the event of any change to the expected timetable as and when appropriate.

IMPORTANT NOTICE

NOTICE TO OVERSEAS SHAREHOLDERS

The making of the Partial Offer to the Qualifying Shareholders who are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the applicable laws of the relevant jurisdictions in which they are located. Such Qualifying Shareholders should inform themselves about and observe any applicable legal or regulatory requirements in their own jurisdictions. It is the responsibility of any Overseas Shareholder wishing to accept the Partial Offer to satisfy himself/herself/itself (and, where necessary, seek independent legal advice) as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any transfer or other taxes due from such Overseas Shareholders in such relevant jurisdictions.

Any acceptance by such Overseas Shareholders will be deemed to constitute a representation and warranty from such persons to the Company, the Offeror, and their respective advisers, including the financial adviser, that those local laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers. For further details, please refer to the section headed “Overseas Shareholders” in the letter from Halcyon Securities and Appendix I to this Composite Document.

The Offeror, the Company, Halcyon Capital, Halcyon Securities, the Share Registrar, their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Partial Offer shall be entitled to be fully indemnified and held harmless by such Overseas Shareholders for any taxes, duties and levy as such person may be required to pay. Please see the section headed “Taxation” in Appendix I to this Composite Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The forward-looking statements included herein are made only as at the Latest Practicable Date. The Offeror, the Company, Halcyon Capital, Halcyon Securities and/or their respective agents assume no obligation to correct or update the forward-looking statements or opinions contained in this Composite Document, except as required pursuant to applicable laws or regulations, including but not limited to the Listing Rules and/or the Takeovers Code.

DEFINITIONS

In this Composite Document, unless the context otherwise requires, the following expressions shall have the following meaning:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Adjusted NAV”	the unaudited consolidated net asset value of the Group as adjusted by the fair value changes on the property interests of the Group
“Adjusted NAV per Share”	the Adjusted NAV divided by the number of Shares in issue
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“business day”	a day on which the Stock Exchange is open for transaction of business
“BVI”	the British Virgins Islands
“Company”	Grand Field Group Holdings Limited (stock code: 115), a company incorporated in Bermuda with limited liability whose Shares are listed on the Main Board of the Stock Exchange
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company (accompanied by the Form of Approval and Acceptance) in respect of the Partial Offer prepared in accordance with the Takeovers Code
“Conditions”	the conditions to which the Partial Offer is subject, as set out in the section headed “Conditions to the Partial Offer” in “Letter from Halcyon Securities” in this Composite Document
“Convertible Bond”	the 6% convertible bond with outstanding principal amount of HK\$95,896,475.43 and initial conversion price of HK\$0.38 per conversion Share which was held by Ms. Tsang as at the Latest Practicable Date
“CCASS”	the central clearing and settlement system, a securities settlement system used within Hong Kong Exchanges and clearing Limited

DEFINITIONS

“Despatch Date”	29 February 2024, being the date of despatch of this Composite Document to the Shareholders
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of the Executive Director
“Final Closing Date”	the date which is (i) the 14th day after the date on which the Partial Offer is declared unconditional as to acceptances; or (ii) the First Closing Date, whichever is the later, provided that the period is extended to the next Business Day if such day is not a Business Day and the Partial Offer will be open for acceptance for at least 21 days following the Despatch Date
“First Closing Date”	the date stated herein as the first closing day of the Partial Offer, being 21 March 2024, which shall be at least 21 days following the Despatch Date, or such later date as may be extended by the Offeror in accordance with the Takeovers Code
“Form of Approval and Acceptance”	the form of approval and acceptance and transfer in respect of the Partial Offer accompanying this Composite Document
“Group”	the Company and its subsidiaries (from time to time)
“Halcyon Capital”	Halcyon Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror in respect of the Partial Offer
“Halcyon Securities”	Halcyon Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO, which is the agent of the Offeror making the Partial Offer for and on behalf of the Offeror
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	an independent board committee of the Company comprising all independent non-executive Directors, namely, Mr. Hui Pui Wai Kimber, Mr. Liu Chaodong and Mr. Tsui Matthew Mo Kan, which has been established pursuant to the Takeovers Code to give recommendations to the Qualifying Shareholders in respect of the Partial Offer
“Independent Financial Adviser” or “Red Sun”	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 SFO, being the independent financial adviser appointed by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee in relation to the Partial Offer
“Joint Announcement”	the joint announcement dated 9 January 2024 jointly issued by the Offeror and the Company in relation to, among other things, the Partial Offer
“Latest Practicable Date”	26 February 2024, being the latest practicable date prior to the despatch of this Composite Document for the purpose of ascertaining certain information contained herein
“Last Trading Day”	3 January 2024, being the last trading day of the Shares on the Stock Exchange prior to the halt of trading in the Shares with effect from 9:00 a.m. on 4 January 2024, pending the release of the Joint Announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maximum Number of Offer Shares”	the maximum number of Offer Shares to be purchased by the Offeror from the Shareholders under the Partial Offer, being 110,809,306 Offer Shares
“Minimum Number of Offer Shares”	the minimum number of Offer Shares to be purchased by the Offeror from the Shareholders under the Partial Offer, being 49,765,454 Offer Shares
“Mr. Tsang”	Mr. Tsang Yee, a brother of Ms. Tsang
“Ms. Tsang”	Ms. Tsang Tsz Nok Aleen, a sister of Mr. Tsang

DEFINITIONS

“Ms. Tsang’s Irrevocable Undertaking”	the irrevocable undertaking executed by Ms. Tsang on 5 January 2024, the details of which are set out in section headed “Ms. Tsang’s Irrevocable Undertaking” in the “Letter from Halcyon Securities” in this Composite Document
“Offer Period”	has the meaning ascribed to it under the Takeovers Code which commences on the date of the Joint Announcement and ends on the date on which the Partial Offer close, lapse or withdraw
“Offer Price”	the price per Offer Share at which the Partial Offer will be made in cash, being HK\$0.13 per Offer Share
“Offer Share(s)”	the Share(s) held by the Qualifying Shareholders which are subject to the Partial Offer
“Offeror”	Rhenfield Development Corp., a company incorporated in the BVI with limited liability, which is owned as to 50% by Ms. Tsang and 50% by Mr. Tsang
“Overseas Shareholder(s)”	Qualifying Shareholder(s) whose address(es), as shown on the Register, is/are outside Hong Kong
“Partial Offer”	the conditional voluntary cash partial offer being made by Halcyon Securities for and on behalf of the Offeror to acquire a maximum of 110,809,306 Shares (other than those already owned by the Offeror and parties acting in concert with it) at the Offer Price in cash from the Qualifying Shareholders in accordance with the Takeovers Code on the basis set out in this Composite Document and accompanying Form of Approval and Acceptance, and any subsequent revision of such offer
“Pre-Condition”	the pre-condition to which the Partial Offer is subject, as set out in the section headed “Pre-Condition to the Partial Offer” in the “Letter from Halcyon Securities” in this Composite Document
“Profit Alert Announcement”	the profit alert announcement dated 20 February 2024 issued by the Company

DEFINITIONS

“PRC”	the People’s Republic of China, which for the purposes of this Composite Document, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Qualifying Shareholder(s)”	Shareholder(s) other than the Offeror and parties acting in concert with it
“Register”	register of members of the Company
“Relevant Period”	the period commencing on 9 July 2023, being the date falling six months prior to 9 January 2024, being the commencement date of the Offer Period and up to and including the Latest Practicable Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Registrar”	Tricor Secretaries Ltd., the branch share registrar and transfer office of the Company in Hong Kong at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC
“%”	per cent.

LETTER FROM HALCYON SECURITIES



Halcyon Securities Limited
11/F, 8 Wyndham Street,
Central, Hong Kong

29 February 2024

To the Qualifying Shareholders,

**CONDITIONAL VOLUNTARY CASH PARTIAL OFFER BY
HALCYON SECURITIES LIMITED
FOR AND ON BEHALF OF
RHENFIELD DEVELOPMENT CORP.
TO ACQUIRE A MAXIMUM OF 110,809,306 SHARES IN
GRAND FIELD GROUP HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

On 9 January 2024, the Offeror and the Company jointly announced that Halcyon Securities, on behalf of the Offeror, will make a voluntary conditional partial cash offer to acquire a maximum of 110,809,306 Shares in the issued share capital of the Company (representing 45.2% of the Company's issued share capital as at the Latest Practicable Date) from Qualifying Shareholders at the Offer Price of HK\$0.13 per Offer Share.

This letter forms part of this Composite Document and sets out certain background information of the Offeror, the reasons for making the Partial Offer and the intention of the Offeror in relation to the Group. The terms of the Partial Offer are set out in this letter, Appendix I to this Composite Document and in the accompanying Form of Approval and Acceptance.

THE PARTIAL OFFER

The Partial Offer is made by Halcyon Securities, for and on behalf of the Offeror, in compliance with the Takeovers Code on the basis set out below:

For each Offer Share HK\$0.13 in cash

LETTER FROM HALCYON SECURITIES

The Offer Shares to be acquired by the Offeror from the Qualifying Shareholders shall be fully paid, free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights and benefits at any time accruing and attaching thereto, including all rights to any dividend or other distributions the record date of which falls on or after the Final Closing Date. The Company confirms that as at the date of Latest Practicable Date, it had not declared any dividends or other distributions which remain unpaid and did not have any intention to make, declare or pay any further dividend or make other distributions between the date of Latest Practicable Date and the Final Closing Date.

If, after the Latest Practicable Date and up to the Final Closing Date, any dividend and distributions is declared in respect of the Offer Shares and the record date of which falls on or before the Final Closing Date, the Offeror reserves the right to reduce the Offer Price by an amount equal to the amount of such dividend or distributions declared, made or paid in respect of each Offer Share, in which case any reference in the Composite Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced.

PRE-CONDITION TO THE PARTIAL OFFER

The making of the Partial Offer was subject to the obtaining of consent from the Executive in respect of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code. As disclosed in the announcement jointly issued by the Company and the Offeror on 15 January 2024, the Offeror has obtained the consent from the Executive in respect of the Partial Offer.

CONDITIONS TO THE PARTIAL OFFER

The Partial Offer is subject to the fulfilment of the following Conditions:

- (i) valid acceptances being received (and not, where permitted, withdrawn) in respect of the Minimum Number of Offer Shares (i.e. 49,765,454 Offer Shares, determined based on rounding down 50% of existing issued share capital of the Company to the nearest Share plus 1 Share, and minus the existing number of Shares held by the Offeror and parties acting in concert with it as at the date of Latest Practicable Date) and which would result in the Offeror and parties acting in concert with it holding the interest in more than 50% of the Shares in issue at or before 4:00 p.m. (Hong Kong time) on the First Closing Date, provided that the Offeror shall purchase from the Qualifying Shareholders as many Offer Shares as are tendered by the Qualifying Shareholders up to the Maximum Number of Offer Shares (i.e. 110,809,306 Offer Shares); and

LETTER FROM HALCYON SECURITIES

- (ii) approval of the Partial Offer pursuant to Rule 28.5 of the Takeovers Code by Qualifying Shareholders who are registered as Shareholders in the Register as at the First Closing Date holding over 50% of the Shares not held by the Offeror and parties acting in concert with it, signified by means of a separate tick box on the Form of Approval and Acceptance specifying the number of Shares in respect of which the Partial Offer is approved.

Under Rule 28.5 of the Takeovers Code, a partial offer which could result in the offeror holding 30% or more of the voting rights in a company must normally be conditional on the approval by shareholders holding over 50% of the voting rights not held by the offeror and parties acting in concert with it by means of signifying their approval on a separate box on the form of acceptance.

The Offeror is held by Ms. Tsang and Mr. Tsang in equal shares. Mr. Tsang Wai Lun Wayland and Ms. Kwok Wai Man Nancy are the parents of Ms. Tsang and Mr. Tsang, Mr. Kwok Siu Bun (an executive Director) is the uncle of Ms. Tsang and Mr. Tsang. Ms. Kwok Siu Wa Alison (an executive Director) is the aunt of Ms. Tsang and Mr. Tsang. Each of Ms. Tsang, Mr. Tsang, Mr. Tsang Wai Lun Wayland, Ms. Kwok Wai Man Nancy, Mr. Kwok Siu Bun and Ms. Kwok Siu Wa Alison is a party acting in concert with the Offeror.

As at the Latest Practicable Date, Ms. Tsang, Mr. Tsang Wai Lun Wayland, Ms. Kwok Wai Man Nancy, Mr. Kwok Siu Bun and Ms. Kwok Siu Wa Alison held 474,530 Shares, 76,950 Shares, 1,343,950 Shares, 150,000 Shares and 300,000 Shares, respectively, representing approximately 0.19%, 0.03%, 0.55%, 0.06% and 0.12%, respectively, of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, none of Ms. Tsang, Mr. Tsang Wai Lun Wayland, Ms. Kwok Wai Man Nancy, Mr. Kwok Siu Bun, and Ms. Kwok Siu Wa Alison are Qualifying Shareholders nor are they entitled to signify their approval of the Partial Offer under Rule 28.5 of the Takeovers Code.

Whether or not the Qualifying Shareholders accept the Partial Offer, they may approve the Partial Offer AND specify the number of Offer Shares in respect of which they signify their approval of the Partial Offer on the Form of Approval and Acceptance. Qualifying Shareholder may specify the number of the Offer Shares in respect of which they tender for acceptance of the Partial Offer.

In the event that valid acceptances are received:

- (i) for less than the Minimum Number of Offer Shares by the First Closing Date, unless the First Closing Date is extended in accordance with the Takeovers Code, the Partial Offer will not proceed and will lapse immediately; or

LETTER FROM HALCYON SECURITIES

- (ii) for not less than the Minimum Number of Offer Shares and which would result in the Offeror and parties acting in concert with it holding the interest in more than 50% of the Shares in issue on or before the First Closing Date, the Offeror will declare the Partial Offer unconditional as to acceptances on or before the First Closing Date.

Pursuant to Rule 15.1 of the Takeovers Code, the Partial Offer must initially be open for acceptance for at least 21 days following the date of despatch of the Composite Document.

Pursuant to Rule 15.3 of the Takeovers Code, where a conditional offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptance for not less than 14 days thereafter. Pursuant to Rule 28.4 of the Takeovers Code, if the Partial Offer has been declared unconditional as to acceptances on the First Closing Date, the Offeror cannot extend the Final Closing Date to a day beyond the 14th day after the First Closing Date. When a period laid down by the Takeovers Code ends on a day which is not a Business Day, the period is extended until the next Business Day.

Accordingly, if the Partial Offer is declared unconditional as to acceptances on or before the 7th day after the Despatch Date, then the Final Closing Date would be on (but no earlier than) the First Closing Date. If the Partial Offer is declared unconditional as to acceptances later than the 7th day after the Despatch Date, then the Final Closing Date would be 14 days after the date of such declaration.

If by the Final Closing Date, the Partial Offer has not been approved for the purpose of Rule 28.5 of the Takeovers Code by Qualifying Shareholders who are registered as Shareholders on the Register as at the First Closing Date holding over 50% of the Shares not held by the Offeror and parties acting in concert with it, the Partial Offer will lapse.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Partial Offer or the fulfilment of the condition to the Partial Offer in accordance with the Takeovers Code and the Listing Rules. The latest time on which the Offeror can declare the Partial Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the despatch of the Composite Document (or such later date to which the Executive may consent).

Pursuant to Rule 28.6 of the Takeovers Code, since the Offeror and parties acting in concert with it will be holding more than 50% of the voting rights of the Company if the Partial Offer becomes unconditional in all respects, the Offeror will then be free to acquire further voting rights in the Company without incurring any obligation to make a general offer subject to Rule 28.3 of the Takeovers Code (that is, the Offeror and parties acting in concert with it (and any other person who is subsequently acting in concert with any of them) may not acquire voting rights in the Company during the 12 month period immediately following the end of the Offer Period, except with the consent of the Executive).

LETTER FROM HALCYON SECURITIES

WARNING: Shareholders and potential investors of the Company should note that the Partial Offer is subject to the satisfaction of the Conditions. Accordingly, the Partial Offer may or may not become unconditional and will lapse if it does not become unconditional. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. Persons who are in doubt about their positions, they should consult their professional advisers.

Comparison of value for the Offer Price

The Offer Price of HK\$0.13 per Offer Share represents:

- (i) a premium of approximately 15.0% over the closing price of HK\$0.113 per Share quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 30.0% over the closing price of HK\$0.10 per Share as quoted on the Stock Exchange on 3 January 2024, being the Last Trading Day;
- (iii) a premium of approximately 29.2% over the average closing price of approximately HK\$0.101 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 15.5% over the average closing price of approximately HK\$0.113 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 7.7% to the average closing price of approximately HK\$0.141 per Share as quoted on the Stock Exchange for the ninety (90) consecutive trading days up to and including the Last Trading Day;
- (vi) a discount of approximately 94.4% to the audited consolidated net asset value of the Group attributable to the Shareholders per Share as at 31 December 2022 of approximately HK\$2.32 (based on a total of 244,955,413 Shares in issue as at 31 December 2022 and the audited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$569,143,000 as at 31 December 2022, as disclosed in the annual report of the Company for the year ended 31 December 2022);
- (vii) a discount of approximately 93.8% to the unaudited consolidated net asset value of the Group attributable to the Shareholders per Share as at 30 June 2023 of approximately HK\$2.09 (based on a total of 244,955,413 Shares in issue as at 30 June 2023 and the unaudited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$511,478,000 as at 30 June 2023, as disclosed in the interim report of the Company for the six months ended 30 June 2023); and
- (viii) a discount of approximately 95.2% to the Adjusted NAV per Share as at 30 June 2023 of approximately HK\$2.70 (details of the calculation of the Adjusted NAV is set out on page II-2 in Appendix II to this Composite Document).

LETTER FROM HALCYON SECURITIES

MS. TSANG'S IRREVOCABLE UNDERTAKING

As at the Latest Practicable Date, Ms. Tsang held 474,530 Shares and the Convertible Bond in the outstanding principal amount of HK\$95,896,475.43 which is convertible into a maximum of 252,359,145 Shares (at the initial conversion price of HK\$0.38 per conversion Share).

On 5 January 2024, Ms. Tsang executed the Ms. Tsang's Irrevocable Undertaking in favour of the Offeror, pursuant to which Ms. Tsang has irrevocably agreed and undertaken to the Offeror that at any time during the period between the date of Ms. Tsang's Irrevocable Undertaking and the end of the offer period of the Partial Offer: (a) she will not, whether directly or indirectly, offer, sell, transfer, pledge, encumber, grant any right over or otherwise dispose of any of the Convertible Bond beneficially owned by Ms. Tsang; (b) she will not exercise the conversion right under the terms of the Convertible Bond to subscribe for any conversion Shares; and (c) no offer has to be extended to her in relation to the Convertible Bond; and even if such offer is extended to her, she will not accept the offer in respect of any of the Convertible Bond. The Irrevocable Undertaking will be terminated by the end of the offer period of the Partial Offer.

Given Ms. Tsang has given the Ms. Tsang's Irrevocable Undertaking, no comparable offer will be made for the Convertible Bond.

TOTAL VALUE OF THE PARTIAL OFFER

Assuming valid acceptance of the Partial Offer for the relevant number of Offer Shares has been tendered by the Qualifying Shareholders and based on the Offer Price of HK\$0.13 per Offer Share, the total cash consideration payable by the Offeror to purchase (a) the Maximum Number of Offer Shares from the Qualifying Shareholders under the Partial Offer will be HK\$14,405,209.78; and (b) the Minimum Number of Offer Shares from the Qualifying Shareholders under the Partial Offer will be HK\$6,469,509.02.

FINANCIAL RESOURCES AVAILABLE TO THE OFFEROR

The Offeror intends to finance and satisfy the consideration payable by the Offeror under the Partial Offer from its own financial resources.

Halcyon Capital, being the financial adviser to the Offeror in relation to the Partial Offer, is satisfied that there are sufficient financial resources available to the Offeror to satisfy the maximum consideration payable by the Offeror for the Partial Offer.

PROCEDURES FOR ACCEPTANCE OF THE PARTIAL OFFER

To accept the Partial Offer, you should complete and sign the accompanying Form of Approval and Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Partial Offer.

LETTER FROM HALCYON SECURITIES

If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities in respect thereof) (if applicable) in respect of the Shares is/are in the name of the Qualifying Shareholder(s), and he/she/it wishes to accept the Partial Offer whether in full or in respect of part of his/her/its holding of the Shares, he/she/it should complete and return the accompanying Form of Approval and Acceptance in accordance with the instructions printed in this Composite Document and on the Form of Approval and Acceptance. The instructions in this Composite Document should be read together with the instructions on the Form of Approval and Acceptance (which instructions form part of the terms of the Partial Offer).

In order to be valid, the completed Form of Approval and Acceptance should be forwarded, together with the Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) for not less than the number of Shares in respect of which the relevant Qualifying Shareholder wishes to accept the Partial Offer, by post or by hand to the Share Registrar, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, in an envelope marked “Grand Field Group Holdings Limited – Partial Offer” as soon as possible after receipt of the Form of Approval and Acceptance but in any event so as to reach the Share Registrar by no later than 4:00 p.m. (Hong Kong time) on the Final Closing Date, or such later time and/or date as the Offeror may decide and announce and the Executive may approve.

Unless the Partial Offer is extended or revised in accordance with the Takeovers Code, no Form of Approval and Acceptance received after the Final Closing Date will be accepted.

If the Form of Approval and Acceptance is executed by a person other than the registered holder, appropriate documentary evidence of authority (e.g, a grant of probate or certified copy of a power of attorney) to the satisfaction of the Share Registrar must be delivered to the Share Registrar with the completed Form of Approval and Acceptance.

No acknowledgement of receipt of any Form of Approval and Acceptance, Share certificate(s), transfer receipt(s) or other document(s) of title (and/or any indemnity or indemnities in respect thereof) (if applicable) will be given.

In relation to any acceptance(s) of the Partial Offer in respect of Shares held in CCASS, the Company reserves the right to make such alterations, additions or modifications to the terms of the Partial Offer as may be necessary or desirable to give effect to any purported acceptance of the Partial Offer, whether to comply with the facilities or requirements of CCASS or otherwise, provided such alterations, additions or modifications are consistent with the requirements of the Takeovers Code and any applicable laws and regulations or are otherwise made with the Executive’s consent.

LETTER FROM HALCYON SECURITIES

ACCEPTANCE OF THE PARTIAL OFFER

The Qualifying Shareholders may accept the Partial Offer in respect of some or all of the Offer Shares held by them. Subject to the Partial Offer becoming unconditional in all respects: (i) if valid acceptances are received for not less than the Minimum Number of Offer Shares, but not more than the Maximum Number of Offer Shares as at the Final Closing Date, all Offer Shares validly accepted will be taken up; and (ii) if valid acceptances are received for more than the Maximum Number of Offer Shares as at the Final Closing Date, the total number of Offer Shares to be taken up by the Offeror from each accepting Qualifying Shareholder will be determined by the total number of Offer Shares tendered for acceptance in accordance with the following formula:

$$\frac{A}{B} \times C$$

A = the Maximum Number of Offer Shares as at the Final Closing Date, being the maximum number of Offer Shares for which the Partial Offer is made

B = the total number of Offer Shares validly tendered by all Qualifying Shareholders under the Partial Offer

C = the number of Offer Shares tendered by the relevant individual Qualifying Shareholder under the Partial Offer

PARTIAL NATURE OF THE PARTIAL OFFER AND EFFECT OF FRACTIONS

It is possible that, if a Qualifying Shareholder tenders all his/her Shares for acceptance under the Partial Offer, not all of such Shares will be taken up.

Fractions of Offer Shares will not be taken up under the Partial Offer and, accordingly, the number of Offer Shares that the Offeror will take up from each Qualifying Shareholder in accordance with the above formula will be rounded down to the nearest whole number at the discretion of the Offeror, and in any event, the total number of Offer Shares to be taken up by the Offeror will not exceed the Maximum Number of Offer Shares.

ODD LOTS

Qualifying Shareholders should note that acceptance of the Partial Offer may result in their holding odd lots of Shares. Accordingly, Supreme China Securities Limited whose address is at Room 2506, 25/F., Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong (telephone number: +852 3898 1863, office hours: 9:00 a.m. to 5:30 p.m.) has been appointed by the Offeror to match sales and purchases of odd lot holdings of Shares in the market for a period of six weeks following the closing of the Partial Offer to enable such Qualifying Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots. Qualifying Shareholders should note that the matching of odd lots is not guaranteed.

LETTER FROM HALCYON SECURITIES

SETTLEMENT

Provided that the Partial Offer becomes or is declared unconditional in all respects and a duly completed Form of Approval and Acceptance and the relevant documents required to tender the relevant acceptance under the Partial Offer are received by the Share Registrar by no later than 4:00 p.m. (Hong Kong time) on the Final Closing Date, or such later time and/or date as the Offeror may decide and announce and the Executive may approve, and are in good order in all respects and in accordance with the Takeovers Code, the Share Registrar will send to the relevant accepting Shareholder by ordinary post, at his/her/its own risk, (a) a remittance for the amount due to him/her/it under the Partial Offer (taking into account any scaling down of his/her/its acceptance, seller's ad valorem stamp duty payable by the relevant accepting Shareholder and, if applicable, the fees payable to the Share Registrar in respect of lost or unavailable Share certificates; and (b) (if applicable) any Share certificate(s) and/or any transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities in respect thereof) (if applicable) for Shares not taken up by the Offeror, in each case, as soon as possible but in any event no later than seven business days (as defined in the Takeovers Code) following the Final Closing Date.

Settlement of the consideration to which any accepting Shareholder is entitled under the Partial Offer will be implemented in full in accordance with the terms of the Partial Offer (save with respect to payment of seller's ad valorem stamp duty as set out in paragraph above) without regard to any lien, right of set-off, counterclaim, or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Shareholder.

No fractions of a cent will be payable and the amount of cash consideration payable to an accepting Shareholder will be rounded up to the nearest cent.

Cheque(s) not presented for payment within six months from the date of issue of the cheque will not be honoured and be of no further effect, and in such circumstances, cheque holder(s) should contact the Offeror for payment.

If the Partial Offer does not become, or is not declared, unconditional in all respects within the time permitted by the Takeovers Code, or is withdrawn or lapsed, the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the branch registrar of the Company in Hong Kong will be returned to persons who have accepted the Partial Offer by ordinary post at his/her own risk as soon as possible but in any event no later than seven (7) business days after the Partial Offer is withdrawn or lapsed.

LETTER FROM HALCYON SECURITIES

If part of the Shares tendered by the Qualifying Shareholders are not taken up by the Offeror under the Partial Offer, the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) for the Shares not taken up by the Offeror will be returned to persons who have accepted the Partial Offer by ordinary post at his/her own risk as soon as possible but in any event no later than seven (7) business days following the Final Closing Date.

EFFECT OF ACCEPTING THE PARTIAL OFFER

By validly accepting the Partial Offer, the Qualifying Shareholders will sell to the Offeror their tendered Shares which are finally taken up by the Offeror in accordance with the formula set out in the section headed “Acceptance of the Partial Offer” above.

Acceptance of the Partial Offer by any Qualifying Shareholder will constitute a warranty by such Qualifying Shareholder to the Offeror that the Shares sold by it to the Offeror under the Partial Offer are fully paid, free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights and benefits at any time accruing and attaching thereto, including all rights to any dividend or other distributions the record date of which falls on or after the Final Closing Date. The Company confirms that as at the Latest Practicable Date, it has not declared any dividends or other distributions which remain unpaid and does not have any intention to make, declare or pay any further dividend or make other distributions between the Latest Practicable Date and the Final Closing Date.

If, after the Latest Practicable Date and up to the Final Closing Date, any dividend and distributions is declared in respect of the Offer Shares and the record date of which falls on or before the Final Closing Date, the Offeror reserves the right to reduce the Offer Price by an amount equal to the amount of such dividend or distributions declared, made or paid in respect of each Offer Share, in which case any reference in this Composite Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced.

Acceptance of the Partial Offer shall be irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code.

Overseas Shareholders

Based on the register of members of the Company as at the Latest Practicable Date, there were 55 Overseas Shareholders holding a total of 16,729,941 Shares (representing approximately 6.8% of the Shares in issue as at the Latest Practicable Date) with registered addresses in Australia, the PRC, Japan, Macau, New Zealand, Nigeria, the Philippines, the United Kingdom and the United States of America.

LETTER FROM HALCYON SECURITIES

The Partial Offer is made available to all Qualifying Shareholders, including those who are resident outside Hong Kong. This Composite Document will not be filed under the applicable securities or equivalent legislation or rules of any jurisdiction other than Hong Kong.

The availability of the Partial Offer to persons who are not resident in Hong Kong may be affected by the applicable laws of the relevant jurisdiction in which they reside. Qualifying Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements in their own jurisdictions and, where necessary, seek their own legal advice. It is the responsibility of those Qualifying Shareholders who wish to accept the Partial Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Partial Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Qualifying Shareholders in respect of such jurisdictions).

Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should satisfy themselves as to the observance of any applicable legal or regulatory requirements in their own jurisdictions and, where necessary, consult their own professional advisers. It is the responsibilities of any such persons who wish to accept the Partial Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with therewith (including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities or legal requirements or the payment of any transfer or other taxes due from such persons in respect of such jurisdictions).

Any acceptance of the Partial Offer by any Qualifying Shareholders will be deemed to constitute a representation and warranty from such Qualifying Shareholders to the Offeror that the local laws and requirements have been complied with and the Partial Offer can be accepted by such Qualifying Shareholder under the laws and regulations of the relevant jurisdiction and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. The Overseas Shareholders should consult their professional advisers if in doubt.

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptance of the Partial Offer will be payable by the Qualifying Shareholders who accept the Partial Offer at a rate of 0.1% of (i) the consideration payable by the Offeror in respect of the relevant acceptance of the Partial Offer; or (ii) the market value of the Offer Shares, whichever is higher, and such stamp duty will be deducted from the cash amount payable by the Offeror to such Qualifying Shareholders on acceptance of the Partial Offer.

LETTER FROM HALCYON SECURITIES

The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the Qualifying Shareholders that accept the Partial Offer and will pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Partial Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Taxation

Qualifying Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of approving, accepting or rejecting the Partial Offer. None of the Offeror and parties acting in concert with it, Halcyon Securities, Halcyon Capital, the Company and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Partial Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their approval, acceptance or rejection of the Partial Offer.

SHAREHOLDING STRUCTURE OF THE COMPANY AND EFFECT OF THE PARTIAL OFFER

Assuming that there will be no change to the issued share capital of the Company and no other change to the shareholding between the Latest Practicable Date and up to the Final Closing Date, set out below is the shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of the Partial Offer (assuming none of the Directors accept the Partial Offer):

Name of Shareholders	As at the Latest Practicable Date		Upon completion of the Partial Offer			
			Assuming the Minimum Number of Offer Shares is tendered for acceptance by the Qualifying Shareholders under the Partial Offer (Note 5)		Assuming the Maximum Number of Offer Shares is tendered for acceptance by the Qualifying Shareholders under the Partial Offer (Note 5)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Offeror	70,366,823	28.73	120,132,277	49.05	181,176,129	73.97
Ms. Tsang	474,530	0.19	474,530	0.19	474,530	0.19
Mr. Tsang Wai Lun Wayland (Note 1)	76,950	0.03	76,950	0.03	76,950	0.03
Ms. Kwok Wai Man Nancy (Note 1)	1,343,950	0.55	1,343,950	0.55	1,343,950	0.55
Mr. Kwok Siu Bun (Note 2)	150,000	0.06	150,000	0.06	150,000	0.06
Ms. Kwok Siu Wa Alison (Note 3)	300,000	0.12	300,000	0.12	300,000	0.12
Sub-total of the Offeror and parties acting in concert with it	72,712,253	29.68	122,477,707	50.00	183,521,559	74.92
Other Director						
Ms. Chow Kwai Wa Charmaine (Note 4)	195,000	0.08	195,000	0.08	195,000	0.08
Public Shareholders	172,048,160	70.24	122,282,706	49.92	61,238,854	25.00
Total	244,955,413	100.00	244,955,413	100.00	244,955,413	100.00

LETTER FROM HALCYON SECURITIES

Notes:

1. Mr. Tsang Wai Lun Wayland and Ms. Kwok Wai Man Nancy are parents of Ms. Tsang and Mr. Tsang, each of whom holds 50% shareholding in the Offeror, and therefore parties acting in concert with the Offeror.
2. Mr. Kwok Siu Bun is the uncle of Mr. Tsang and Ms. Tsang, each of whom holds 50% shareholding in the Offeror, and therefore a party acting in concert with the Offeror.
3. Ms. Kwok Siu Wa Alison is the aunt of Mr. Tsang and Ms. Tsang, each of whom holds 50% shareholding in the Offeror, and therefore a party acting in concert with the Offeror.
4. Ms. Chow Kwai Wa Charmaine is an executive Director. She is a Qualifying Shareholder and the Shares held by her are subject to the Partial Offer. Save that Ms. Chow is a Director and that each of Ms. Chow, Ms. Tsang and Mr. Tsang is an employee of the Company, there is no relationship between (i) Ms. Chow; and (ii) the Offeror, Ms. Tsang, Mr. Tsang and/ or the parties acting in concert with any of them.
5. On the assumption that all Shares tendered for acceptance under the Partial Offer are from Public Shareholders (as listed in the table above).

INFORMATION OF THE OFFEROR

The Offeror is a company incorporated under the laws of the BVI in 1999. As at the Latest Practicable Date, the Offeror was owned by Ms. Tsang and Mr. Tsang, the brother of Ms. Tsang, in equal shares. The principal activity of the Offeror is investment holding. The Offeror did not have any published accounts since its incorporation. Ms. Tsang, aged 35, is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Ms. Tsang holds a bachelor degree of Business Administration in Information Systems from The University of Hong Kong. Ms. Tsang has over 10 years of working experience in auditing and accounting profession. Ms. Tsang is currently the finance manager of the Company and is an independent non-executive director of Sau San Tong Holdings Limited (stock code: 8200). Ms. Tsang is also the holder of the Convertible Bond. Mr. Tsang, aged 32, has a Bachelor of Chemistry degree from the University of California, Los Angeles, a Master's degree in Real Estate from The University of Hong Kong and also holds an MBA from the University of Chicago. His professional affiliations include being a member of the Royal Institution of Chartered Surveyors (MRICS). Mr. Tsang is the general manager of the Company.

The Offeror held 70,366,823 Shares, representing approximately 28.73% of the issued share capital of the Company as at the Latest Practicable Date.

LETTER FROM HALCYON SECURITIES

REASONS FOR THE PARTIAL OFFER AND INTENTION OF THE OFFEROR

The property development market and property investment market in the PRC has been facing challenges in recent years, with sentiment worsening among investors in the sector, and the Shares were thinly traded over the past two years. The Offeror and parties acting in concert with it had demonstrated their support to the Group through provision of personal guarantees to the borrowings of the Group. The Offeror believes that the Partial Offer would send a positive signal to the stakeholders of the Company, especially to its staff, customers and contractors, and demonstrate its confidence in, and strengthen its relationship with, the Group whilst reinforcing its commitment and dedication to the Group. Given the thin trading over the past two years, the Offeror also considers that the Partial Offer would offer an opportunity to Qualifying Shareholders who wish to realise their investment at a premium to the market price, while the Qualifying Shareholders may also choose to retain part of their equity interest in the Company if they wish.

As at the Latest Practicable Date, the Offeror and parties acting in concert with it collectively owned approximately 29.68% of the voting rights in the Company. Upon the Partial Offer becoming unconditional, the Offeror and parties acting in concert with it will collectively own not less than 50% of voting rights in the Company, which allow them to exercise statutory control of the Company, but not over 75% of voting rights in the Company. At the same time, it is the intention of the Offeror to maintain the listing status of the Shares on the Stock Exchange upon completion of the Partial Offer and the public float of the Company will be maintained above the 25% level as required under the Listing Rules upon completion of the Partial Offer.

It is the intention of the Offeror to continue with the Group's existing principal business. In particular, the Offeror has no plan and/or intention to (i) introduce any major changes to the existing business and operation of the Group; (ii) discontinue the employment of any employees of the Group or to make significant changes to any employment; (iii) dispose of or re-deploy the fixed assets of the Company other than those in its ordinary and usual course of business; or (iv) downsize or change the scale of the Group's existing principal businesses. The Offeror considers that the Group should continue to review its strategy in view of latest developments of the businesses of the Group.

Meanwhile, Ms. Tsang is the holder of the Convertible Bond which will be due on the 18th month from 31 October 2022 (which will be on or around 30 April 2024). It is currently anticipated that, subject to further discussion with the Company on an arm's length basis, taking into account the then liquidity requirement and the need of the Group, Ms. Tsang may enter into a new subscription agreement with the Company to subscribe for a new convertible bond to repay part or entire amount of the then outstanding Convertible Bond (the "**Possible CB Subscription**") by mid-March 2024. The Possible CB Subscription, if materialised, will be subject to compliance with the applicable requirements under the Listing Rules including, but not limited to, the approval by the then independent Shareholders, but will not be conditional on the approval of the Partial Offer or the Partial Offer becoming unconditional. The Partial Offer is not conditional on the completion of the Possible CB Subscription.

LETTER FROM HALCYON SECURITIES

PUBLIC FLOAT AND INTENTION OF THE OFFEROR TO MAINTAIN THE LISTING OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Partial Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) that there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the Shares.

As at the Latest Practicable Date, the Company had a public float of approximately 70.24% of the Shares in issue. Assuming (i) full acceptances of the Maximum Number of Offer Shares under the Partial Offer by the Qualifying Shareholders (other than the Directors) and (ii) that there are no changes to the issued share capital of the Company between the Latest Practicable Date and up to the Final Closing Date, the Company will have a public float of slightly above 25.0% of the Shares in issue immediately following the close of the Partial Offer. Accordingly, the number of Shares in public hands will continue to meet the 25% minimum public float requirement under Rule 8.08 of the Listing Rules. The Offeror intends to maintain the listing status of the Shares on the Stock Exchange upon completion of the Partial Offer.

The directors of the Offeror jointly and severally have undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in Shares upon completion of the Partial Offer.

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any outstanding Offer Shares not acquired under the Partial Offer after the close of the Partial Offer.

RESPONSIBILITY FOR DOCUMENTS

All communications, notices, Form of Approval and Acceptance, Share certificates, transfer receipts, other documents of title (and/or any indemnity or indemnities in respect thereof) and remittances to be delivered or sent by, to or from any Qualifying Shareholders will be delivered or sent by, to and from them, or their designated agents, at their own risks and none of the Offeror or the Company and their ultimate beneficial owners and parties acting in concert with any of them, Halcyon Capital, Halcyon Securities, the Share Registrar or any of their respective directors or professional advisers or any other persons involved in the Partial Offer accepts any liability for any loss or any other liabilities whatsoever which may arise as a result.

LETTER FROM HALCYON SECURITIES

ADDITIONAL INFORMATION

Your attention is drawn to the “Letter from the Board” on pages 22 to 30, the “Letter from the Independent Board Committee” on pages 31 to 32 and the “Letter from the Independent Financial Adviser” on pages 33 to 59 of this Composite Document in relation to their respective recommendations and advice with respect to the Partial Offer.

Your attention is also drawn to the additional information set out in the Appendices to this Composite Document.

Yours faithfully
For and on behalf of
Halcyon Securities Limited
Gilbert Lam
Executive Director

LETTER FROM THE BOARD



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)

Executive Directors:

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

Registered office in Bermuda:

Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda

Independent non-executive Directors:

Mr. Hui Pui Wai Kimber
Mr. Liu Chaodong
Mr. Tsui Matthew Mo Kan

*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

29 February 2024

To the Qualifying Shareholders,

Dear Sir or Madam,

**CONDITIONAL VOLUNTARY CASH PARTIAL OFFER BY
HALCYON SECURITIES LIMITED
FOR AND ON BEHALF OF
RHENFIELD DEVELOPMENT CORP.
TO ACQUIRE A MAXIMUM OF 110,809,306 SHARES IN
GRAND FIELD GROUP HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

On 9 January 2024, the Offeror and the Company jointly announced that Halcyon Securities, on behalf of the Offeror, will make a voluntary conditional partial cash offer to acquire a maximum of 110,809,306 Shares in the issued share capital of the Company from Qualifying Shareholders at the Offer Price of HK\$0.13 per Offer Share.

LETTER FROM THE BOARD

The purpose of the Composite Document (of which this letter forms part) is to provide you with, among other things, (i) further information relating to each of the Offeror, the Company, and the Partial Offer, (ii) the letter from Halcyon Securities containing details of the Partial Offer; (iii) the letter from the Independent Board Committee containing its recommendation and advice to the Qualifying Shareholders in respect of the Partial Offer and acceptance of the Partial Offer; and (iv) the letter from Red Sun, the Independent Financial Adviser, containing its advice to the Independent Board Committee on whether the terms of the Partial Offer are fair and reasonable so far as the Qualifying Shareholders are concerned and on acceptance in respect of the Partial Offer.

Unless the context otherwise requires, terms defined in the Composite Document shall have the same meanings when used in this letter.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (comprising all independent non-executive Directors, namely, Mr. Hui Pui Wai Kimber, Mr. Liu Chaodong and Mr. Tsui Matthew Mo Kan, who have no direct or indirect interest in the Partial Offer) has been established by the Company in accordance with Rules 2.1 and 2.8 of the Takeovers Code to give a recommendation to the Qualifying Shareholders as to whether the terms of the Partial Offer are fair and reasonable, and as to approval and acceptance of the Partial Offer.

Red Sun has been appointed as the Independent Financial Adviser by the Company to advise the Independent Board Committee in respect of the Partial Offer and in particular as to whether the terms of the Partial Offer are fair and reasonable, and as to approval and acceptance of the Partial Offer. Such appointment has been approved by the Independent Board Committee.

THE OFFER

PART A: THE PARTIAL OFFER

Halcyon Securities, on behalf of the Offeror, is making the Partial Offer on the following basis:

For each Offer Share HK\$0.13 in cash

The Offer Shares to be acquired by the Offeror from the Qualifying Shareholders shall be fully paid, free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights and benefits at any time accruing and attaching thereto, including all rights to any dividend or other distributions the record date of which falls on or after the Final Closing Date. The Company confirms that as at the Latest Practicable Date, it has not declared any dividends or other distributions which remain unpaid and does not have any intention to make, declare or pay any further dividend or make other distributions between the Latest Practicable Date and the Final Closing Date.

LETTER FROM THE BOARD

If, after the Latest Practicable Date and up to the Final Closing Date, any dividend and distributions is declared in respect of the Offer Shares and the record date of which falls on or before the Final Closing Date, the Offeror reserves the right to reduce the Offer Price by an amount equal to the amount of such dividend or distributions declared, made or paid in respect of each Offer Share, in which case any reference in the Composite Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced.

Conditions to the Partial Offer

The Partial Offer is subject to the fulfilment of the following Conditions:

- (i) valid acceptances being received (and not, where permitted, withdrawn) in respect of the Minimum Number of Offer Shares (i.e. 49,765,454 Offer Shares, determined based on rounding down 50% of existing issued share capital of the Company to the nearest Share plus 1 Share, and minus the existing number of Shares held by the Offeror and parties acting in concert with it as at the date of Latest Practicable Date) and which would result in the Offeror and parties acting in concert with it holding the interest in more than 50% of the Shares in issue at or before 4:00 p.m. (Hong Kong time) on the First Closing Date, provided that the Offeror shall purchase from the Qualifying Shareholders as many Offer Shares as are tendered by the Qualifying Shareholders up to the Maximum Number of Offer Shares (i.e. 110,809,306 Offer Shares); and
- (ii) approval of the Partial Offer pursuant to Rule 28.5 of the Takeovers Code by Qualifying Shareholders who are registered as Shareholders in the Register as at the First Closing Date holding over 50% of the Shares not held by the Offeror and parties acting in concert with it, signified by means of a separate tick box on the Form of Approval and Acceptance specifying the number of Shares in respect of which the Partial Offer is approved.

Under Rule 28.5 of the Takeovers Code, a partial offer which could result in the offeror holding 30% or more of the voting rights in a company must normally be conditional on the approval by shareholders holding over 50% of the voting rights not held by the offeror and parties acting in concert with it by means of signifying their approval on a separate box on the form of acceptance.

LETTER FROM THE BOARD

The Offeror is held by Ms. Tsang and Mr. Tsang in equal shares. Mr. Tsang Wai Lun Wayland and Ms. Kwok Wai Man Nancy are the parents of Ms. Tsang and Mr. Tsang, Mr. Kwok Siu Bun (an executive Director) is the uncle of Ms. Tsang and Mr. Tsang. Ms. Kwok Siu Wa Alison (an executive Director) is the aunt of Ms. Tsang and Mr. Tsang. Each of Ms. Tsang, Mr. Tsang, Mr. Tsang Wai Lun Wayland, Ms. Kwok Wai Man Nancy, Mr. Kwok Siu Bun and Ms. Kwok Siu Wa Alison is a party acting in concert with the Offeror.

As at the Latest Practicable Date, Ms. Tsang, Mr. Tsang Wai Lun Wayland, Ms. Kwok Wai Man Nancy, Mr. Kwok Siu Bun and Ms. Kwok Siu Wa Alison held 474,530 Shares, 76,950 Shares, 1,343,950 Shares, 150,000 Shares and 300,000 Shares, respectively, representing approximately 0.19%, 0.03%, 0.55%, 0.06% and 0.12%, respectively, of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, none of Ms. Tsang, Mr. Tsang Wai Lun Wayland, Ms. Kwok Wai Man Nancy, Mr. Kwok Siu Bun, and Ms. Kwok Siu Wa Alison are Qualifying Shareholders nor are they entitled to signify their approval of the Partial Offer under Rule 28.5 of the Takeovers Code.

Whether or not the Qualifying Shareholders accept the Partial Offer, they may approve the Partial Offer AND specify the number of Offer Shares in respect of which they signify their approval of the Partial Offer on the Form of Approval and Acceptance. Qualifying Shareholder may specify the number of the Offer Shares in respect of which they tender for acceptance of the Partial Offer.

In the event that valid acceptances are received:

- (i) for less than the Minimum Number of Offer Shares by the First Closing Date, unless the First Closing Date is extended in accordance with the Takeovers Code, the Partial Offer will not proceed and will lapse immediately; or
- (ii) for not less than the Minimum Number of Offer Shares and which would result in the Offeror and parties acting in concert with it holding the interest in more than 50% of the Shares in issue on or before the First Closing Date, the Offeror will declare the Partial Offer unconditional as to acceptances on or before the First Closing Date.

Pursuant to Rule 15.1 of the Takeovers Code, the Partial Offer must initially be open for acceptance for at least 21 days following the date of despatch of the Composite Document.

Pursuant to Rule 15.3 of the Takeovers Code, where a conditional offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptance for not less than 14 days thereafter. Pursuant to Rule 28.4 of the Takeovers Code, if the Partial Offer has been declared unconditional as to acceptances on the First Closing Date, the Offeror cannot extend the Final Closing Date to a day beyond the 14th day after the First Closing Date. When a period laid down by the Takeovers Code ends on a day which is not a Business Day, the period is extended until the next Business Day.

LETTER FROM THE BOARD

Accordingly, if the Partial Offer is declared unconditional as to acceptances on or before the 7th day after the date of despatch of the Composite Document, then the Final Closing Date would be on (but no earlier than) the First Closing Date. If the Partial Offer is declared unconditional as to acceptances later than the 7th day after the date of despatch of the Composite Document, then the Final Closing Date would be 14 days after the date of such declaration.

If by the Final Closing Date, the Partial Offer has not been approved for the purpose of Rule 28.5 of the Takeovers Code by Qualifying Shareholders who are registered as Shareholders on the Register as at the First Closing Date holding over 50% of the Shares not held by the Offeror and parties acting in concert with it, the Partial Offer will lapse.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Partial Offer or the fulfilment of the condition to the Partial Offer in accordance with the Takeovers Code and the Listing Rules. The latest time on which the Offeror can declare the Partial Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the despatch of the Composite Document (or such later date to which the Executive may consent).

Pursuant to Rule 28.6 of the Takeovers Code, since the Offeror and parties acting in concert with it will be holding more than 50% of the voting rights of the Company if the Partial Offer becomes unconditional in all respects, the Offeror will then be free to acquire further voting rights in the Company without incurring any obligation to make a general offer subject to Rule 28.3 of the Takeovers Code (that is, the Offeror and parties acting in concert with it (and any other person who is subsequently acting in concert with any of them) may not acquire voting rights in the Company during the 12 month period immediately following the end of the Offer Period, except with the consent of the Executive).

WARNING: Shareholders and potential investors of the Company should note that the Partial Offer is subject to the satisfaction of the Conditions. Accordingly, the Partial Offer may or may not become unconditional and will lapse if it does not become unconditional. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. Persons who are in doubt about their positions, they should consult their professional advisers.

Comparison of value for the Offer Price

The Offer Price of HK\$0.13 per Offer Share represents:

- (i) a premium of approximately 15.0% over the closing price of HK\$0.113 per Share quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 30.0% over the closing price of HK\$0.10 per Share as quoted on the Stock Exchange on 3 January 2024, being the Last Trading Day;

LETTER FROM THE BOARD

- (iii) a premium of approximately 29.2% over the average closing price of approximately HK\$0.101 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 15.5% over the average closing price of approximately HK\$0.113 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 7.7% to the average closing price of approximately HK\$0.141 per Share as quoted on the Stock Exchange for the ninety (90) consecutive trading days up to and including the Last Trading Day;
- (vi) a discount of approximately 94.4% to the audited consolidated net asset value of the Group attributable to the Shareholders per Share as at 31 December 2022 of approximately HK\$2.32 (based on a total of 244,955,413 Shares in issue as at 31 December 2022 and the audited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$569,143,000 as at 31 December 2022, as disclosed in the annual report of the Company for the year ended 31 December 2022);
- (vii) a discount of approximately 93.8% to the unaudited consolidated net asset value of the Group attributable to the Shareholders per Share as at 30 June 2023 of approximately HK\$2.09 (based on a total of 244,955,413 Shares in issue as at 30 June 2023 and the unaudited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$511,478,000 as at 30 June 2023, as disclosed in the interim report of the Company for the six months ended 30 June 2023); and
- (viii) a discount of approximately 95.2% to the Adjusted NAV per Share as at 30 June 2023 of approximately HK\$2.70 (details of the calculation of the Adjusted NAV is set out on page II-2 in Appendix II to this Composite Document).

Total value of the Partial Offer

Assuming valid acceptance of the Partial Offer for the relevant number of Offer Shares has been tendered by the Qualifying Shareholders and based on the Offer Price of HK\$0.13 per Offer Share, the total cash consideration payable by the Offeror to purchase (a) the Maximum Number of Offer Shares from the Qualifying Shareholders under the Partial Offer will be HK\$14,405,209.78; and (b) the Minimum Number of Offer Shares from the Qualifying Shareholders under the Partial Offer will be HK\$6,469,509.02.

LETTER FROM THE BOARD

INTENTION OF THE OFFEROR WITH IN RELATION TO THE GROUP

Your attention is drawn to the section headed “Reason for the Partial Offer and the Intention of the Offeror” in the “Letter from Halcyon Securities” in this Composite Document which sets out the intention of the Offeror in relation” to the business and management of the Group.

The Board acknowledges the intention of the Offeror and is willing to cooperate with the Offeror and act in the best interest of the Company and its shareholders as a whole.

INFORMATION OF THE OFFEROR

Your attention is drawn to the section headed “Information of the Offeror” in the “Letter from Halcyon Securities” contained in this Composite Document.

PROFIT ALERT ANNOUNCEMENT AND PROFIT FORECAST

As disclosed in the Profit Alert Announcement, based on the preliminary review of the unaudited consolidated management accounts of the Group and the information then available to the Board, the Group is expected to record a substantial reduction in loss attributable to owners of the Company and the loss attributable to owners of the Company is currently expected to be ranged from approximately HK\$30.0 million to HK\$70.0 million (the “**Profit Alert**”) as compared to the loss attributable to owners of the Company of approximately HK\$392.6 million for the year ended 31 December 2022, representing a significant reduction of approximately 82.2% to 92.4%. As disclosed in the Profit Alert Announcement, the significant reduction in loss attributable to Shareholders (compared to the year ended 31 December 2022) was mainly attributable to (i) the increase in revenue and gross profit of the Group from approximately HK\$139.3 million and HK\$19.0 million respectively for the year ended 31 December 2022 to approximately HK\$255.0 million to HK\$275.0 million and HK\$50.0 million to HK\$70.0 million respectively for the year ended 31 December 2023; (ii) the reduction in administrative expenses of the Group from approximately HK\$61.6 million for the year ended 31 December 2022 to approximately HK\$45.0 million to HK\$55.0 million for the year ended 31 December 2023; (iii) the recognition of one-off fair value gain on investment properties of the Group in a range of approximately HK\$20.0 million to HK\$60.0 million for the year ended 31 December 2023 as opposed to the one-off fair value loss on investment properties of the Group of approximately HK\$380.5 million for the year ended 31 December 2022; (iv) the absence of one-off impairment loss on properties for sale under development and goodwill of the Group for the year ended 31 December 2023 as compared to the one-off impairment loss of properties for sale under development and goodwill of the Group in the aggregate amount of approximately HK\$104.3 million and approximately HK\$36.8 million respectively recognised for the year ended 31 December 2022; (v) a significant reduction in provision in relation to litigation of the Group from approximately HK\$49.2 million for the year ended 31 December 2022 to approximately HK\$0.5 million to HK\$1.5 million for the year ended 31 December 2023; and (vi) the recognition of fair value loss on convertible bonds through profit or loss of approximately HK\$6.7 million for the year ended 31 December 2023 as compared to a fair value gain on convertible bonds through profit or loss of approximately HK\$3.8 million for the year ended 31 December 2022, which partially set-off against the above-mentioned effects.

LETTER FROM THE BOARD

The Profit Alert included in the Profit Alert Announcement constitutes a profit forecast under Rule 10 of the Takeovers Code and should therefore be reported on by the Company's financial advisers and auditors or accountants in accordance with Rule 10.4 of the Takeovers Code. The Profit Alert as set out in the Profit Alert Announcement has been reported on by ZHONGHUI ANDA CPA Limited, the Company's auditors, and Red Sun, the Independent Financial Adviser. ZHONGHUI ANDA CPA Limited has reported that, so far as the accounting policies and calculations are concerned, the Profit Alert has been properly compiled in accordance with the bases adopted by the Directors as set out in the Profit Alert Announcement and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2022. Red Sun is of the opinion that the Profit Alert, for which the Directors are solely responsible, has been made with due care and consideration. Your attention is drawn to the reports issued by ZHONGHUI ANDA CPA Limited and Red Sun on the Profit Alert set out in Appendix V and Appendix VI to this Composite Document, respectively.

INFORMATION OF THE GROUP

The principal activities of the Group are investment holding, property development, property investment, hotel operation and general trading. The Group principally operates in the PRC with revenue and results derived mainly from its operations in the PRC and the principal assets of the Group are located in the PRC.

Your attention is drawn to Appendices II, III and IV to this Composite Document which contain further information in relation to the financial information of the Group, the property valuation report and the general information of the Group.

PUBLIC FLOAT

As disclosed in the section headed "Public Float and Intention of the Offeror to Maintain the Listing of the Company" in the "Letter from Halcyon Securities", assuming (i) full acceptances of the Maximum Number of Offer Shares under the Partial Offer by the Qualifying Shareholders (other than the Directors) and (ii) that there are no changes to the issued share capital of the Company between the Latest Practicable Date and up to the Final Closing Date, the Company will have a public float of slightly above 25.0% of the Shares in issue immediately following the close of the Partial Offer, and it is the intention of the Offeror to maintain the listing of Shares on the Stock Exchange upon completion of the Partial Offer. The directors of the Offeror jointly and severally have undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in Shares upon completion of the Partial Offer.

LETTER FROM THE BOARD

FURTHER INFORMATION ON THE PARTIAL OFFER

Please refer to the “Letter from Halcyon Securities” contained in the Composite Document, Appendix I to the Composite Document and the Form of Approval and Acceptance for further information in relation to the Partial Offer, including its extension to Overseas Shareholders and information on taxation, acceptance and settlement procedures.

RECOMMENDATIONS

Your attention is drawn to (i) the “Letter from the Independent Board Committee” in the Composite Document, which contains its advice and recommendations to the Qualifying Shareholders in relation to the Partial Offer; and (ii) the “Letter from the Independent Financial Adviser” in the Composite Document, which contains its advice to the Independent Board Committee in relation to the Partial Offer and the principal factors considered by it before arriving at its recommendation. You are also advised to read the remainder of the Composite Document and the Form of Approval and Acceptance in respect of the acceptance and settlement procedures of the Partial Offer.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

29 February 2024

To the Qualifying Shareholders

Dear Sir or Madam,

**CONDITIONAL VOLUNTARY CASH PARTIAL OFFER BY
HALCYON SECURITIES LIMITED
FOR AND ON BEHALF OF
RHENFIELD DEVELOPMENT CORP.
TO ACQUIRE A MAXIMUM OF 110,809,306 SHARES IN
GRAND FIELD GROUP HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

We refer to the Composite Document dated 29 February 2024 jointly issued by the Offeror and the Company, of which this letter forms part. Unless specified otherwise, terms used herein shall have the same meanings as those defined in the Composite Document.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Partial Offer and to advise you as to whether, in our opinion, the terms of the Partial Offer are fair and reasonable so far as the Qualifying Shareholders are concerned and to make a recommendation as to the acceptance and approval of the Partial Offer.

Red Sun has been appointed as the Independent Financial Adviser to advise us in respect of the terms of the Partial Offer and as to the acceptance and approval of the Partial Offer, and such appointment has been approved by us. Your attention is drawn to the “Letter from the Independent Financial Adviser” in the Composite Document containing its advice to us and the principal factors and reasons taken into account by it in arriving at such advices.

We also wish to draw your attention to the “Letter from Halcyon Securities” and the “Letter from the Board” in this Composite Document as well as the additional information set out in the Appendices to the Composite Document.

* *For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having considered the terms of the Partial Offer, the information contained in the Composite Document and the principal factors and reasons considered by, and the independent advice of the Independent Financial Adviser, as set out in its letter of advice, we consider that the terms of the Partial Offer are fair and reasonable so far as the Qualifying Shareholders are concerned and accordingly, we recommend the Qualifying Shareholders accept and approve the Partial Offer.

Those Qualifying Shareholders who, after considering the information on the Offeror and the future intentions of the Offeror regarding the Group, are attracted by the future prospects of the Group following the Partial Offer, may consider retaining their Shares or tendering less than all their Shares under the Partial Offer. If acceptances are received in respect of more than 110,809,306 Shares, not all Shares tendered will be taken up under the Partial Offer, so Qualifying Shareholders who tendered their Shares under the Partial Offer will continue to hold some Shares in any event, unless they sell in the market. Some Shareholders, particularly those holding a small number of board lots, who are concerned about the drawbacks of being left with an odd lot, may consider selling their Shares in the market before the close of the Partial Offer to achieve a complete sale if the proceeds from such sale will exceed the aggregate of the consideration receivable from the acceptance of the Partial Offer and the value of the remaining Shares.

The procedures for acceptance of the Partial Offer are set out in Appendix I to the Composite Document and the accompanying Form of Approval and Acceptance. Qualifying Shareholders are urged to read the timetable set out in the Composite Document and any revised timetable (if any) to be announced by the Offeror and the Company carefully and act accordingly if they wish to accept the Partial Offer.

The Qualifying Shareholders are also strongly recommended to read the full text of the “Letter from the Independent Financial Adviser” in the Composite Document.

Yours faithfully,

For and on behalf of the

Independent Board Committee

Grand Field Group Holdings Limited

Mr. Hui Pui Wai Kimber

Independent non-executive

Director

Mr. Liu Chaodong

Independent non-executive

Director

Mr. Tsui Matthew Mo Kan

Independent non-executive

Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Qualifying Shareholders in respect of the Partial Offer, which has been prepared for the purpose of inclusion in this Composite Document.



紅日資本有限公司
RED SUN CAPITAL LIMITED

Room 310, 3/F.,
China Insurance Group Building,
141 Des Voeux Road Central,
Hong Kong

Tel: (852) 2857 9208

Fax: (852) 2857 9100

29 February 2024

*To: The independent board of committee and the independent shareholders of
Grand Field Group Holdings Limited*

**CONDITIONAL VOLUNTARY CASH PARTIAL OFFER BY
HALCYON SECURITIES LIMITED
FOR AND ON BEHALF OF
RHENFIELD DEVELOPMENT CORP.
TO ACQUIRE A MAXIMUM OF 110,809,306 SHARES IN
GRAND FIELD GROUP HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Qualifying Shareholders in respect of the Partial Offer, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the composite document dated 29 February 2024 (the “**Composite Document**”) jointly issued by the Rhenfield Development Corp. (the “**Offeror**”) and Grand Field Group Holdings Limited (the “**Company**”, collectively with its subsidiaries as the “**Group**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Reference is made to the Joint Announcement jointly issued by the Offeror and the Company relating to, among others, the Partial Offer. On 9 January 2024, the Offeror and the Company jointly announced that Halcyon Securities, on behalf of the Offeror, will make a voluntary conditional partial cash offer to acquire a maximum of 110,809,306 Shares in the issued share capital of the Company from Qualifying Shareholders at the Offer Price of HK\$0.13 per Offer Share.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee (comprising all the independent non-executive Directors, namely Mr. Hui Pui Wai Kimber, Mr. Liu Chaodong and Mr. Tsui Matthew Mo Kan who have no direct or indirect interest in the Partial Offer) has been established by the Company in accordance with Rule 2.1 and 2.8 of the Takeovers Code to give a recommendation to the Qualifying Shareholders as to whether the terms of the Partial Offer are fair and reasonable, and as to approval and acceptance of the Partial Offer. We, Red Sun, have been appointed by the Company as the Independent Financial Adviser in accordance with Rule 2.4 of the Takeovers Code to advise the Independent Board Committee in respect of the Partial Offer. Our appointment has been approved by the Independent Board Committee.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected to the Company or the Offeror, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice on the Partial Offer to the Independent Board Committee and the Qualifying Shareholders.

Save for our appointment as the independent financial adviser for the connected transaction of the Company in relation to the subscription of the Convertible Bond by Ms. Tsang, the circular of which was dated 10 October 2022, there was no engagement between the Company and Red Sun in the last two years.

Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser and the engagement as stated above as the independent financial adviser to the Company for the connected transaction of the Company in relation to the subscription of the Convertible Bond by Ms. Tsang, no arrangements exist whereby we have received or will receive any fees or benefits from the Group or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent from the Group pursuant to Rule 13.84 of the Listing Rules and Rule 2.6 of the Takeovers Code.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS AND ASSUMPTIONS OF THE ADVICE

In formulating our advice, we have relied on the statements, information, opinions and representations contained or referred to in the Composite Document and the information and representations provided to us by the Group, the Directors and/or senior management of the Company (the “**Management**”). We have assumed that all information, representations and opinions contained or referred to in the Composite Document or made, given or provided to us by the Company, the Directors and the Management, for which they are solely and wholly responsible, were true and accurate and complete in all material respects at the time when they were made and continue to be so as at the Latest Practicable Date. We have assumed that all the opinions and representations made by the Directors in the Composite Document have been reasonably made after due and careful enquiry. The Directors and the Management confirmed that to their knowledge after making reasonable enquires, no material facts have been omitted from the information provided and referred to in the Composite Document. In addition, pursuant to the Listing Rules, we have taken reasonable steps to enable ourselves to reach an informed view so as to provide a reasonable basis for our opinion, which included, among others (i) the Joint Announcement; (ii) the Composite Document; (iii) the annual report of the Company for the year ended 31 December 2021 and the annual report of the Company for the year ended 31 December 2022 (the “**2022 Annual Report**”); (iv) the interim report of the Company for the six months ended 30 June 2023 (the “**2023 Interim Report**”); (v) the Profit Alert Announcement; and (vi) other information obtained from the public domain.

We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the financial position, business and affairs of the Group, and, where applicable, their respective shareholder(s) and subsidiaries or affiliates, and their respective history, experience and track records, or the prospects of the markets in which they respectively operate.

We consider that we have been provided with sufficient information to enable us to reach an informed view and to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group, the Directors and/or the Management and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. The Shareholders will be notified of any material changes to such information and representations as well as the content of this letter as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

In relation to the Partial Offer, we have not considered the tax implications on the Qualifying Shareholders of the acceptance or non-acceptance of the Partial Offer since these depend on their individual circumstances. In particular, the Qualifying Shareholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

This letter is issued for the information of the Independent Board Committee and the Qualifying Shareholders solely in connection with their consideration of the Partial Offer, and except for its inclusion in this Composite Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our advice with regard to the Partial Offer, we have taken into account the following principal factors and reasons:

1. Background and financial information of the Group

As set out in the Letter from the Board, the principal activities of the Group are investment holding, property development, property investment, hotel operation and general trading. The Group principally operates in Guangdong Province and Jiangsu Province of the PRC with revenue and results derived mainly from its operations in the PRC and the principal assets of the Group are located in the PRC.

Set out below are the summarised consolidated income statements of the Group for (i) the six months ended 30 June 2022 and 2023 as extracted from the 2023 Interim Report; and (ii) the years ended 31 December 2021 and 2022 as extracted from the 2022 Annual Report.

(i) Summary of consolidated statement of profit or loss

	For the year ended 31 December		For the six months ended 30 June	
	2022	2021	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	139,285	543,280	110,349	74,186
Property development	108,941	505,845	82,269	61,496
Property investment	24,115	14,658	12,920	10,628
Hotel operation	2,353	–	3,689	–
General trading	3,501	22,646	3,139	2,062
Others	375	131	8,332	–
Gross profit	18,999	235,642	26,640	3,972
(Loss)/profit before tax	(683,939)	(416,381)	(44,761)	(589,805)
(Loss)/profit for the year/period	(593,714)	(377,947)	(49,254)	(478,258)
(Loss)/profit for the year/period attributable to:				
Owners of the Company	(392,648)	(224,271)	(31,068)	(318,455)
Non-controlling interests	(201,066)	(153,676)	(18,186)	(159,803)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial performance for the six months ended 30 June 2022 (the “6M2022”) and the six months ended 30 June 2023 (the “6M2023”)

As set out in the 2023 Interim Report, the Group recorded revenue of approximately HK\$110.3 million for the six months ended 30 June 2023, representing an increase of approximately 48.7% from approximately HK\$74.2 million for the six months ended 30 June 2022, while the Group’s gross profit amounted to approximately HK\$26.6 million for the six months ended 30 June 2023 compared to approximately HK\$4.0 million for the six months ended 30 June 2022, representing an increase of approximately 565.0%.

Loss for the period attributable to the owners of the Company amounted to approximately HK\$31.1 million for the six months ended 30 June 2023 compared to approximately HK\$318.5 million for the six months ended 30 June 2022. The period-on-period decrease in loss for the period attributable to the owners of the Company was primarily due to (i) significant decrease in the recognition of one-off fair value loss on investment properties of the Group by approximately HK\$451.6 million; (ii) the absence of the recognition of one-off impairment loss of properties for sale under development and property, plant and equipment during the six months ended 30 June 2023; and (iii) further provision in the amount of approximately HK\$0.37 million has been made for a legal case of the Group for the six months ended 30 June 2023 compared to a provision made for compensation for a legal case in the amount of approximately HK\$50.7 million for the six months ended 30 June 2022.

Financial performance for the year ended 31 December 2021 (the “FY2021”) and the year ended 31 December 2022 (the “FY2022”)

As set out in the 2022 Annual Report, the Group recorded revenue of approximately HK\$139.3 million for the year ended 31 December 2022, representing a decrease of approximately 74.4% from approximately HK\$543.3 million for the year ended 31 December 2021, while the Group’s gross profit amounted to approximately HK\$19.0 million for the year ended 31 December 2022 compared to approximately HK\$235.6 million for the year ended 31 December 2021, representing a decrease of approximately 91.9%.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Loss for the year attributable to the owners of the Company amounted to approximately HK\$392.6 million for the year ended 31 December 2022 compared to approximately HK\$224.3 million for the year ended 31 December 2021. The year-on-year increase in loss for the year attributable to the owners of the Company was primarily due to (i) decrease in revenue which mainly caused by the decline in trading volume of properties in Shenzhen, the PRC; (ii) decrease in gross profit margin which caused by the sale of some properties with lower gross profit margin for the year ended 31 December 2022; (iii) recognition of significant fair value loss on investment properties, impairment loss on goodwill and properties for sale under development in the PRC of approximately HK\$522.0 million; and (iv) provision made for losses on litigation of approximately HK\$49.0 million in connection with certain subsidiaries of the Company.

(ii) Summary of consolidated statement of financial position of the Group

	As at 30 June 2023 <i>HK\$'000</i> <i>(unaudited)</i>	As at 31 December 2022 <i>HK\$'000</i> <i>(audited)</i>
Non-current assets	1,872,370	1,980,193
Current assets	796,804	841,066
Total assets	2,669,174	2,821,259
Non-current liabilities	724,896	816,818
Current liabilities	789,501	745,285
Total liabilities	1,514,397	1,562,103
Net assets	1,154,777	1,259,156
Net assets attributable to:		
Owners of the Company	511,478	569,143
Non-controlling interests	643,299	690,013

We noted from the 2023 Interim Report and 2022 Annual Report that the Group recorded net asset attributable to owners of the Company of approximately HK\$511.5 million as at 30 June 2023 compared to approximately HK\$569.1 million as at 31 December 2022.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Total assets of the Group amounted to approximately HK\$2,669.2 million as at 30 June 2023 and approximately HK\$2,821.3 million as at 31 December 2022, respectively. As at 30 June 2023, total assets of the Group mainly comprised of (i) investment properties of approximately HK\$1,672.8 million as at 30 June 2023 compared to approximately HK\$1,765.7 million as at 31 December 2022; (ii) properties for sales under development of approximately HK\$478.5 million as at 30 June 2023 compared to approximately HK\$544.3 million as at 31 December 2022; (iii) properties for sale of approximately HK\$189.4 million as at 30 June 2023 compared to approximately HK\$204.5 million as at 31 December 2022; and (iv) property, plant and equipment of approximately HK\$180.2 million as at 30 June 2023 compared to approximately HK\$194.6 million as at 31 December 2022.

Total liabilities of the Group amounted to approximately HK\$1,514.4 million as at 30 June 2023 and approximately HK\$1,562.1 million as at 31 December 2022, respectively. As at 30 June 2023, total liabilities of the Group mainly comprised of (i) interest-bearing borrowings of approximately HK\$671.4 million as at 30 June 2023 compared to approximately HK\$648.5 million as at 31 December 2022; (ii) trade and other payables of approximately HK\$352.2 million as at 30 June 2023 compared to approximately HK\$412.3 million as at 31 December 2022; (iii) deferred tax liabilities of approximately HK\$275.0 million as at 30 June 2023 compared to approximately HK\$287.8 million as at 31 December 2022; and (iv) tax payable of approximately HK\$119.5 million as at 30 June 2023 compared to approximately HK\$122.4 million as at 31 December 2022.

Financial performance for the year ended 31 December 2023 (the “FY2023”)

On 20 February 2024 (after trading hours of Stock Exchange), the Company announced a positive profit alert (the “**Profit Alert Announcement**”) in relation to the expected substantial reduction in loss for FY2023. Based on the preliminary review of the unaudited consolidated management accounts of the Group for FY2023, the Group is expected to record a substantial reduction in loss attributable to owners of the Company and the loss attributable to owners of the Company for FY2023 is expected to be ranged from approximately HK\$30.0 million to HK\$70.0 million (the “**Profit Alert**”) as compared to the loss attributable to owners of the Company of approximately HK\$392.6 million for FY2022, representing a significant reduction of approximately 82.2% to 92.4%. Such reduction in loss of the Group was mainly attributable to (a) the increase in revenue and gross profit of the Group from approximately HK\$139.3 million and HK\$19.0 million respectively for FY2022 to approximately HK\$255.0 million to HK\$275.0 million and HK\$50.0 million to HK\$70.0 million respectively for FY2023; (b) the recognition of one-off fair value gain on investment properties of the Group in a range of approximately HK\$20.0 million to HK\$60.0 million for FY2023 as opposed to the one-off fair value loss on investment properties of the Group of approximately HK\$380.5 million for FY2022; (c) the absence of one-off impairment loss on properties for sale under development and goodwill of the Group for FY2023 as compared to the one-off impairment loss of

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

properties for sale under development and goodwill of the Group in the aggregate amount of approximately HK\$104.3 million and approximately HK\$36.8 million for FY2022, respectively; and (d) a significant reduction in provision in relation to litigation of the Group from approximately HK\$49.2 million for FY2022 to approximately HK\$0.5 million to HK\$1.5 million for FY2023. For further details of the Profit Alert, please refer to the Profit Alert Announcement.

The statement of Profit Alert is regarded as a profit forecast under Rule 10 of the Takeovers Code and the Company is required to comply with the reporting requirement set out in Rule 10.4 of the Takeovers Code with respect to the Profit Alert Announcement. ZHONGHUI ANDA CPA Limited, the auditors of the Company, is of the opinion that, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the Directors as set out in the statement of Profit Alert made by the Company in its Profit Alert Announcement and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited consolidated financial statements of the Group for FY2022. Red Sun is of the opinion that the statement of Profit Alert, for which the Directors are solely responsible for, has been made with due care and consideration. Your attention is drawn to the reports issued by ZHONGHUI ANDA CPA Limited and Red Sun on the statement of Profit Alert set out in Appendix V and Appendix VI to this Composite Document respectively.

2. Overview of the economy and property market in the PRC

Based on preliminary gross domestic product data published by the National Bureau of Statistics of China in January 2024, for the year ended 31 December 2023, the gross domestic product (“GDP”) of the PRC recorded a period-on-period growth compared to the corresponding period in the prior year (比上年同期增長) of approximately 5.2% (source: https://www.stats.gov.cn/sj/zxfb/202401/t20240118_1946691.html). Pursuant to the 14th Five Year Plan* (十四五規劃) announced by the PRC government in March 2021, the target urbanisation rate of the resident population* (常住人口城鎮化率) for the next five years from 2021 is approximately 65.0%.

Property development is a heavy asset industry that has a high upfront capital requirement. We noted that the three red lines* (三條紅線) (the “**Three Red Lines**”), being one of the core policy directives for the real estate development industry issued by the PRC government at the relevant time (source: https://www.gov.cn/xinwen/2021-03/01/content_5589400.htm), became important rules for regulating the financing of PRC real estate development enterprise in or around the second half of 2020. If the developers fail to meet one, two, or all of the Three Red Lines, regulators would then place limits on the extent to their debt financing activities.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The property market in the PRC has been under unprecedented pressure since the introduction of the regulatory requirements of the Three Red Lines, given that there were certain of property developers in PRC found themselves in breach of at least one of the Three Red Lines. It follows that incidents of defaults have occurred given the increasing difficulty for such property companies to obtain additional financing. According to the 2021 Annual Report and 2022 Annual Report, the Group had raised fund through convertible bonds issue in the past few years, yet such funding activity would improve the Group's liquidity at the expense of its gearing, which would adversely affect the financing activities in the long run as the high degree of leverage will lead to higher borrowing rates and increased difficulties to obtain further funds.

In the second half of 2023, the PRC government has continued to announce and/or introduce various policies supporting the continuous development of the PRC property market, including, among others, the People's Bank of China* (中國人民銀行) and the National Administration of Financial Regulation* (國家金融監督管理總局) jointly issued (i) the notice titled "Extending the Policy Term of Financial Support for the Stable and Healthy Development of the Real Estate Market*" (關於延長金融支持房地產市場平穩健康發展有關政策期限的通知) dated 10 July 2023 (source: www.gov.cn/lianbo/bumen/202307/content_6891056.htm) in relation to encouraging PRC financial institutions to conduct independent negotiation with the real estate developers and to support them through the extension of existing loans, adjustment of repayment arrangements and other measures, with a view to assist with the completion of property development projects; and (ii) the notice titled "Reducing the Interest Rates of Existing Individual Housing Loans for the Purchase of First Housing Units*" (關於降低存量首套住房貸款利率有關事項的通知) dated 31 August 2023 (source: www.gov.cn/zhengce/zhengceku/202309/content_6901351.htm) in relation to the relaxation of certain lending criteria/restrictions set by financial institutions for personal property lending for the first property in stock* (存量首套住房商業性個人住房貸款) as well as directive on the interest rate level of the aforesaid loans so as to further continue its supportive policies to the industry.

Accordingly, the development of the PRC property market will continue to be influenced by changes in PRC government policies at a national and regional level, market environment as well as the overall economic development of the PRC.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The National Bureau of Statistics also disclosed a set of data, in which all key indicators, including (i) the PRC's property development investment; (ii) total property sales by transaction value; and (iii) the total property sales by floor area for the year of 2023 experienced drops (source: www.stats.gov.cn/sj/zxfb/202401/t20240116_1946623.html). The summary is set out in the table below:

	Residential property	Office building	Commercial property
Property development investment	RMB8,382.0 billion	RMB453.1 billion	RMB805.5 billion
<i>Year-on-year change</i>	<i>-9.3%</i>	<i>-9.4%</i>	<i>-16.9%</i>
Total property sales by transaction value	RMB10,299.0 billion	RMB374.2 billion	RMB661.9 billion
<i>Year-on-year change</i>	<i>-6.0%</i>	<i>-12.9%</i>	<i>-9.3%</i>
Total property sales by floor area	947.96 million sqm	27.17 million sqm	63.56 million sqm
<i>Year-on-year change</i>	<i>-26.2%</i>	<i>-0.3%</i>	<i>-3.9%</i>

As illustrated from the above chart, the property market in the PRC continued to face considerable downward pressure with slowdown in property sales. Thus, the Group will be subject to the ongoing impact of the downturn of the property market in the PRC, which has increased operational difficulties and uncertainties in its future development. As mentioned in the 2023 Interim Report, the Group is planning to sell the non-core assets and properties to lower the financial leverage and debt ratio of the Group. Since the publication of 2023 Interim Report, up to and including the Latest Practicable Date, the Group had not sold any non-core assets and properties as no potential buyer has been identified by the Group. Although there were various policies supporting the PRC property market made by the PRC government in 2023, including (i) Extending the Policy Term of Financial Support for the Stable and Healthy Development of the Real Estate Market; and (ii) Reducing the Interest Rates of Existing Individual Housing Loans for the Purchase of First Housing Units, the property market in the PRC continued to face considerable downward pressure with slowdown in property sales in 2023, details of such policies please refer to above paragraphs in this section. If the foregoing downward pressure continue, the Group may take much longer time to complete the sales of its properties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Background and intention of the Offeror and reasons for the Partial Offer

(a) Background information of the Offeror and parties acting in concert with it

As set out in the “Letter from Halcyon Securities”, the Offeror is a company incorporated under the laws of the BVI in 1999. The Offeror was owned by Ms. Tsang and Mr. Tsang, the brother of Ms. Tsang, in equal shares as at the Latest Practicable Date. The principal activity of the Offeror is investment holding. The Offeror did not have any published accounts since its incorporation. Ms. Tsang, aged 35, is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Ms. Tsang holds a bachelor degree of Business Administration in Information Systems from The University of Hong Kong. Ms. Tsang has over 10 years of working experience in auditing and accounting profession. Ms. Tsang is currently the finance manager of the Company and is an independent non-executive director of Sau San Tong Holdings Limited (stock code: 8200). As at the Latest Practicable Date, Ms. Tsang is also the holder of the Convertible Bond. Mr. Tsang, aged 32, has a Bachelor of Chemistry degree from the University of California, Los Angeles, a Master’s degree in Real Estate from The University of Hong Kong and also holds an MBA from the University of Chicago. His professional affiliations include being a member of the Royal Institution of Chartered Surveyors (MRICS). Mr. Tsang is the general manager of the Company.

The Offeror is held by Ms. Tsang and Mr. Tsang in equal shares. Mr. Tsang Wai Lun Wayland and Ms. Kwok Wai Man Nancy are the parents of Ms. Tsang and Mr. Tsang, Mr. Kwok Siu Bun (an executive Director) is the uncle of Ms. Tsang and Mr. Tsang. Ms. Kwok Siu Wa Alison (an executive Director) is the aunt of Ms. Tsang and Mr. Tsang. Each of Ms. Tsang, Mr. Tsang, Mr. Tsang Wai Lun Wayland, Ms. Kwok Wai Man Nancy, Mr. Kwok Siu Bun and Ms. Kwok Siu Wa Alison is a party acting in concert with the Offeror.

The Offeror held 70,366,823 Shares, representing approximately 28.73% of the issued share capital of the Company as at the Latest Practicable Date.

(b) Reasons for the Partial Offer and intention of the Offeror

As set out in the “Letter from Halcyon Securities”, the property development market and property investment market in the PRC has been facing challenges in recent years, with sentiment worsening among investors in the sector, and the Shares were thinly traded over the past two years. The Offeror and parties acting in concert with it had demonstrated their support to the Group through provision of personal guarantees to the borrowings of the Group. The Offeror believes that the Partial Offer would send a positive signal to the stakeholders of the Company, especially to its staff, customers and contractors, and demonstrate its confidence in, and strengthen its relationship with, the Group whilst reinforcing its commitment and dedication to the Group. Given the thin trading over the past two years, the Offeror also considers that the Partial Offer would offer an opportunity to

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Qualifying Shareholders who wish to realise their investment at a premium to the market price, while the Qualifying Shareholders may also choose to retain part of their equity interest in the Company if they wish.

As at the Latest Practicable Date, the Offeror and parties acting in concert with it collectively owned approximately 29.68% of the voting rights in the Company. Upon the Partial Offer becoming unconditional, the Offeror and parties acting in concert with it will collectively own not less than 50% of voting rights in the Company, which allow them to exercise statutory control of the Company, but not over 75% of voting rights in the Company. At the same time, it is the intention of the Offeror to maintain the listing status of the Shares on the Stock Exchange upon completion of the Partial Offer and the public float of the Company will be maintained above the 25% level as required under the Listing Rules upon completion of the Partial Offer.

It is the intention of the Offeror to continue with the Group's existing principal business. In particular, the Offeror has no plan and/or intention to (i) introduce any major changes to the existing business and operation of the Group; (ii) discontinue the employment of any employees of the Group or to make significant changes to any employment; (iii) dispose of or re-deploy the fixed assets of the Company other than those in its ordinary and usual course of business; or (iv) downsize or change the scale of the Group's existing principal businesses. The Offeror considers that the Group should continue to review its strategy in view of latest developments of the businesses of the Group.

Meanwhile, Ms. Tsang is the holder of the Convertible Bond which will be due on the 18th month from 31 October 2022 (which will be on or around 30 April 2024). It is currently anticipated that, subject to further discussion with the Company on an arm's length basis, taking into account the then liquidity requirement and the need of the Group, Ms. Tsang may enter into a new subscription agreement with the Company to subscribe for a new convertible bond to repay part or entire amount of the then outstanding Convertible Bond (the "**Possible CB Subscription**"). The Possible CB Subscription, if materialised, will be subject to compliance with the applicable requirements under the Listing Rules including, but not limited to, the approval by the then independent Shareholders, but will not be conditional on the approval of the Partial Offer or the Partial Offer becoming unconditional. The Partial Offer is not conditional on the completion of the Possible CB Subscription.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(c) Public Float and intention of the Offeror to maintain the listing of the Company

As at the Latest Practicable Date, the Company had a public float of approximately 70.24% of the Shares in issue. Assuming (i) full acceptances of the Maximum Number of Offer Shares under the Partial Offer by the Qualifying Shareholders (other than the Directors) and (ii) that there are no changes to the issued share capital of the Company between the Latest Practicable Date and up to the Final Closing Date, the Company will have a public float of slightly above 25.0% of the Shares in issue immediately following the close of the Partial Offer. Accordingly, the number of Shares in public hands will continue to meet the 25% minimum public float requirement under Rule 8.08 of the Listing Rules. The Offeror intends to maintain the listing status of the Shares on the Stock Exchange upon completion of the Partial Offer.

(d) Compulsory acquisition

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any outstanding Offer Shares not acquired under the Partial Offer after the close of the Partial Offer.

(e) Our view

Having considered that the Offeror is intended to continue with the Group's existing principal business and the Offeror has no intention to (i) introduce any major changes to the existing business and operation of the Group; (ii) discontinue the employment of any employees of the Group or to make significant changes to any employment; or (iii) dispose of or re-deploy the fixed assets of the Company other than those in its ordinary and usual course of business, we expect that there would not be substantial change in the principal business activities of the Group as a direct result of the Partial Offer.

4. Terms and conditions of the Partial Offer

The Partial Offer is being made by Halcyon Securities, for and on behalf of the Offeror, in compliance with the Takeovers Code on the basis set out below:

For each Offer Share HK\$0.13 in cash

The Offer Shares to be acquired by the Offeror from the Qualifying Shareholders shall be fully paid, free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights and benefits at any time accruing and attaching thereto, including all rights to any dividend or other distributions the record date of which falls on or after the Final Closing Date. The Company confirms that as at the Latest Practicable Date, it has not declared any dividends or other distributions which remain unpaid and does not have any intention to make, declare or pay any further dividend or make other distributions between the Latest Practicable Date and the Final Closing Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

If, after the Latest Practicable Date and up to the Final Closing Date, any dividend and distributions is declared in respect of the Offer Shares and the record date of which falls on or before the Final Closing Date, the Offeror reserves the right to reduce the Offer Price by an amount equal to the amount of such dividend or distributions declared, made or paid in respect of each Offer Share, in which case any reference in the Composite Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced.

The Partial Offer is subject to the Pre-Condition and the Conditions, please refer to the sections headed “Pre-Condition to the Partial Offer” and “Conditions to the Partial Offer” below.

Pre-Condition to the Partial Offer

The making of the Partial Offer was subject to the obtaining of consent from the Executive in respect of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code. As disclosed in the announcement jointly issued by the Company and the Offeror on 15 January 2024, the Offeror has obtained the consent from the Executive in respect of the Partial Offer.

Conditions to the Partial Offer

The Partial Offer is subject to the fulfilment of the following Conditions:

- (i) valid acceptances being received (and not, where permitted, withdrawn) in respect of the Minimum Number of Offer Shares (i.e. 49,765,454 Offer Shares, determined based on rounding down 50% of existing issued share capital of the Company to the nearest Share plus 1 Share, and minus the existing number of Shares held by the Offeror and parties acting in concert with it as at the Latest Practicable Date) and which would result in the Offeror and parties acting in concert with it holding the interest in more than 50% of the Shares in issue at or before 4:00 p.m. (Hong Kong time) on the First Closing Date, provided that the Offeror shall purchase from the Qualifying Shareholders as many Offer Shares as are tendered by the Qualifying Shareholders up to the Maximum Number of Offer Shares (i.e. 110,809,306 Offer Shares); and
- (ii) approval of the Partial Offer pursuant to Rule 28.5 of the Takeovers Code by Qualifying Shareholders who are registered as Shareholders in the register of members of the Company as at the First Closing Date holding over 50% of the Shares not held by the Offeror and parties acting in concert with it, signified by means of a separate tick box on the Form of Approval and Acceptance specifying the number of Shares in respect of which the Partial Offer is approved.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Under Rule 28.5 of the Takeovers Code, a partial offer which could result in the offeror or holding 30% or more of the voting rights in a company must normally be conditional on the approval by shareholders holding over 50% of the voting rights not held by the offeror and parties acting in concert with it by means of signifying their approval on a separate box on the form of acceptance.

The Offeror is held by Ms. Tsang and Mr. Tsang (a brother of Ms. Tsang) in equal shares. Mr. Tsang Wai Lun Wayland and Ms. Kwok Wai Man Nancy are the parents of Ms. Tsang and Mr. Tsang. Mr. Kwok Siu Bun (an executive Director) is the uncle of Ms. Tsang and Mr. Tsang. Ms. Kwok Siu Wa Alison (an executive Director) is the aunt of Ms. Tsang and Mr. Tsang. Each of Ms. Tsang, Mr. Tsang, Mr. Tsang Wai Lun Wayland, Ms. Kwok Wai Man Nancy, Mr. Kwok Siu Bun and Ms. Kwok Siu Wa Alison is a party acting in concert with the Offeror.

As at the Latest Practicable Date, Ms. Tsang, Mr. Tsang Wai Lun Wayland, Ms. Kwok Wai Man Nancy, Mr. Kwok Siu Bun and Ms. Kwok Siu Wa Alison holds 474,530 Shares, 76,950 Shares, 1,343,950 Shares, 150,000 Shares and 300,000 Shares, respectively, representing approximately 0.19%, 0.03%, 0.55%, 0.06% and 0.12%, respectively, of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, none of Ms. Tsang, Mr. Tsang Wai Lun Wayland, Ms. Kwok Wai Man Nancy, Mr. Kwok Siu Bun, and Ms. Kwok Siu Wa Alison are Qualifying Shareholders nor are they entitled to signify their approval of the Partial Offer under Rule 28.5 of the Takeovers Code.

Whether or not the Qualifying Shareholders accept the Partial Offer, they may approve the Partial Offer and specify the number of Offer Shares in respect of which they signify their approval of the Partial Offer on the Form of Approval and Acceptance. Qualifying Shareholder may specify the number of the Offer Shares in respect of which they tender for acceptance of the Partial Offer.

In the event that valid acceptances are received:

- (i) for less than the Minimum Number of Offer Shares by the First Closing Date, unless the First Closing Date is extended in accordance with the Takeovers Code, the Partial Offer will not proceed and will lapse immediately; or
- (ii) for not less than the Minimum Number of Offer Shares and which would result in the Offeror and parties acting in concert with it holding the interest in more than 50% of the Shares in issue on or before the First Closing Date, the Offeror will declare the Partial Offer unconditional as to acceptances on or before the First Closing Date.

Pursuant to Rule 15.1 of the Takeovers Code, the Partial Offer must initially be open for acceptance for at least 21 days following the date of despatch of the Composite Document.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 15.3 of the Takeovers Code, where a conditional offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptance for not less than 14 days thereafter. Pursuant to Rule 28.4 of the Takeovers Code, if the Partial Offer has been declared unconditional as to acceptances on the First Closing Date, the Offeror cannot extend the Final Closing Date to a day beyond the 14th day after the First Closing Date. When a period laid down by the Takeovers Code ends on a day which is not a Business Day, the period is extended until the next Business Day.

Accordingly, if the Partial Offer is declared unconditional as to acceptances on or before the 7th day after the Despatch Date, then the Final Closing Date would be on (but no earlier than) the First Closing Date. If the Partial Offer is declared unconditional as to acceptances later than the 7th day after the Despatch Date, then the Final Closing Date would be 14 days after the date of such declaration.

If by the Final Closing Date, the Partial Offer has not been approved for the purpose of Rule 28.5 of the Takeovers Code by Qualifying Shareholders who are registered as Shareholders on the register of members of the Company as at the First Closing Date holding over 50% of the Shares not held by the Offeror and parties acting in concert with it, the Partial Offer will lapse.

Pursuant to Rule 28.6 of the Takeovers Code, since the Offeror and parties acting in concert with it will be holding more than 50% of the voting rights of the Company if the Partial Offer becomes unconditional in all respects, the Offeror will then be free to acquire further voting rights in the Company without incurring any obligation to make a general offer subject to Rule 28.3 of the Takeovers Code (that is, the Offeror and parties acting in concert with it (and any other person who is subsequently acting in concert with any of them) may not acquire voting rights in the Company during the 12-month period immediately following the end of the Offer Period, except with the consent of the Executive).

5. Evaluation of the Offer Price

(a) Comparison of the Offer Price against historical Share price

The Offer Price of HK\$0.13 per Offer Share represents:

- (i) a premium of approximately 15.0% over the closing price of HK\$0.113 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 30.0% over the closing price of HK\$0.100 per Share as quoted on the Stock Exchange on 3 January 2024, being the Last Trading Day;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

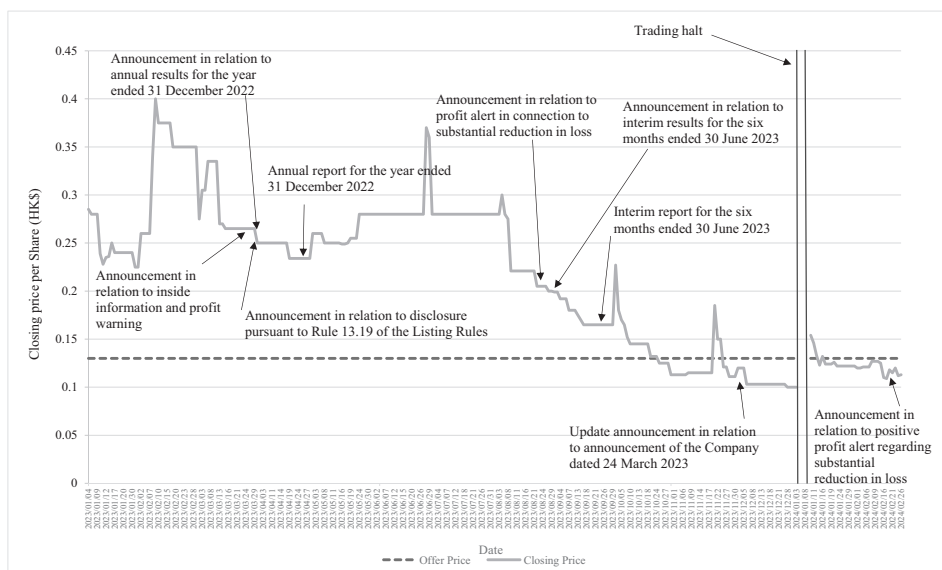
- (iii) a premium of approximately 29.2% over the average closing price of approximately HK\$0.101 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 15.5% over the average closing price of approximately HK\$0.113 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day;
- (v) a premium of approximately 8.3% over the average closing price of approximately HK\$0.120 per Share as quoted on the Stock Exchange for the sixty (60) consecutive trading days up to and including the Last Trading Day;
- (vi) a discount of approximately 7.7% to the average closing price of approximately HK\$0.141 per Share as quoted on the Stock Exchange for the ninety (90) consecutive trading days up to and including the Last Trading Day;
- (vii) a discount of approximately 94.4% to the audited consolidated net asset value of the Group attributable to the Shareholders per Share as at 31 December 2022 of approximately HK\$2.32 (based on a total of 244,955,413 Shares in issue as at 31 December 2022 and the audited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$569,143,000 as at 31 December 2022, as disclosed in the 2022 Annual Report);
- (viii) a discount of approximately 93.8% to the unaudited consolidated net asset value of the Group attributable to the Shareholders per Share as at 30 June 2023 of approximately HK\$2.09 (based on a total of 244,955,413 Shares in issue as at 30 June 2023 and the unaudited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$511,478,000 as at 30 June 2023, as disclosed in the interim report of the Company for the six months ended 30 June 2023); and
- (ix) a discount of approximately 95.2% to the Adjusted NAV per Share as at 30 June 2023 of approximately HK\$2.70 (details of the calculation of the Adjusted NAV is set out on page II-2 in in Appendix II to the Composite Document).

(b) Analysis on historical Share price performance

In order to assess the fairness and reasonableness of the Offer Price, we have reviewed the movements in the closing price per Share during the period from 4 January 2023, being 12 months immediately preceding the Last Trading Day, to the Latest Practicable Date (the “**Share Price Review Period**”), which is commonly adopted for share price analysis. We consider that a period of 12 months is adequate and long enough to illustrate the recent price movements and covered the seasonal factors of the Shares for conducting a reasonable comparison between the Offer Price and the closing price of the Shares for assessing the reasonableness and fairness of the Offer Price.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Share price chart during the Share Price Review Period



Source: www.hkex.com.hk

Note: During the Share Price Review Period, the trading in the Shares had been halted on 4 January 2023 and trading was resumed on 10 January 2024.

Although there were 199 trading days out of 244 trading days that the closing price per Share was higher than the Offer Price during the Share Price Review Period and up to the Last Trading Date, the closing price per Share has been on a decreasing trend in general from the closing price of HK\$0.285 per Share on 4 January 2024 to the closing price of HK\$0.100 per Share on the Last Trading Day as illustrated in the above chart, with the highest and lowest closing price per Share being HK\$0.400 on 9 February 2023 and HK\$0.100 on 28 December 2023, 29 December 2023, 2 January 2024 and the Last Trading Date, respectively.

Since the commencement of the Share Price Review Period and up to the trading day immediately before the date of announcement in relation to profit alert in connection to substantial reduction in loss attributable to owners of the Company for the six months ended 30 June 2023 dated 23 August 2023, the closing price per Share has been fluctuated in the range of HK\$0.205 (22 August 2023) and HK\$0.400 (9 February 2023). Subsequently, from 23 August 2023 to the Last Trading Day, the closing price per Share generally experienced a downward trend and the closing price per Share has been decreased from HK\$0.205 on 23 August 2023 to HK\$0.100 on Last Trading Day.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As depicted in the above chart, we noted the sudden surge in closing price per Share occurred on 9 February 2023 and 28 June 2023, taking the closing price per Share to HK\$0.400 and HK\$0.370, respectively. We have made enquired with the Management and were advised that save for the publication of announcements of the Company as described above chart, the Directors were not aware of any specific reasons which may have an impact of the fluctuations of Share prices during the Share Price Review Period.

On 20 February 2024 (after trading hours of Stock Exchange), the Company announced a positive profit alert in relation to the expected substantial reduction in loss for the year ended 31 December 2023 and the closing prices of the Shares were then decreased from HK\$0.118 per Share on 20 February 2024 to HK\$0.115 per Share on 21 February 2024 and fluctuated between HK\$0.112 per Share and HK\$0.120 per Share until the Latest Practicable Date.

During the period under review from 10 January 2024 up to and including the Latest Practicable Date (the “**Post-Announcement Period**”), the Offer Price of HK\$0.130 per Share represents (i) a premium of approximately 19.3% over the lowest closing price of HK\$0.109 per Share; (ii) a discount of approximately 15.6% to the highest closing price of HK\$0.154 per Share during the Post-Announcement Period. We believe that the aforesaid recent surge in the Share prices was likely linked to the market reaction to the Joint Announcement, which might be a temporary and unsustainable market reaction to the Partial Offer.

Having considered that (i) over 62.7% of the total assets of the Group as at 30 June 2023 represented investment properties, which was illiquid in nature; (ii) the recent closing price per Share has been on a decreasing trend; (iii) the Shares had been recently traded at a substantial discount to the consolidated net assets attributable to owners of the Company per Share during one (1)-month period prior to the Last Trading Day which the discounts to the then net asset value per Share ranged from approximately 94.3% to 95.2% (the “**Discount Range of Share Price to NAV**”, with an average discount of approximately 95.0% (the “**Average Discount of Share Price to NAV**”)); and (iv) the discount of approximately 93.8% representing the Offer Price to the unaudited consolidated net asset value of the Group attributable to the Shareholders per Share as at 30 June 2023 is within the Discount Range of Share Price to NAV and lower than the Average Discount of Share Price to NAV, we are of the view that the Offer Price is fair and reasonable as it reflects the current market price of the Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(c) Our analysis on historical trading volume and liquidity

We have also reviewed the historical trading volume of the Shares during the Share Price Review Period. The number of trading days, average daily trading volume of the Shares and the percentages of average daily trading volume of the Shares as compared to the total number of issued Shares and the Shares held by the public during the Share Price Review Period are shown in the table below.

Month/period	Number of trading days	Average daily number of Shares traded	% of average daily number of Shares traded to the total number of Shares in issue (Note 1)	% of average daily number of Shares traded to the total number of Shares in the public hands (Note 2)
2023				
January (from 4 January 2023)	17	159,588	0.0651%	0.0928%
February	20	343,585	0.1403%	0.1997%
March	23	164,435	0.0671%	0.0956%
April	17	3,682	0.0015%	0.0021%
May	21	11,000	0.0045%	0.0064%
June	21	19,086	0.0078%	0.0111%
July	20	930	0.0004%	0.0005%
August	23	9,652	0.0039%	0.0056%
September	19	7,642	0.0031%	0.0044%
October	20	158,600	0.0647%	0.0922%
November	22	34,545	0.0141%	0.0201%
December	16	27,363	0.0112%	0.0159%
2024				
January	18	376,806	0.1538%	0.2190%
February (up to the Latest Practicable Date)	16	89,125	0.0364%	0.0518%
Average			0.0410%	0.0584%
Maximum			0.1538%	0.2190%
Minimum			0.0004%	0.0005%

Source: www.hkex.com.hk

Notes:

1. Calculated based on the total number of the Shares in issue at the end of month/period.
2. Calculated based on the total number of the Shares held by public shareholders as at the end of relevant month/period.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As set out in the table above, during the Share Price Review Period, the percentage of average daily trading volume of the Shares for the respective month/period were in the range from the lowest of approximately 0.0004% to the highest of approximately 0.1538% with an average of approximately 0.0410% as to the total number of issued Shares.

If only Shares held by public Shareholders (the “**Free Float Shares**”) are considered in calculating the percentage of average daily trading volume of the Shares for the respective month/period under the Share Price Review Period, the average trading volume of the Free Float Shares during the Share Price Review Period ranged from the lowest of approximately 0.0005% to the highest of approximately 0.2190%, with an average daily trading volume of approximately 0.0584% of the total number of Free Float Shares.

During the Share Price Review Period and before the Last Trading Date, we noted that the average daily trading volume of the Shares in February 2023 and January 2024 were relatively high as compared to that of the rest of the other months. We have enquired with the Management regarding the relatively high trading volume of the Shares comparing to that of the rest of the other months during the Share Price Review Period and we were advised that that the Company is not aware of any particular reason that led to the higher trading volume of the Shares. We believe that the average daily trading volume of the Shares in January 2024 was relatively high as compared to that of the rest of the other months was likely linked to the market reaction to the Joint Announcement dated 3 January 2024, which might be a temporary and unsustainable market reaction to the Partial Offer.

Taking into account the fact that the average daily trading volume of the Shares during the Share Price Review Period was approximately 0.0410% of the total issued Shares and approximately 0.0584% of the Free Float Shares, we are of the view that the trading volume of Shares can be considered as low, and in normal circumstances, if the Qualifying Shareholders are to dispose of a large number of Shares in the market, it may exert downward pressure on the market price of Shares.

Given the overall thin historical trading volume of the Shares during the Share Price Review Period, the Qualifying Shareholders (especially those with relatively sizeable shareholdings) may find it difficult to dispose of a large volume of Shares in the open market at a fixed cash price within a short period of time without exerting downward pressure on the Shares price. Although the Partial Offer provides an exit alternative at the Offer Price for the Qualifying Shareholders who would like to realise their investments in the Shares within a short period of time, those Shareholders are reminded to consider to sell their Shares in the open market, and by batches if they have a relatively sizeable shareholdings, instead of accepting the Partial Offer if the market price of the Shares is higher than the Offer Price, after taking into account the possible movement of the trading price of the Shares which is subject to market demand and supply of the Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(d) Analysis on market comparables

With a view to assess the fairness and reasonableness of the terms of the Offer Price, we have considered the price-to-book ratio (the “**P/B Ratio**”), the price-to-sales ratio (the “**P/S Ratio**”), and the price-to-earnings ratio (the “**P/E Ratio**”) and dividend yield which are commonly adopted trading multiple analyses in assessing the financial valuation of a company as the data for calculating the ratios can be obtained fairly and directly from publicly available information and reflect the value of the companies determined by the open market. Given that the Group was loss-making for the last two consecutive financial years, and no dividend was distributed for the last financial year, the P/E Ratio analysis and dividend yield analysis are not applicable. According to the 2022 Annual Report, we recognised that property development is inherently characterised by a high cost of revenue and operating expenses. The substantial capital is required for property project initiation and its operating management. Consequently, we believe the P/S Ratio is not an appropriate valuation benchmark in assessing the fairness and reasonableness of the Offer Price as it ignores the cost structure of a company. As such, we have relied on the P/B Ratio for our comparable analysis.

Given that (a) over 75% of the revenue of the Group is generated from property development for the year ended 31 December 2022; and (b) the market capitalisation of the Company was approximately HK\$27.7 million as at the Latest Practicable Date (based on the total issued shares of 244,955,413 Shares and the closing price per Share as at Latest Practicable Date of HK\$0.113), we have attempted to identify the comparable companies (the “**Comparable Companies**”) which are (i) listed on the Main Board of the Stock Exchange, (ii) principally engaged in property development, with (a) over 75% of total revenue for latest full financial year being generated from the aforesaid business and (b) over 90% of its properties located in Hong Kong and the PRC; (iii) with market capitalisation of not more than HK\$100 million as at the Latest Practicable Date; and (iv) without suspension of trading on the Last Trading Date or Latest Practicable Date. Based on the above selection criteria, we have identified ten Comparable Companies which are exhaustive based on our research on the website of the Stock Exchange.

Having consider the Comparable Companies to be highly relevant for comparison purpose as the Comparable Companies (i) are engaged in business similar to the Group; (ii) have similar market capitalisation as the Group; (iii) are listed on the Stock Exchange and hence share similar market sentiment of the Company; and (iv) represent an exhaustive list of companies meeting the aforementioned criteria, we are of the view that the Comparable Companies are comparable and representative for our analysis purpose.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We set out our findings in the following table:

	Company name (Stock code)	Principal activities	Market capitalisation as at the Latest Practicable Date <i>(Note 1)</i> <i>(HK\$' million)</i>	P/B Ratio <i>(Note 2)</i> <i>(times)</i>
1	Glory Sun Land Group Ltd (299)	Property development, property investment and trading of commodities	20.7	0.01
2	Talent Property Group Limited (760)	Property businesses	58.2	0.03
3	Coastal Greenland Ltd (1124)	Property related business	59.7	0.03
4	Kingwell Group Ltd (1195)	Property development and leasing businesses	46.3	0.37
5	Golden Wheel Tiandi Holdings Company Limited (1232)	Property related businesses	64.8	0.05
6	Jingrui Holdings Limited (1862)	Property development business in the People's Republic of China (the PRC)	55.4	0.12
7	Rykadan Capital Ltd (2288)	Property development	66.5	0.07
8	China Uptown Group Company Limited (2330)	Property development and trading of raw sugar	85.2	0.42
9	Sanxun Holdings Group Limited (6611)	Property development	98.0	0.07
10	Sunkwan Properties Group Ltd (6900)	Development and sales of residential buildings	60.1	0.35
	Maximum			0.42
	Minimum			0.01
	Average		61.5	0.15
	Median		59.9	0.07
	The Company		31.8 <i>(Note 3)</i>	0.06

Source: the website of the Stock Exchange (<http://www.hkex.com.hk>)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

1. The market capitalisation of the Comparable Companies was calculated based on the closing share prices and the total issued shares of the Comparable Companies as at the Latest Practicable Date.
2. The P/B Ratio was based on the then market capitalisation of the Comparable Companies as at the Latest Practicable Date, divided by the net asset value attributable to owners of the Comparable Companies as stated in their respective latest available annual report or interim report.
3. The market capitalisation of the Company is calculated based on the Offer Price of HK\$0.13 and the number of issued Shares as at the Latest Practicable Date (i.e. 244,955,413 Shares).

Based on the Offer Price of HK\$0.13 per Offer Share and the total number of issued Shares of 244,955,413 as at the Latest Practicable Date, the market capitalization of the Company is approximately HK\$31.8 million. The P/B Ratio of the Company implied by the Offer Price is approximately 0.06 times (the “**Implied P/B Ratio**”) based on the unaudited consolidated net asset value attributable to the owners of the Company of approximately HK\$511.5 million as at 30 June 2023.

As set out in the table above, the P/B Ratio of the Comparable Companies ranged from approximately 0.01 times to approximately 0.42 times (the “**Comparable P/B Range**”) with an average of approximately 0.15 times (the “**Comparable Average P/B**”) and a median of approximately 0.07 times (the “**Comparable Median P/B**”).

Notwithstanding that the Implied P/B Ratio was lower than the Comparable Average P/B and slightly lower than the Comparable Median P/B, the Implied P/B Ratio is within the Comparable P/B Range, we consider that the Offer Price is fair and reasonable so far as the Qualifying Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATIONS

Based on our analyses above, having considered the following:

- (i) despite the closing prices of the Shares was above the Offer Price during the majority of the Review Period, the historical trading volume of the Shares was low, with a range of average daily trading volume of the Shares as compared to the Shares held by the public from approximately 0.0005% to approximately 0.2190% and it is uncertain as to whether there would be sufficient liquidity in the Shares for the Qualifying Shareholders (especially those with relatively sizeable shareholdings) to dispose of a large volume of Shares in the open market at a fixed cash price within a short period of time without exerting downward pressure on the Shares price, therefore, the historical market trading prices of the Shares may not necessarily reflect the proceeds that the Qualifying Shareholders can receive upon the disposal of their Shares in the open market and the Partial Offer may represent an opportunity for the Qualifying Shareholders (especially those with relatively sizeable shareholdings) to dispose of part or all of their Shares at the Offer Price if they so wish and the Offer may represent an opportunity for them to realise their investment;
- (ii) despite (a) there are 199 trading days out of 244 trading days that the closing prices of the Share has been trading higher than the Offer Price during the Share Price Review Period and up to the Last Trading Day; and (b) there are 203 trading days out of 276 trading days that the closing prices of the Share has been trading higher than the Offer Price during the Share Price Review Period and up to the Latest Practicable Date, the Offer Price is fair and reasonable, given (aa) the closing prices of the Share has been trading below the Offer Price for 54 trading days out of 60 trading days immediately prior to the Latest Practicable Date; (bb) the Offer Price represents premium to the closing price per Share on the Last Trading Day and the average closing price per Share for the five (5) consecutive trading days, thirty (30) consecutive trading days and sixty (60) consecutive trading days up to and including the Last Trading Day, respectively; (cc) the Offer Price falls within the range of the closing prices of the Shares during the Share Price Review Period; (dd) the closing prices of the Shares formed a general decreasing trend since July 2023 and up to the Latest Practicable Date; and (ee) it is uncertain whether the trading price of the Shares could be sustained at a level higher than the Offer Price during and after the Offer Period, we consider the Offer Price is set with reference to the more recent trading performance of the Shares as set out above (aa), (bb) and (cc) is reasonable;
- (iii) the discount of approximately 93.8% representing the Offer Price to the unaudited consolidated net asset value of the Group attributable to the Shareholders per Share as at 30 June 2023 is within the Discount Range of Share Price to NAV from approximately 94.3% to 95.2% and lower than to the Average Discount of Share Price to NAV of approximately 95.0%;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iv) there would not be substantial change in the existing principal business of the Group as a direct result of the Partial Offer based on the intention of the Offeror as stated in section headed “2(b) Reasons for the Partial Offer and intention of the Offeror” above in this letter;
- (v) the Implied P/B Ratio of approximately 0.06 times is within the Comparable P/B Range but slightly lower than the Comparable Median P/B and lower than the Comparable Average P/B as stated under the section headed “5(d) Analysis on market comparables” above in this letter;
- (vi) as set out in the section headed “2. Overview of the economy and property market in the PRC”, the PRC’s property development investment amounts, total property sales by transaction value, and the total property sales by floor area experienced drops in 2023 and the property market in the PRC continued to face considerable downward pressure with slowdown in property sales, we consider the prospect in the property market in the PRC to be very uncertain in the near future; and
- (vii) according to the 2022 Annual Report and Profit Alert Announcement, the Group’s revenue has been decreasing significantly from FY2022 to FY2023 and the Group recorded net loss for the past two financial years and yet its latest financial performance has been substantially improved for FY2023 with expected range of approximately 82.2% to approximately 92.4% decrease in loss attributable to owners of the Company for FY2023, however, the Group is still resulting in loss position and the property market in the PRC continued to face considerable downward pressure with slowdown in property sales as set out in the section headed “2. Overview of the economy and property market in the PRC”, therefore, the future prospects of the Group’s business are considered to be as uncertain;

on balance, we consider that the terms of the Partial Offer (including the Offer Price) are fair and reasonable so far as the Qualifying Shareholders are concerned and accordingly we advise the Independent Board Committee to recommend the Qualifying Shareholders to accept the Partial Offer.

Nonetheless, we would like to remind the Qualifying Shareholders who would like to realise part or all of their investments in the Shares to closely monitor the market price and liquidity of the Shares during the Offer Period and may, instead of accepting the Partial Offer, consider selling their Shares in the open market should such sale proceeds, net of all transaction costs, exceed the amount receivable under the Partial Offer.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Partial Offer is subject to approval of the Partial Offer pursuant to Rule 28.5 of the Takeovers Code by Qualifying Shareholders who are registered as Shareholders in the Register as at the First Closing Date holding over 50% of the Shares not held by the Offeror and parties acting in concert with it. The Qualifying Shareholders are advised to approve the Partial Offer, signified by means of a separate tick box on the Form of Approval and Acceptance specifying the number of Shares in respect of which the Partial Offer is approved.

Qualifying Shareholders should read carefully the procedures for accepting the Partial Offer as detailed in Appendix I to the Composite Document and the Form of Approval and Acceptance.

Yours faithfully,
For and on behalf of
Red Sun Capital Limited
Robert Siu
Managing Director

Mr. Robert Siu is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 25 years of experience in corporate finance industry.

1. PROCEDURES FOR ACCEPTANCE OF THE PARTIAL OFFER

To accept the Partial Offer, you should complete and sign the accompanying Form of Approval and Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Partial Offer.

- 1.1 If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities in respect thereof) (if applicable) in respect of the Shares is/are in the name of the Qualifying Shareholder(s), and he/she/it wishes to accept the Partial Offer whether in full or in respect of part of his/her/its holding of the Shares, he/she/it should complete and return the accompanying Form of Approval and Acceptance in accordance with the instructions printed in this Composite Document and on the Form of Approval and Acceptance. The instructions in this Composite Document should be read together with the instructions on the Form of Approval and Acceptance (which instructions form part of the terms of the Partial Offer).
- 1.2 In order to be valid, the completed Form of Approval and Acceptance should be forwarded, together with the Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) for not less than the number of Shares in respect of which the relevant Qualifying Shareholder wishes to accept the Partial Offer, by post or by hand to the Share Registrar, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, in an envelope marked “Grand Field Group Holdings – Partial Offer” as soon as possible after receipt of the Form of Approval and Acceptance but in any event so as to reach the Share Registrar by no later than 4:00 p.m. (Hong Kong time) on the Final Closing Date, or such later time and/or date as the Offeror may decide and announce and the Executive may approve.
- 1.3 Unless the Partial Offer is extended or revised in accordance with the Takeovers Code, no Form of Approval and Acceptance received after the Final Closing Date will be accepted.
- 1.4 If the Form of Approval and Acceptance is executed by a person other than the registered holder, appropriate documentary evidence of authority (e.g, a grant of probate or certified copy of a power of attorney) to the satisfaction of the Share Registrar must be delivered to the Share Registrar with the completed Form of Approval and Acceptance.
- 1.5 No acknowledgement of receipt of any Form of Approval and Acceptance, Share certificate(s), transfer receipt(s) or other document(s) of title (and/or any indemnity or indemnities in respect thereof) (if applicable) will be given.

1.6 In relation to any acceptance(s) of the Partial Offer in respect of Shares held in CCASS, the Company reserves the right to make such alterations, additions or modifications to the terms of the Partial Offer as may be necessary or desirable to give effect to any purported acceptance of the Partial Offer, whether to comply with the facilities or requirements of CCASS or otherwise, provided such alterations, additions or modifications are consistent with the requirements of the Takeovers Code and any applicable laws and regulations or are otherwise made with the Executive's consent.

2. ACCEPTANCE OF THE PARTIAL OFFER

2.1 The Qualifying Shareholders may accept the Partial Offer in respect of some or all of the Offer Shares held by them. Subject to the Partial Offer becoming unconditional in all respects: (i) if valid acceptances are received for not less than the Minimum Number of Offer Shares, but not more than the Maximum Number of Offer Shares as at the Final Closing Date, all Offer Shares validly accepted will be taken up; and (ii) if valid acceptances are received for more than the Maximum Number of Offer Shares as at the Final Closing Date, the total number of Offer Shares to be taken up by the Offeror from each accepting Qualifying Shareholder will be determined by the total number of Offer Shares tendered for acceptance in accordance with the following formula:

$$\frac{A}{B} \times C$$

A = the Maximum Number of Offer Shares as at the Final Closing Date, being the maximum number of Offer Shares for which the Partial Offer is made

B = the total number of Offer Shares validly tendered by all Qualifying Shareholders under the Partial Offer

C = the number of Offer Shares tendered by the relevant individual Qualifying Shareholder under the Partial Offer

3. PARTIAL NATURE OF THE PARTIAL OFFER AND EFFECT OF FRACTIONS

3.1 It is possible that, if a Qualifying Shareholder tenders all his/her/its Shares for acceptance under the Partial Offer, not all of such Shares will be taken up.

3.2 Fractions of Offer Shares will not be taken up under the Partial Offer and, accordingly, the number of Offer Shares that the Offeror will take up from each Qualifying Shareholder in accordance with the above formula will be rounded down to the nearest whole number at the discretion of the Offeror, and in any event, the total number of Offer Shares to be taken up by the Offeror will not exceed the Maximum Number of Offer Shares.

4. NOMINEE HOLDINGS

4.1 If the Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) in respect of a Qualifying Shareholder's Share(s) is/are in the name of a nominee company or some name other than his/her/its own, and such Qualifying Shareholder wishes to accept the Partial Offer (either in full or in respect of part of his/her/its holding(s) of Shares), he/she/it must either:

- (a) lodge the Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) with the nominee company, or other nominee, with instructions authorising it to accept the Partial Offer on his/her/its behalf and requesting it to deliver the Form of Approval and Acceptance duly completed and signed together with the relevant Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) to the Share Registrar, within such deadline (which may be earlier than the deadline specified under the Partial Offer) as may be stipulated by the nominee; or
- (b) arrange for the Shares to be registered in his/her/its name by the Company through the Share Registrar, and send the Form of Approval and Acceptance duly completed and signed together with the relevant Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) to the Share Registrar on or before 4:00 p.m. (Hong Kong time) on the Final Closing Date, or such later time and/or date as the Offeror may decide and announce and the Executive may approve; or
- (c) where his/her/its Shares have been deposited in CCASS via his/her/its licensed securities dealer/broker/custodian bank, instruct his/her/its licensed securities dealer/broker/custodian bank to authorise HKSCC Nominees Limited to accept the Partial Offer on his/her/its behalf on or prior to the deadline set by HKSCC Nominees Limited or any other date as shall be determined by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, that Qualifying Shareholder should check with his/her/its licensed securities dealer/broker/custodian bank for the timing on processing his/her/its instruction, and submit such instruction to his/her/its licensed securities dealer/broker/custodian bank as required by them; or

(d) if the Shares have been lodged with his/her/its investor participant account with CCASS, authorise his/her/its instruction via the CCASS phone system or CCASS internet system no later than one business day before the deadline set by HKSCC Nominees Limited or any other date as shall be determined by HKSCC Nominees Limited.

4.2 Qualifying Shareholders with a nominee holding of Shares should ensure that they undertake the above applicable course of action promptly to allow their nominee(s) sufficient time to complete the acceptance procedure on his/her/its behalf before the Final Closing Date, or such later time and/or date as the Offeror may decide and announce and the Executive may approve.

5. TIMING OF ACCEPTANCES UNDER THE PARTIAL OFFER

5.1 Pursuant to Rule 15.3 of the Takeovers Code, where a conditional offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptances for not less than 14 days thereafter. Accordingly, if the Partial Offer is declared unconditional as to acceptances on or prior to 7th day after the Despatch Date, then the Final Closing Date would be on (but no earlier than) the First Closing Date, being 21 days after the Despatch Date. If the Partial Offer is declared unconditional as to acceptances later than the seventh day after the Despatch Date, then the Final Closing Date would be at least 14 days after the date of such declaration. Pursuant to Rule 28.4 of the Takeovers Code, if the Partial Offer has been declared unconditional as to acceptances on the First Closing Date, the Offeror cannot extend the Final Closing Date to a day beyond the 14th day after the First Closing Date. When a period laid down by the Takeovers Code ends on a day which is not a Business Day, the period is extended until the next Business Day.

6. RECENT TRANSFERS

6.1 If a Qualifying Shareholder has lodged transfer(s) of Shares for registration in his/her/its name and has not yet received the Share certificate(s) and wishes to accept the Partial Offer, he/she/it should nevertheless complete and sign the Form of Approval and Acceptance and deliver it to the Share Registrar together with the transfer receipt(s) duly signed by him/her/it. Such action will be deemed to be an irrevocable authority to the Offeror and/or Halcyon Securities and/or any of their respective agent(s) or such other person(s) as any of them may direct for the purpose of collecting from the Company or the Share Registrar on his/her/its behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s), subject to the terms of the Partial Offer, as if it was/they were delivered to the Share Registrar with the Form of Approval and Acceptance.

7. LOST OR UNAVAILABLE SHARE CERTIFICATES

- 7.1 If the Share certificate(s), transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost and a Qualifying Shareholder wishes to accept the Partial Offer, the Form of Approval and Acceptance should nevertheless be completed, signed and delivered, together with a letter stating that he/she/it has lost one or more of his/her/its Share certificate(s) and/or transfer receipts and/or other document(s) of title or that it/they is/are not readily available, to the Share Registrar so as to reach the Share Registrar no later than 4:00 p.m. (Hong Kong time) on the Final Closing Date, or such later time and/or date as the Offeror may decide and announce and the Executive may approve. If the Qualifying Shareholder finds such document(s) or if it/they become available, the relevant Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) should be forwarded to the Share Registrar as soon as possible thereafter and in any event no later than 4:00 p.m. (Hong Kong time) on the Final Closing Date, or such later time and/or date as the Offeror may decide and announce and the Executive may approve.
- 7.2 In addition, if a Qualifying Shareholder has lost his/her/its Share certificate(s), transfer receipt(s) and/or any other document(s) of title, he/she/it should also write to the Share Registrar and request a letter of indemnity in respect of the lost Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (as the case may be) which, when completed in accordance with the instructions given, should be returned, together with the Form of Approval and Acceptance and any Share certificate(s), transfer receipt(s) and/or any other document(s) of title which are available, to the Share Registrar either by post or by hand, so as to arrive not later than 4:00 p.m. (Hong Kong time) on the Final Closing Date or such later time and/or date as the Offeror may decide and announce and the Executive may approve. In such cases, the Qualifying Shareholder will be informed of the fees and/or expenses payable to the Share Registrar for which he/she/it will be responsible. The Offeror shall have the absolute discretion to decide whether any Shares in respect of which the Share certificate(s), transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.

8. ADDITIONAL FORM OF APPROVAL AND ACCEPTANCE

8.1 If a Qualifying Shareholder has lost the accompanying Form of Approval and Acceptance or such original has become unusable, and requires a replacement of such form, he/she/it should write to the Share Registrar or visit the Share Registrar at its office and request an additional Form of Approval and Acceptance for completion by such Qualifying Shareholder. Alternatively, he/she/it could download it from the website of the Stock Exchange at www.hkexnews.hk or the website of the Company at www.gfghl.com.

9. SETTLEMENT

9.1 Provided that the Partial Offer becomes or is declared unconditional in all respects and a duly completed Form of Approval and Acceptance and the relevant documents required to tender the relevant acceptance under the Partial Offer are received by the Share Registrar by no later than 4:00 p.m. (Hong Kong time) on the Final Closing Date, or such later time and/or date as the Offeror may decide and announce and the Executive may approve, and are in good order in all respects and in accordance with the Takeovers Code, the Share Registrar will send to the relevant accepting Shareholder by ordinary post, at his/her/its own risk, (a) a remittance for the amount due to him/her/it under the Partial Offer (taking into account any scaling down of his/her/its acceptance, seller's ad valorem stamp duty payable by the relevant accepting Shareholder and, if applicable, the fees payable to the Share Registrar in respect of lost or unavailable Share certificates); and (b) (if applicable) any Share certificate(s) and/or any transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities in respect thereof) (if applicable) for Shares not taken up by the Offeror, in each case, as soon as possible but in any event no later than seven business days following the Final Closing Date.

9.2 Settlement of the consideration to which any accepting Shareholder is entitled under the Partial Offer will be implemented in full in accordance with the terms of the Partial Offer (save with respect to payment of seller's ad valorem stamp duty as set out in paragraph above) without regard to any lien, right of set-off, counterclaim, or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Shareholder.

9.3 No fractions of a cent will be payable and the amount of cash consideration payable to an accepting Shareholder will be rounded up to the nearest cent.

9.4 Cheque(s) not presented for payment within six months from the date of issue of the cheque will not be honoured and be of no further effect, and in such circumstances, cheque holder(s) should contact the Offeror for payment.

- 9.5 If the Partial Offer does not become, or is not declared, unconditional in all respects within the time permitted by the Takeovers Code, or is withdrawn or lapsed, the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Share Registrar will be returned to persons who have accepted the Partial Offer by ordinary post at his/her/its own risk as soon as possible but in any event no later than seven business days after the Partial Offer is withdrawn or lapsed.
- 9.6 If part of the Shares tendered by the Qualifying Shareholders are not taken up by the Offeror under the Partial Offer, the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) for the Shares not taken up by the Offeror will be returned to persons who have accepted the Partial Offer by ordinary post at his/her/its own risk as soon as possible but in any event no later than seven business days following the Final Closing Date.

10. NEW SHAREHOLDERS

- 10.1 Any new Shareholder may collect a copy of this Composite Document, together with a blank Form of Approval and Acceptance from the Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong during the period from the date of this Composite Document to the Final Closing Date (both days inclusive), between 9:00 a.m. and 4:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays). Such Shareholder may also contact the Share Registrar (through the enquiry general telephone line at +852 2980 1333) and request a copy of this Composite Document and a blank Form of Approval and Acceptance (as appropriate) to be sent to his/her/its registered address as recorded in the Register.

11. EFFECT OF ACCEPTING THE PARTIAL OFFER

Acceptance of the Partial Offer by any Qualifying Shareholder will constitute a warranty by such Qualifying Shareholder to the Offeror that the Shares sold by it to the Offeror under the Partial Offer are fully paid, free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights and benefits at any time accruing and attaching thereto, including all rights to any dividend or other distributions the record date of which falls on or after the Final Closing Date.

Acceptance of the Partial Offer shall be irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code.

11.1 Irrevocable acceptances

The Form of Approval and Acceptance which has been duly completed and received by the Share Registrar will constitute irrevocable acceptance of the Partial Offer in respect of the number of the Shares inserted in Box A of the Form of Approval and Acceptance and subject to the terms and conditions set out in this Composite Document, except in the circumstances that the Executive requires that such accepting Shareholder is granted a right to withdraw in accordance with Rule 19.2 of the Takeovers Code.

Rule 19.2 of the Takeovers Code relates to failure to announce the results of the Partial Offer as set out in the section headed “Announcements” in this Appendix and provides that the Executive may require that accepting Shareholders be granted a right of withdrawal, on terms acceptable to the Executive, until the requirements of Rule 19 of the Takeovers Code can be met.

If acceptance of the Partial Offer is withdrawn by the accepting Shareholders with the consent of the Executive in accordance with the Takeovers Code, the Offeror shall, as soon as possible but in any event no later than seven business days thereof, return the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) in respect of such number of Shares lodged with the Form of Approval and Acceptance to the relevant accepting Shareholder(s) by ordinary post.

11.2 Representations and warranties

- (a) If the Qualifying Shareholder is a resident or a citizen outside Hong Kong, he/she/it hereby represents and warrants that (i) all local laws and requirements in connection with such acceptance have been complied with and (ii) the Partial Offer can be accepted by such Qualifying Shareholder under the laws and regulations of the relevant jurisdiction and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. If the Qualifying Shareholders are in doubt with the relevant requirement, Qualifying Shareholders should consult their professional advisers.

11.3 Appointment and authority

Due execution of the Form of Approval and Acceptance constitutes an irrevocable instruction to any director or officer of the Offeror or Halcyon Securities, or such other person as any of them may direct to complete and execute the Form of Approval and Acceptance and/or any other document on behalf of the person accepting the Partial Offer and to do any other acts or things (such as, among others, due execution of instruments of transfer to effect transfers of Shares accepted by the Qualifying Shareholders pursuant to the Partial Offer to the Offeror and to tender the relevant Share certificate(s) for cancellation) as may be necessary, expedient or desirable for the purpose of the Offeror to acquire some or all of the Shares (as the Offeror may in its absolute discretion determine in accordance with the formula as set out in the section headed “Acceptance of the Partial Offer” in the “Letter from Halcyon Securities” in this Composite Document in respect of which such person has accepted the Partial Offer).

11.4 Undertakings

By executing the Form of Approval and Acceptance, he/she/it:

- (a) undertakes to deliver to the Share Registrar the share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) in respect of the Shares for which the Partial Offer is accepted, or an indemnity or indemnities acceptable to the Offeror in lieu thereof, or to procure the delivery of such document(s) to the Share Registrar as soon as possible thereafter and, in any event, no later than 4:00 p.m. (Hong Kong time) on the Final Closing Date, or such later time and/or date as the Offeror may decide and announce and the Executive may approve;
- (b) undertakes to do all such acts and things and execute all such deeds and documents as may be necessary to carry into effect or to give legal effect to his/her/its acceptance of the Partial Offer, including, without limitation, to sell any Shares in respect of which he/she/it has accepted the Partial Offer free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights and benefits at any time accruing and attaching thereto, including all rights to any dividend or other distributions the record date of which falls on or after the Final Closing Date.

11.5 General

- (a) The provisions of the Form of Approval and Acceptance and the other terms and conditions in this Composite Document are deemed to be incorporated into the terms and conditions of the Partial Offer.
- (b) The Offeror or such other person as the Offeror may direct is authorised to despatch by post the consideration to which the Qualifying Shareholder is entitled at his/her/its risk to the address of the registered Shareholder or the first-named of joint registered Shareholders on the Register or, if different, to the name and address of the person as specified on the Form of Approval and Acceptance.
- (c) In making their decisions, the Qualifying Shareholders must rely on their own examination of the Group and the terms of the Partial Offer including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein, together with the Form of Approval and Acceptance, shall not be construed as any legal or business advice on the part of the Offeror, the Company, Halcyon Securities, Halcyon Capital, or their respective professional advisers. Shareholders should consult their own professional advisers for professional advice in relation to their decisions.
- (d) The Qualifying Shareholders may accept the Partial Offer by completing the Form of Approval and Acceptance in accordance with the instructions set out in the Form of Approval and Acceptance (which constitute part of the terms of the Partial Offer). A Form of Approval and Acceptance may be rejected as invalid if the procedures contained in this Composite Document and in the Form of Approval and Acceptance are not complied with.
- (e) The Partial Offer and all acceptances of it, the Form of Approval and Acceptance and all contracts made pursuant to the Partial Offer, and all action taken or made or deemed to be taken or made pursuant to these terms will be governed by and construed in accordance with Hong Kong laws. Delivery of a Form of Approval and Acceptance will constitute submission to the non-exclusive jurisdiction of the Hong Kong courts.

- (f) The accidental omission to despatch, or the failure of any person to receive this Composite Document or the Form of Approval and Acceptance will not invalidate any aspect of the Partial Offer. Extra prints of these documents are available to any Qualifying Shareholder at the office of the Share Registrar during the period from the date of this Composite Document to the Final Closing Date (both days inclusive), between 9:00 a.m. and 4:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays), and on the Stock Exchange's website at www.hkexnews.hk and Company's website at www.gfghl.com.
- (g) The Offeror reserves the right, subject to the Takeovers Code, any applicable law or regulatory requirements and the requirements of the Executive, to amend the Offer Price or other terms of the Partial Offer. In the event of such amendment, a supplemental document and new Form of Approval and Acceptance will be despatched to the Qualifying Shareholders. Any revised Partial Offer will be kept open for at least 14 days following the date on which the revised offer document is posted. If in the course of the Partial Offer, the Offeror revises the terms of the Partial Offer, all Qualifying Shareholders, whether they have accepted the Partial Offer or not, will be entitled to the revised terms.
- (h) The right of acceptance of the Partial Offer is personal to the Qualifying Shareholders and is not capable of being assigned or renounced in favour of others or otherwise transferred by the Qualifying Shareholders.
- (i) Subject to (i) the terms of the Partial Offer as set out in this Composite Document; (ii) the provisions of the Takeovers Code; and (iii) any requirements of the Executive, the Offeror shall determine the calculation of the number of Shares to be taken up by the Offeror from each accepting Shareholder, the Offer Price to be paid therefor, whether an acceptance tendered fully complies with the terms of the Partial Offer and all other questions as to the validity, form and eligibility (including the time of receipt) of an acceptance (provided that this is determined consistently with the requirement of the Takeovers Code or otherwise with the Executive's consent). In the absence of manifest error, such a determination by the Offeror shall be conclusive.

- (j) All communications, notices, the Form of Approval and Acceptance, Share certificate(s), transfer receipt(s), other document(s) of title (and/or any indemnity or indemnities in respect thereof) and remittances to be delivered or sent by, to or from any Shareholders will be delivered or sent by, to and from them, or their designated agents, at their own risks and none of the Offeror, the Company, Halcyon Capital, Halcyon Securities, Red Sun, the Share Registrar or any of their respective directors or professional advisers or any other person involved in the Partial Offer accepts any liability for any loss or any other liabilities whatsoever which may arise as a result.

12. OVERSEAS SHAREHOLDERS

This Composite Document will not be filed under the applicable securities or equivalent legislation or rules of any jurisdiction other than Hong Kong.

The availability of the Partial Offer to persons who are not resident in Hong Kong may be affected by the applicable laws of the relevant jurisdiction in which they reside. Qualifying Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements in their own jurisdictions and, where necessary, seek their own legal advice. It is the responsibility of those Qualifying Shareholders who wish to accept the Partial Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Partial Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Qualifying Shareholders in respect of such jurisdictions).

Acceptance of the Partial Offer by any Qualifying Shareholder will be deemed to constitute a representation and warranty from such Qualifying Shareholder to the Offeror that the local laws and requirements have been complied with and that the Partial Offer can be accepted by such Qualifying Shareholder under the laws and regulations of the relevant jurisdiction and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Qualifying Shareholders should consult their professional advisers if in doubt.

13. HONG KONG STAMP DUTY

The seller's Hong Kong *ad valorem* stamp duty arising in connection with acceptance of the Partial Offer will be payable by the Qualifying Shareholders who accept the Partial Offer at a rate of 0.1% of (i) the consideration payable by the Offeror in respect of the relevant acceptance of the Partial Offer; or (ii) the market value of the Offer Shares, whichever is higher, and such stamp duty will be deducted from the cash amount payable by the Offeror to such Qualifying Shareholders on acceptance of the Partial Offer.

The Offeror will arrange for payment of the seller's Hong Kong *ad valorem* stamp duty on behalf of the Qualifying Shareholders that accept the Partial Offer and will pay the buyer's Hong Kong *ad valorem* stamp duty in connection with the acceptance of the Partial Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

14. TAXATION

Qualifying Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Partial Offer. It is emphasized that none of the Offeror, the Company and their ultimate beneficial owners and parties acting in concert with any of them, Halcyon Capital, Halcyon Securities, the Share Registrar or any of their respective directors or professional advisers or any persons involved in the Partial Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance of the Partial Offer.

15. ANNOUNCEMENTS

The announcement of the results of the Partial Offer will be jointly issued by the Offeror and the Company and posted on the website of the Stock Exchange by 7:00 p.m. on the Final Closing Date. Such announcement will comply with the disclosure requirements under Rule 19.1 and Note 7 to Rule 19 of the Takeovers Code and will include, among other things, the results of the Partial Offer and details of the way in which each accepting Shareholder's pro-rata entitlement was determined.

In any announcement of an extension of the Partial Offer, either the next closing date must be stated or, if the Partial Offer is unconditional as to acceptances, a statement may be made that the Partial Offer will remain open for acceptance for 14 days thereafter in accordance with the Takeovers Code. Pursuant to Rule 28.4 of the Takeovers Code, the Offeror cannot extend the Final Closing Date to a date beyond the 14th day after the First Closing Date. If the Partial Offer becomes or is declared unconditional as to acceptances by no later than the date falling 7 days following the Despatch Date, the Offeror shall be entitled to make an announcement to the effect that the Partial Offer will close for acceptance on the date falling 21 days following the Despatch Date. When a period laid down by the Takeovers Code ends on a day which is not a Business Day, the period is extended until the next Business Day.

The results announcements shall specify the total number of Shares:

- (a) for which acceptances of the Partial Offer have been received;
- (b) held, controlled or directed by the Offeror or parties acting in concert with it before the Offer Period; and

- (c) acquired or agreed to be acquired during the Offer Period by the Offeror or any parties acting in concert with it.

The results announcements must include the details of the way in which each of the accepting Shareholder's pro-rata entitlement was/is to be determined in compliance with Note 7 to Rule 19 of the Takeovers Code.

The results announcements must include details of any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company which the Offeror or any parties acting in concert with it has borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The results announcements shall include the percentages of the relevant classes of share capital of the Company, and the percentages of voting rights, represented by these numbers.

If the Offeror, any parties acting in concert with it or its advisers make any statement about the level of acceptances or the number or percentage of accepting Shareholders during the Offer Period, then the Offeror must make an immediate announcement in compliance with Note 2 to Rule 19 of the Takeovers Code.

As required under the Takeovers Code and the Listing Rules, all announcements in relation to the Partial Offer in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments thereon, will be published on the websites of the Stock Exchange and the Company.

16. INTERPRETATION

A reference in this Composite Document to a Qualifying Shareholder includes a reference to a person(s) who, by reason of an acquisition or transfer of Shares, is entitled to execute a Form of Approval and Acceptance and in the event of more than one person executing a Form of Approval and Acceptance, the provisions of this Composite Document apply to them jointly and severally.

A reference in this Composite Document and the Form of Approval and Acceptance to the masculine gender includes the feminine and neuter genders, and a reference to the singular includes the plural, and vice versa.

I. FINANCIAL SUMMARY

Set out below is a summary of the audited consolidated results of the Group for each of the three financial years ended 31 December 2022, 31 December 2021 and 31 December 2020 as well as the unaudited consolidated financial information of the Group for the six months ended 30 June 2023. The figures for each of the three financial years ended 31 December 2022, 31 December 2021 and 31 December 2020 are extracted from the audited consolidated financial statements of the Group for 2022, 2021 and 2020, respectively.

Summary of consolidated income statement and consolidated statement of comprehensive income

	For the six	For the year ended 31 December		
	months ended	2022	2021	2020
	30 June			
	2023	2022	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	110,349	139,285	543,280	1,141,245
Cost of revenue	(83,709)	(120,286)	(307,638)	(606,147)
Income tax (expenses)/credit	(4,493)	90,225	38,434	(181,452)
(Loss)/profit before tax	(44,761)	(683,939)	(416,381)	272,933
(Loss)/profit for the period attributable to:				
– Owners of the Company	(31,068)	(392,648)	(224,271)	34,682
– Non-controlling interests	(18,186)	(201,066)	(153,676)	56,799
(Loss)/profit and total comprehensive (loss)/income for the year/period	(104,182)	(740,366)	(327,570)	233,903
(Loss)/profit and total comprehensive (loss)/income attributable to:				
– Owners of the company	(57,665)	(471,845)	(200,397)	111,817
– Non-controlling interests	(46,517)	(268,521)	(127,173)	122,086
(Loss)/earnings per share				
– Basic (HK cents per share)	(12.7)	(160.3)	(91.6)	14.2
– Diluted (HK cents per share)	(12.7)	(160.3)	(91.6)	11.7
Dividends to owners	–	–	–	–

Save as disclosed above and the fair value loss on investment properties and impairment loss of properties for sale under development which in aggregate amounted to approximately HK\$484.8 million, HK\$459.4 million and HK\$128.0 million for the year ended 31 December 2022, 31 December 2021 and 31 December 2020, respectively, and approximately HK\$2.2 million for the six months ended 30 June 2023, there was no item of any income or expense which was material in respect of the consolidated financial results of the Group for each of the three years ended 31 December 2022, 31 December 2021 and 31 December 2020, and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2023.

By taking into account the effect of fair value changes arising from the valuation of all the property interests of the Group (as contained in the valuation report of the Group (the “**Valuation Report**”) set out in Appendix III to this Composite Document), set out below is the calculation of the adjusted net assets value of the Group:

	<i>HK\$’million</i>
Unaudited consolidated net asset value of the Group attributable to Shareholders as at 30 June 2023 (<i>Note 1</i>)	511.5
<i>Adjustments:</i>	
– Fair value changes on the property interests of the Group as at 30 November 2023 attributable to Shareholders based on the Valuation Report (<i>Note 2</i>)	150.9
Adjusted NAV	662.4
Adjusted NAV per Share (<i>Note 3</i>)	2.70

Notes:

1. The amount is extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2023.
2. The fair value change represents the excess of market value of the property interests as at 30 November 2023 over their corresponding carrying amount as at 30 November 2023 less the amount attributable to minority shareholders of the Group, and being translated at an exchange rate of HK\$1 = RMB0.90979 based on the exchange rate quoted on the People’s Bank of China on 30 November 2023, as illustrated below:

Calculation of fair value gain

RMB' million

Fair value of property interests of the Group as at 30 November 2023 (as set out in Appendix III to this Composite Document)	2,333.1
Less: Carrying value of the relevant property interests as at 30 November 2023	<u>2,098.5</u>
Fair value gain	234.6
Among which attributable to the Shareholders	137.3

Translation into HK\$

Fair value gain attributable to the Shareholders (in RMB)	137.3 million
Exchange rate as at 30 November 2023 (RMB:HKD)	<u>0.90979</u>
Fair value gain attributable to Shareholders (in HK\$)	150.9 million

3. The Adjusted NAV per Share is arrived at on the basis of 244,955,413 Shares in issue as at the Latest Practicable Date.

II. CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The Company is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in (i) the audited consolidated financial statements of the Group for the year ended 31 December 2020 (the “**2020 Financial Statements**”), (ii) the audited consolidated financial statements of the Group for the year ended 31 December 2021 (the “**2021 Financial Statements**”), (iii) the audited consolidated financial statements of the Group for the year ended 31 December 2022 (the “**2022 Financial Statements**”), (iv) the unaudited consolidated financial statements of the Group for the six months ended 30 June 2023 (the “**2023 Interim Financial Statements**”), together with the significant accounting policies and any points from the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The auditors’ reports issued by the auditors of the Group, ZHONGHUI ANDA CPA Limited, in respect of the audited consolidated financial statements of the Group for each of the three years ended 31 December 2022, 31 December 2021 and 31 December 2020 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

The 2020 Financial Statements are set out on pages 73 to 161 in the annual report of the Company for the year ended 31 December 2020 (the “**2020 Annual Report**”). The 2020 Annual Report was posted on the respective websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.gfghl.com), and is accessible via the following website addresses:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0428/2021042803020.pdf>

The 2021 Financial Statements are set out on pages 78 to 167 in the annual report of the Company for the year ended 31 December 2021 (the “**2021 Annual Report**”). The 2021 Annual Report was posted on the respective websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.gfghl.com), and is accessible via the following website addresses:

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

The 2022 Financial Statements are set out on pages 92 to 181 in the annual report of the Company for the year ended 31 December 2022 (the “**2022 Annual Report**”). The 2022 Annual Report was posted on the respective websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.gfghl.com), and is accessible via the following website addresses:

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

The 2023 Interim Financial Statements are set out on pages 4 to 27 in the interim report of the Company for the six months ended 30 June 2023 (the “**2023 Interim Report**”). The 2023 Interim Report was posted on the respective websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.gfghl.com), and is accessible via the following website addresses:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0927/2023092701873.pdf>

The 2020 Financial Statements, the 2021 Financial Statements, the 2022 Financial Statements and the 2023 Interim Financial Statements (but not any other part of the 2020 Annual Report, 2021 Annual Report, 2022 Annual Report and 2023 Interim Report) are incorporated by reference into this Composite Document and form part of this Composite Document.

III. INDEBTEDNESS STATEMENT

At the close of business on 31 December 2023, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Composite Document, the Group had the following indebtedness:

Bank Loans and Bank Overdrafts

As at the close of business on 31 December 2023, the Group had bank loans and overdrafts balance of approximately HK\$519,785,000.

Loan from Non-Controlling Interests

As at the close of business on 31 December 2023, the Group had loan balance from a non-controlling interest holder of approximately HK\$13,922,000.

Other Borrowings

As at the close of business on 31 December 2023, the Group had other borrowings balance of approximately HK\$107,598,000.

Convertible Bond

As at the close of business on 31 December 2023, the Group had convertible bond with face value of approximately HK\$95,896,000.

Pledge of Assets

As at the close of business on 31 December 2023, the Group had assets pledged to lenders of total value of approximately HK\$1,874,852,000.

Lease Liabilities

As at the close of business on 31 December 2023, the Group had lease liabilities balance of approximately HK\$1,231,000.

Contingent Liabilities and Guarantees

As at the close of business on 31 December 2023, 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 Dongguan 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 Dongguan City Intermediate People’s Court on 23rd 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 claims against Zhejiang Beishen Wen Lu Development Company Limited (“**Zhejiang Beishen**”), Ningbo Heshan Shi Yeh Company Limited (“**Ningbo Heshan**”) and five other companies for a sum of RMB30 million and interest thereon. According to the Judgment dated 19 August 2022, Xingfu Jiari had the right of debt against Zhejiang Beishen for RMB30,426,958.91 and Ningbo Heshan had the collateral liability for the whole amount owed by Zhejiang Beishen and the other five defendants are liable for 50% of the said liabilities. On 20 December, 2022, it was ruled that the said Judgment was mistakenly made and the court ordered for a re-trial of the above case. The re-trial has been heard on 21 July 2023 and 8 August 2023 but the result thereof has not yet been received by the Group as at the Latest Practicable date.

On 14 March 2022, The People’s Court of Fuyang District, Hangzhou City ruled that the application for winding up case of Zhejiang Beishen was accepted and administrators were nominated. It is uncertain whether Zhejiang Beishen has sufficient assets to pay damages.

- (iv) The administrators of Zhejiang Beishen mentioned in paragraph (iii) above sued 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 and there has not been any further update in respect of the 2nd trial as at the Latest Practicable Date.
- (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 subsidiary of the Company, being 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.

IV. MATERIAL CHANGE

As at the Latest Practicable Date, save for the following, the Directors confirm that there has been no material change in the financial or trading position or outlook of the Group since 31 December 2022 (being the date to which the latest audited consolidated financial statements of the Group were made up) and up to and including the Latest Practicable Date.

The Group is expected to record a substantial reduction in loss attributable to owners of the Company and the loss attributable to owners of the Company is expected to be ranged from approximately HK\$30.0 million to HK\$70 million (the “**Profit Alert**”) for the year ended 31 December 2023 (“**FY2023**”) as compared to the loss attributable to owners of the Company of approximately HK\$392.6 million for the year ended 31 December 2022 (“**FY2022**”), which was mainly attributed to (a) the increase in revenue and gross profit of the Group from approximately HK\$139.3 million and HK\$19.0 million respectively for FY2022 to approximately HK\$255.0 million to HK\$275.0 million and HK\$50.0 million to HK\$70.0 million respectively for FY2023; (b) the reduction in administrative expenses of the Group from approximately HK\$61.6 million for FY2022 to approximately HK\$45.0 million to HK\$55.0 million for FY2023; (c) the recognition of one-off fair value gain on investment properties of the Group in a range of approximately HK\$20.0 million to HK\$60.0 million for FY2023 as opposed to the one-off fair value loss on investment properties of the Group of approximately HK\$380.5 million for FY2022; (d) the absence of one-off impairment loss on properties for sale under development and goodwill of the Group for FY2023 as compared to the one-off impairment loss of properties for sale under development and goodwill of the Group in the aggregate amount of approximately HK\$104.3 million and approximately HK\$36.8 million respectively recognised for FY2022; (e) a significant reduction in provision in relation to litigation of the Group from approximately HK\$49.2 million for FY2022 to approximately HK\$0.5 million to HK\$1.5 million for FY2023; and (f) the recognition of fair value loss on convertible bonds through profit or loss of approximately HK\$6.7 million for FY2023 as compared to a fair value gain on convertible bonds through profit or loss of approximately HK\$3.8 million for FY2022, which partially set-off against the abovementioned effects. For further details of the Profit Alert, please refer to the Profit Alert Announcement.

The statement of Profit Alert is regarded as a profit forecast under Rule 10 of the Takeovers Code and the Company is required to comply with the reporting requirement set out in Rule 10.4 of the Takeovers Code.

ZHONGHUI ANDA CPA Limited, the auditors of the Company, is of the opinion that, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors as set out in the statement of Profit Alert made the by Company in its Profit Alert Announcement and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2022. Red Sun is of the opinion that the statement of Profit Alert, for which the Directors are solely responsible for, has been made with due care and consideration. Your attention is drawn to the reports issued by ZHONGHUI ANDA CPA Limited and Red Sun on the statement of Profit Alert set out in Appendix V and Appendix VI to this Composite Document respectively.

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this Composite Document received from Ravia Global Appraisal Advisory Limited, an independent valuer, in connection with their opinion of values as at 30 November 2023 of the properties of the Group.



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

29 February 2024

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 Valuations of Various Properties 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 properties 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 values of the properties as at 30 November 2023 (the “**Date of Valuation**”) for the purpose of incorporation in the composite document dated 29 February 2024 jointly issued by Rhenfield Development Corp. and the Company. For the purpose of Rule 11.1(f) of the Code on Takeovers and Mergers (the “**Takeovers Code**”), we understand that value of the consolidated property assets of the Company represents 50% or more of the book value of the Company's consolidated total assets. We also understand that there is no other property which is held by the associated companies of the Company such that it is subject to a valuation report under Rule 11.1(f) of the Takeovers Code.

1. BASIS OF VALUATIONS

Our valuations of properties are our opinion of the market values 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. PROPERTY CATEGORIZATION

In the course of our valuations, the properties held by the Group are categorized into the following groups:

Group I – Properties held by the Group for investment purpose in the PRC;

Group II – Properties held by the Group for sale purpose in the PRC; and

Group III – Property held by the Group for owner occupation in the PRC

3. VALUATION METHODOLOGIES

In valuing the properties except for property Nos. 7 and 12, we have adopted the direct comparison approach assuming sale of such properties in their existing states with the benefit of vacant possessions and by making reference to comparable sales evidence as available in the relevant market.

In valuing property Nos. 7 and 12 which were under development and future development respectively as at the Date of Valuation, we have adopted the direct comparison approach and on the basis that property Nos. 7 and 12 will be developed and completed in accordance with the Group’s latest development proposals provided to us and we have also taken into account the construction costs that will be expended to complete the developments to reflect the quality of the completed developments.

For property No. 3, the car parking spaces of property Nos. 1, 5, 8 and 10 which had not been obtained any proper title certificates; and for property No. 19 which is restricted for specific use only and non-transferable as at the Date of Valuation, we have attributed no commercial value.

4. 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.

5. VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the owners sell the properties 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 values of the properties.

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

6. SOURCE OF INFORMATION

In the course of our valuations, 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 values of the properties. 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.

7. VALUATION CONSIDERATION

We have inspected the exterior and, where possible, the interior of the properties. No structural survey has been made in respect of the properties. However, in the course of our inspections, we did not note any serious defects. We are not, however, able to report that the properties are 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 properties 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 certificates are based on information contained in the documents provided to us by the Group and are therefore approximations.

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

In valuing the properties, 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, Rule 11 of the Hong Kong Code on Takeovers and Mergers published by the Securities and Futures Commission and The HKIS Valuation Standards (2020 Edition) published by The Hong Kong Institute of Surveyors.

For the purpose of compliance with Rule 11.3 of the Hong Kong Code on Takeovers and Mergers and as advised by the Group, the potential tax liabilities which may arise from the sale of the properties including the following clarification:

As advised by the Group, the potential tax liabilities which would arise on the direct disposal of the property interests held by the Group at the amounts valued by us mainly comprise the following:

- Enterprise income tax at 25% on the gain
- Land appreciation tax at progressive rates from 30% to 60% on the appreciation of property values
- Withholding tax at 10% if the net proceeds (minus taxes and statutory contributions) are repatriated outside the PRC as dividends (reduced to 5% if the Hong Kong-PRC double tax arrangement applies)
- Stamp duty at 0.05% on the transaction amount
- Other surcharge at approximately 12% of value-added tax

For the properties in Groups I and III, as confirmed by the Group, as at the Date of Valuation, the Group has no intention to sell the properties in Groups I and III and therefore there is no likelihood of any tax liability crystallising. For the properties in Group II, it is likely that the potential tax liabilities will be crystallized upon disposal.

According to our established practice, in the course of our valuations, we have neither verified nor taken into account such tax liabilities.

8. 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 valuations are in Renminbi (RMB).

Our Summary of Values and Valuation Certificates are 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

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.

SUMMARY OF VALUES

Group I – Properties held by the Group for investment purpose in the PRC

No.	Property	Market Value in Existing State as at 30 November 2023	Interest attributable to the Group	Market Value in Existing State attributable to the Group as at 30 November 2023
1.	<p>Various office, commercial apartment, retail units and car parking spaces of Zongke Cloud Building (Grand Field Mix Park), Xihuan Road, Buji Town, Longgang District, Shenzhen City, Guangdong Province, the PRC</p> <p>中國廣東省深圳市龍崗區布吉鎮西環路棕科雲端大廈(鈞濠Mix Park)之多個辦公，商住公寓，商舖及車位</p>	RMB1,287,400,000	50%	RMB643,700,000
2.	<p>Various office and retail units of Guojin Era, Huanghe West Road, Gulou District, Xuzhou City, Jiangsu Province, the PRC</p> <p>中國江蘇省徐州市鼓樓區黃河西路國金時代之多個辦公及商舖</p>	RMB102,350,000	100%	RMB102,350,000
3.	<p>A clubhouse, a kindergarten and various car parking spaces in Defu Garden, Xihuan Road, Buji Town, Longgang District, Shenzhen City, Guangdong Province, the PRC</p> <p>中國廣東省深圳市龍崗區布吉鎮西環路德福花園之一個會所、一個幼兒園及多個車位</p>	No commercial value	100%	No commercial value

No.	Property	Market Value in Existing State as at 30 November 2023	Interest attributable to the Group	Market Value in Existing State attributable to the Group as at 30 November 2023
4.	Two residential units in Taoranju, Gaofa Science and Technology Park, Beihuan Avenue, Nanshan District, Shenzhen City, Guangdong Province, the PRC 中國廣東省深圳市南山區北環大道高發科技園陶然居之兩個住宅單位	RMB3,830,000	100%	RMB3,830,000
	Sub-total:	<u>RMB1,393,580,000</u>		<u>RMB749,880,000</u>

Group II – Properties held by the Group for sale purpose in the PRC

No.	Property	Market Value in Existing State as at 30 November 2023	Interest attributable to the Group	Market Value in Existing State attributable to the Group as at 30 November 2023
5.	<p>Various retail units and car parking spaces in Yile Garden, Yongning Street and Guanhui Expressway, Zhangluo Management Area, Zhangmutou Town, Dongguan City, Guangdong Province, the PRC</p> <p>中國廣東省東莞市樟木頭鎮樟羅管理區永寧街及關輝高速公路怡樂花園之多個商舖及車位</p>	RMB12,800,000	100%	RMB12,800,000
6.	<p>Various retail units in Yile Garden, Yongning Street and Guanhui Expressway, Zhangluo Management Area, Zhangmutou Town, Dongguan City, Guangdong Province, the PRC</p> <p>中國廣東省東莞市樟木頭鎮樟羅管理區永寧街及關輝高速公路怡樂花園之多個商舖</p>	RMB3,980,000	100%	RMB3,980,000
7.	<p>A parcel of land located in Baiguodong Management Area, Zhangmutou Town, Dongguan City, Guangdong Province, the PRC</p> <p>中國廣東省東莞市樟木頭鎮白果洞管理區之一幅地塊</p>	RMB30,500,000	10%	RMB3,050,000
8.	<p>Various retail units and car parking spaces in phase 1 of Dongjiang Garden, Lijing Avenue, Xu Town Management Area, Zhangmutou Town, Dongguan City, Guangdong Province, the PRC</p> <p>中國廣東省東莞市樟木頭鎮墟鎮管理區麗景大道東江花園一期之多個商舖及車位</p>	RMB2,870,000	100%	RMB2,870,000

No.	Property	Market Value in Existing State as at 30 November 2023	Interest attributable to the Group	Market Value in Existing State attributable to the Group as at 30 November 2023
9.	<p>Various retail portions in block Nos. 1, 2, 3, 4, 5, 6 and a residential unit in phase 1 of Huadu Garden, Yonglong Street and Zhenxing Road, Zhangmutou Town, Dongguan City, Guangdong Province, the PRC</p> <p>中國廣東省東莞市樟木頭鎮永隆街與振興路華都花園一期之多個商舖及一個住宅單位</p>	RMB17,400,000	100%	RMB17,400,000
10.	<p>Various retail units and car parking spaces in phase 2 of Huadu Garden, Zhenxing Road, Zhangmutou Town, Dongguan City, Guangdong Province, the PRC</p> <p>中國廣東省東莞市樟木頭鎮振興路華都花園二期之多個商舖及車位</p>	RMB3,750,000	100%	RMB3,750,000
11.	<p>Various retail units and residential units in phase 1 and phase 2 of Huadu Garden, Zhenxing Road, Zhangmutou Town, Dongguan City, Guangdong Province, the PRC</p> <p>中國廣東省東莞市樟木頭鎮振興路華都花園一期二期之多個商舖及住宅單位</p>	RMB3,390,000	100%	RMB3,390,000

APPENDIX III

PROPERTY VALUATION REPORT

No.	Property	Market Value in Existing State as at 30 November 2023	Interest attributable to the Group	Market Value in Existing State attributable to the Group as at 30 November 2023
12.	A parcel of land in the rural management area of Zhangmutou Town, Dongguan City, Guangdong Province, the PRC 中國廣東省東莞市樟木頭鎮墟鎮管理區之一幅地塊	RMB10,400,000	100%	RMB10,400,000
13.	Various retail units in phase 1 of Dongjiang Garden, Lijing Avenue, Xu Town Management Area, Zhangmutou Town, Dongguan City, Guangdong Province, the PRC 中國廣東省東莞市樟木頭鎮墟鎮管理區麗景大道東江花園一期之多個商舖	RMB3,860,000	100%	RMB3,860,000
14.	Various residential, office and commercial apartment units of Zongke Cloud Building (Grand Field Mix Park), Xihuan Road, Buji Town, Longgang District, Shenzhen City, Guangdong Province, the PRC 中國廣東省深圳市龍崗區布吉鎮西環路棕科雲端大廈(鈞濠Mix Park)之多個住宅，辦公及商住公寓	RMB691,900,000	50%	RMB345,950,000
Sub-total:		<u>RMB780,850,000</u>		<u>RMB407,450,000</u>

Group III – Property held by the Group for owner-occupation in the PRC

No.	Property	Market Value in Existing State as at 30 November 2023	Interest attributable to the Group	Market Value in Existing State attributable to the Group as at 30 November 2023
15.	Room No. 2501, Block No. 4, Fengshun Wanjiang Mansion, Jinpan Section, Jinhu Road, Chengnan Development Zone, Fengshun County, Meizhou City, Guangdong Province, the PRC 中國廣東省梅州市豐順縣城南開發區金湖路金盤段豐順萬江府4棟2501號房	RMB2,870,000	50%	RMB1,435,000
16.	Various office units of Zongke Cloud Building (Grand Field Mix Park), Xihuan Road, Buji Town, Longgang District, Shenzhen City, Guangdong Province, the PRC 中國廣東省深圳市龍崗區布吉鎮西環路棕科雲端大廈(鈞濠Mix Park)之多個辦公	RMB67,200,000	50%	RMB33,600,000
17.	A hotel of Zongke Cloud Building (Grand Field Mix Park), Xihuan Road, Buji Town, Longgang District, Shenzhen City, Guangdong Province, the PRC 中國廣東省深圳市龍崗區布吉鎮西環路棕科雲端大廈(鈞濠Mix Park)之酒店	RMB87,310,000	100%	RMB87,310,000
18.	An office unit of Guojin Era, Huanghe West Road, Gulou District, Xuzhou City, Jiangsu Province, the PRC 中國江蘇省徐州市鼓樓區黃河西路國金時代之辦公	RMB1,280,000	100%	RMB1,280,000

No.	Property	Market Value in Existing State as at 30 November 2023	Interest attributable to the Group	Market Value in Existing State attributable to the Group as at 30 November 2023
19.	Unit 201, Lovers Pavilion of Defu Square, Defu Garden, Xihuan Road, Buji Town, Longgang District, Shenzhen City, Guangdong Province, the PRC 中國廣東省深圳市龍崗區布吉鎮西環路德福花園德福廣場(情侶閣)201	No commercial value	100%	No commercial value
	Sub-total:	<u>RMB158,660,000</u>		<u>RMB123,625,000</u>
	Grand Total:	<u>RMB2,333,090,000</u>		<u>RMB1,280,955,000</u>

VALUATION CERTIFICATE

Group I – Properties held by the Group for investment purpose in the PRC

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2023
1.	<p>Various office, commercial apartment, retail units and car parking spaces of Zongke Cloud Building (Grand Field Mix Park), Xihuan Road, Buji Town, Longgang District, Shenzhen City, Guangdong Province, the PRC</p> <p>中國廣東省深圳市龍崗區布吉鎮西環路棕科雲端大廈(鈞濠Mix Park)之多個辦公，商住公寓，商舖及車位</p>	<p>The property comprises various office, commercial apartment, retail units and 1,180 car parking spaces of a composite complex known as Zongke Cloud Building (also known as Grand Field Mix Park) which was completed in about 2020.</p> <p>According to the information provided by the Group, the property has a total gross floor area of approximately 33,611.40 sq.m. plus 1,180 car parking spaces.</p> <p>The land use rights of the property have been granted for a term of 40 years expiring on 17 May 2039 for commercial, commercial apartment and office uses and a term of 70 years for residential use.</p>	<p>As advised by the Group, portion of the property with a total gross floor area of approximately 1,930 sq.m. was subject to various tenancy agreements at a total monthly rental of approximately RMB118,000 for office use, portion of the property with a total gross floor area of approximately 210 sq.m. was subject to a tenancy agreement at a monthly rental of approximately RMB16,600 for commercial apartment use, portion of the property with a total gross floor area of approximately 16,000 sq.m. was subject to various tenancy agreements at a total monthly rental of approximately RMB802,200 for retail use.</p> <p>The remaining portion of the property was self-used or vacant as at the Date of Valuation.</p>	<p>RMB1,287,400,000.</p> <p>(Refer to Note No.2)</p> <p>(50% interest attributable to the Group: RMB643,700,000)</p>

Notes:

1. Pursuant to various Real Estate Title Certificates, the office, commercial apartment and retail units with a total gross floor area of approximately 33,611.40 sq.m. of the property is legally owned by Shenzhen Zongke Real Estate Co., Ltd. (深圳棕科置業有限公司) for commercial, commercial apartment and office uses.
2. We have attributed no commercial value to the car parking spaces of the property which had not been obtained any proper title certificate as at the Date of Valuation. However, for reference purpose, we are of the opinion that the market value of the car parking spaces of the property in existing states as at the Date of Valuation would be RMB118,000,000 assuming the relevant title certificates have been obtained by Shenzhen Zongke Real Estate Co., Ltd. (深圳棕科置業有限公司) and Shenzhen Zongke Real Estate Co., Ltd. (深圳棕科置業有限公司) is entitled to freely transfer the car parking spaces of the property.
3. The inspection was performed by Krystal Tian, with over 5-year valuation experience, in January 2024.
4. Shenzhen Zongke Real Estate Co., Ltd. (深圳棕科置業有限公司) is a 50%-owned subsidiary of the Company.
5. 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. Shenzhen Zongke Real Estate Co., Ltd. (深圳棕科置業有限公司) is in possession of a proper legal title to the residential, office, commercial apartment and retail units with a total gross floor area of approximately 33,611.40 sq.m. of the property and is entitled to transfer the residential, office, commercial apartments and retail units of the property with their residual terms of land use rights at no extra land premium or other onerous payment payable to the government;
 - b. The 1,180 car parking spaces of the property can only be used or leased by Shenzhen Zongke Real Estate Co., Ltd. (深圳棕科置業有限公司) but cannot be transferred to others;
 - c. The existing uses of the property are in compliance with the local planning regulations and have been approved by the relevant authorities;
 - d. Portion of the property are subject to mortgage. Apart from the foregoing, the property is not subject to any other material encumbrances; and
 - e. Whether as a whole or on strata basis, the office, commercial apartment and retail units with a total gross floor area of approximately 33,611.40 sq.m. of the property can be freely transferred to local or overseas purchasers.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2023
2.	Various office and retail units of Guojin Era, Huanghe West Road, Gulou District, Xuzhou City, Jiangsu Province, the PRC	The property comprises various office and retail units of a composite building known as Guojin Era which was completed in about 2015.	As advised by the Group, the property was vacant as at the Date of Valuation.	RMB102,350,000. (100% interest attributable to the Group)
	中國江蘇省徐州市鼓樓區黃河西路國金時代之多個辦公及商鋪	According to the information provided by the Group, the property has a total gross floor area of approximately 11,444.94 sq.m.. The land use rights of the property have been granted for a term of expiring on 19 March 2049 for office and commercial services uses.		

Notes:

1. Pursuant to various Real Estate Title Certificates, the property with a total gross floor area of approximately 11,444.94 sq.m. is legally owned by Xuzhou Guojin Real Estate Development Co., Ltd. (徐州國金房地產開發有限公司) for office and commercial services uses.
2. The inspection was performed by Krystal Tian, with over 5-year valuation experience, in January 2024.
3. Xuzhou Guojin Real Estate Development Co., Ltd. (徐州國金房地產開發有限公司) is a wholly-owned subsidiary of the Company.
4. 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 Real Estate Development Co., Ltd. (徐州國金房地產開發有限公司) is in possession of a proper legal title to 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 uses of the property are in compliance with the local planning regulations and have 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.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2023
3.	A clubhouse, a kindergarten and various car parking spaces in Defu Garden, Xihuan Road, Buji Town, Longgang District, Shenzhen City, Guangdong Province, the PRC 中國廣東省深圳市龍崗區布吉鎮西環路德福花園之一個會所、一個幼兒園及多個車位	The property comprises a clubhouse, a kindergarten and 123 car parking spaces of a composite development known as Defu Garden which was completed in about between 1999 and 2003. According to the information provided by the Group, the property has a total gross floor area of approximately 3,985.73 sq.m. for kindergarten and clubhouse uses plus 123 car parking spaces.	As advised by the Group, portion of the property with a total gross floor area of approximately 3,430 sq.m. was subject to various tenancy agreements at a total monthly rental of approximately RMB211,400 for kindergarten and retail uses. The remaining portion of the property was vacant as at the Date of Valuation.	No commercial value (Refer to Note No.1)

Notes:

1. We have attributed no commercial value to the property which had not been obtained any proper title certificate as at the Date of Valuation. However, for reference purpose, we are of the opinion that the market value of the property in existing states as at the Date of Valuation would be RMB58,720,000 assuming the relevant title certificate has been obtained by Grandfield Real Estate Development (Shenzhen) Limited (鈞濠房地產開發(深圳)有限公司) and Grandfield Real Estate Development (Shenzhen) Limited (鈞濠房地產開發(深圳)有限公司) is entitled to freely transfer the property.
2. The inspection was performed by Krystal Tian, with over 5-year valuation experience, in January 2024.
3. Grandfield Real Estate Development (Shenzhen) Limited (鈞濠房地產開發(深圳)有限公司) is a wholly-owned subsidiary of the Company.
4. 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. The Real Estate Title Certificates of the kindergarten and clubhouse with a total gross floor area of approximately 3,985.73 sq.m. and 123 car parking spaces of the property cannot be obtained by the Group, and the kindergarten, clubhouse and car parking spaces of the property are not transferable;
 - b. The existing use of the property is in compliance with the local planning regulations and has been approved by the relevant authorities; and
 - c. The property is not subject to mortgage or any other material encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2023
4.	Two residential units in Taoranju, Gaofa Science and Technology Park, Beihuan Avenue, Nanshan District, Shenzhen City, Guangdong Province, the PRC 中國廣東省深圳市南山區北環大道高發科技園陶然居之兩個住宅單位	The property comprises 2 residential units of a residential building of a development known as Taoranju which was completed in about 2001. According to the information provided by the Group, the property has a total gross floor area of approximately 61.82 sq.m. The land use rights of the property have been granted for a term of 70 years expiring on 7 June 2062 for residential use.	As advised by the Group, the property was self-occupied for property management use as at the Date of Valuation.	RMB3,830,000. (100% interest attributable to the Group)

Notes:

1. Pursuant to 2 Real Estate Title Certificates, a total gross floor area of approximately 61.82 sq.m. of the property is legally owned by Grandfield Real Estate Development (Shenzhen) Limited (鈞濠房地產開發(深圳)有限公司) for residential use.
2. The inspection was performed by Krystal Tian, with over 5-year valuation experience, in January 2024.
3. Grandfield Real Estate Development (Shenzhen) Limited (鈞濠房地產開發(深圳)有限公司) is a wholly-owned subsidiary of the Company.
4. 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. Grandfield Real Estate Development (Shenzhen) Limited (鈞濠房地產開發(深圳)有限公司) is in possession of a proper legal title to 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.

Group II – Properties held by the Group for sale purpose in the PRC

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2023
5.	<p>Various retail units and car parking spaces in Yile Garden, Yongning Street and Guanhui Expressway, Zhangluo Management Area, Zhangmutou Town, Dongguan City, Guangdong Province, the PRC</p> <p>中國廣東省東莞市樟木頭鎮樟羅管理區永寧街及關輝高速公路怡樂花園之多個商鋪及車位</p>	<p>The property comprises 49 retail units and 11 car parking spaces of a 35-storey residential building erected on a 3-storey retail podium plus basement known as Yile Garden which was completed in about 1997.</p> <p>According to the information provided by the Group, the property has a total gross floor area of approximately 4,269.655 sq.m. for retail use plus 11 car parking spaces.</p> <p>The land use rights of the property have been granted for a term of 70 years expiring in September 2062 for commercial and residential uses.</p>	<p>As advised by the Group, a retail unit of the property with a total gross floor area of approximately 27.72 sq.m. was subject a tenancy agreement at a monthly rental of RMB700 exclusive of utility fees.</p> <p>The remaining portion of the property was self-used or vacant as at the Date of Valuation.</p>	<p>RMB12,800,000.</p> <p>(Refer to Note No.2)</p> <p>(100% interest attributable to the Group)</p>

Notes:

- Pursuant to 43 Real Estate Title Certificates, the 43 retail units with a total gross floor area of approximately 4,201.655 sq.m. of the property is legally owned by Shing Fat Hong Limited (成發行) for commercial use.
- We have attributed no commercial value to the car parking spaces of the property which had not been obtained any proper title certificate as at the Date of Valuation. However, for reference purpose, we are of the opinion that the market value of the car parking spaces of the property in existing state as at the Date of Valuation would be RMB400,000 assuming the relevant title certificate has been obtained by Shing Fat Hong Limited (成發行) and Shing Fat Hong Limited (成發行) is entitled to freely transfer the car parking spaces of the property.
- The inspection was performed by Krystal Tian, with over 5-year valuation experience, in January 2024.
- Shing Fat Hong Limited (成發行) is a wholly-owned subsidiary of the Company.

5. 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. Shing Fat Hong Limited (成發行) is in possession of a proper legal title to the 43 retail units with a total gross floor area of approximately 4,201.655 sq.m. of the property and is entitled to transfer the retail portion of the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
 - b. Shing Fat Hong Limited (成發行) had not obtained the Real Estate Title Certificates for the 6 retail units with a total gross floor area of approximately 68 sq.m. of the property, but Shing Fat Hong Limited (成發行) as the actual developer, is in possession of a proper legal title and entitled to use, lease and transfer the 6 retail units of the property;
 - c. The Real Estate Title Certificates of the 11 car parking spaces of the property cannot be obtained by the Group and the 11 car parking spaces of the property is not transferable;
 - d. The existing use of the 49 retail units of the property is in compliance with the local planning regulations and has been approved by the relevant authorities;
 - e. The property is not subject to mortgage or any other material encumbrances; and
 - f. Whether as a whole or on strata basis, the 49 retail units of the property can be freely transferred to local or overseas purchasers.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2023
6.	<p>Various retail units in Yile Garden, Yongning Street and Guanhui Expressway, Zhangluo Management Area, Zhangmutou Town, Dongguan City, Guangdong Province, the PRC</p> <p>中國廣東省東莞市樟木頭鎮樟羅管理區永寧街及關輝高速公路怡樂花園之多個商鋪</p>	<p>The property comprises 31 retail units of a 35-storey residential building erected on a 3-storey retail podium plus basement known as Yile Garden which was completed in about 1997.</p> <p>According to the information provided by the Group, the property has a total gross floor area of approximately 920.29 sq.m.</p> <p>The land use rights of the property have been granted for a term of 70 years expiring in September 2062 for commercial and residential uses.</p>	<p>As advised by the Group, the property was vacant as at the Date of Valuation.</p>	<p>RMB3,980,000.</p> <p>(100% interest attributable to the Group)</p>

Notes:

1. Pursuant to 31 Real Estate Title Certificates, the property with a total gross floor area of approximately 920.29 sq.m. is legally owned by Shing Fat Hong Limited (成發行) for commercial use.
2. The inspection was performed by Krystal Tian, with over 5-year valuation experience, in January 2024.
3. Shing Fat Hong Limited (成發行) is a wholly-owned subsidiary of the Company.
4. 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. Shing Fat Hong Limited (成發行) is in possession of a proper legal title to 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.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2023
7.	A parcel of land located in Baiguodong Management Area, Zhangmutou Town, Dongguan City, Guangdong Province, the PRC 中國廣東省東莞市樟木頭鎮白果洞管理區之一幅地塊	The property comprises a parcel of land with a total site area of approximately 5,389 sq.m. The land use rights of the property have been granted for a term expiring on 10 December 2062 for residential use.	As advised by the Group, the property was vacant and in the planning stage of development as at the Date of Valuation.	RMB30,500,000. (10% interest attributable to the Group: RMB3,050,000)

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, the land use rights of the property with a total site area of 5,389 sq.m. have been granted to Dongguan City Zhangmutou Properties Development Limited (東莞市樟木頭房地產開發總公司), a business partner of the Group, for a term expiring on 10 December 2062 for residential uses.
2. Pursuant a Construction Land Planning Permit Certificate, Di Zi Di 2018-18-1007 Hao (地字第2018-18-1007號) dated 31 October 2018 issued by Dongguan City Rural Planning Bureau (東莞市城鄉規劃局), the property is proposed to be developed to a composite development with a planned total gross floor area of approximately 29,501.40 sq.m. for residential and commercial uses.
3. The inspection was performed by Krystal Tian, with over 5-year valuation experience, in January 2024.
4. 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. Dongguan City Zhangmutou Properties Development Limited (東莞市樟木頭房地產開發總公司) is the registered land use rights owner of the property but Shing Fat Hong Limited (成發行), a wholly-owned subsidiary of the Company, is in possession of a proper legal title to the 10% interest of the property, and is entitled to transfer the 10% interest of the property with its residual term of land use rights by developing the property and exercise its relevant rights via Dongguan City Zhangmutou Properties Development Limited (東莞市樟木頭房地產開發總公司) at no extra land premium or other onerous payment payable to the government. The property cannot be leased or transferred directly as a vacant land;
 - 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, through construction and development, the property can be freely transferred to local or overseas purchasers.
5. As advised by the Group, the property was in the planning stage of development as at the Date of Valuation. In the Valuation, the development value of the property as if completed as at the Date of Valuation is RMB249,000,000. As advised by the Group, the estimated construction period is approximately 18 months after the commencement of construction, the estimated total construction cost is approximately RMB149,000,000. In the course of our valuation, we have taken into account such cost.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2023
8.	<p>Various retail units and car parking spaces in phase 1 of Dongjiang Garden, Lijing Avenue, Xu Town Management Area, Zhangmutou Town, Dongguan City, Guangdong Province, the PRC</p> <p>中國廣東省東莞市樟木頭鎮墟鎮管理區麗景大道東江花園一期之多個商舖及車位</p>	<p>The property comprises 8 retail units, 2 retail portions and 4 car parking spaces of a composite development known as Dongjiang Garden which was completed in about 1995.</p> <p>According to the information provided by the Group, the property has a total gross floor area of approximately 1,193.14 sq.m. for retail use plus 4 car parking spaces.</p> <p>The land use rights of the property have been granted for a term of 70 years expiring in December 2062 for commercial and residential uses.</p>	<p>As advised by the Group, portion of the property with a total gross floor area of approximately 182 sq.m. was subject to various tenancy agreements at a total monthly rental of approximately RMB2,410 exclusive of utility fees for retail use.</p> <p>The remaining portion of the property was self-used or vacant as at the Date of Valuation.</p>	<p>RMB2,870,000.</p> <p>(Refer to Note No.2)</p> <p>(100% interest attributable to the Group)</p>

Notes:

- Pursuant to 2 Real Estate Title Certificates, the 2 retail portions with a total gross floor area of approximately 1,021.76 sq.m. of the property is legally owned by Ka Fong Industrial Company, Limited (嘉豐實業有限公司) for commercial use.
- We have attributed no commercial value to the car parking spaces of the property which had not been obtained any proper title certificate as at the Date of Valuation. However, for reference purpose, we are of the opinion that the market value of the car parking spaces of the property in existing state as at the Date of Valuation would be RMB160,000 assuming the relevant title certificate has been obtained by Ka Fong Industrial Company, Limited (嘉豐實業有限公司) and Ka Fong Industrial Company, Limited (嘉豐實業有限公司) is entitled to freely transfer the car parking spaces of the property.
- The inspection was performed by Krystal Tian, with over 5-year valuation experience, in January 2024.
- Ka Fong Industrial Company, Limited (嘉豐實業有限公司) is a wholly-owned subsidiary of the Company.

5. 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. Ka Fong Industrial Company, Limited (嘉豐實業有限公司) is in possession of a proper legal title to the 2 retail portions with a total gross floor area of approximately 1,021.76 sq.m. of the property and is entitled to transfer the retail portion of the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
 - b. Ka Fong Industrial Company, Limited (嘉豐實業有限公司) had not obtained the Real Estate Title Certificates for the 8 retail units with a total gross floor area of approximately 171.38 sq.m. of the property, but Ka Fong Industrial Company, Limited (嘉豐實業有限公司) as the actual developer, is in possession of a proper legal title and entitled to use, lease and transfer the 8 retail units of the property;
 - c. The Real Estate Title Certificates of the 4 car parking spaces of the property cannot be obtained by the Group and the 4 car parking spaces of the property is not transferable;
 - d. The existing use of the 8 retail units and 2 retail portions with a total gross floor area of approximately 1,193.14 sq.m. of the property is in compliance with the local planning regulations and has been approved by the relevant authorities;
 - e. 2 retail portions of the property are subject to mortgage. Apart from the foregoing, the property is not subject to any other material encumbrances; and
 - f. Whether as a whole or on strata basis, the retail units and retail portions with a total gross floor area of approximately 1,193.14 sq.m. of the property can be freely transferred to local or overseas purchasers.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2023
9.	<p>Various retail portions in block Nos. 1, 2, 3, 4, 5, 6 and a residential unit in phase 1 of Huadu Garden, Yonglong Street and Zhenxing Road, Zhangmutou Town, Dongguan City, Guangdong Province, the PRC</p> <p>中國廣東省東莞市樟木頭鎮永隆街與振興路華都花園一期之多個商舖及一個住宅單位</p>	<p>The property comprises 2 retail portions in block Nos. 1, 2, 3, 4, 5, 6 and 1 residential unit in phase 1 of a composite residential development known as Huadu Garden which was completed in about 1995.</p> <p>According to the information provided by the Group, the property has a total gross floor area of approximately 5,614.83 sq.m., including a total gross floor area approximately 5,518.59 sq.m. for retail use and a total gross floor area approximately 96.24 for residential use respectively.</p> <p>The land use rights of the property have been granted for a term of 70 years expiring in December 2062 for commercial and residential uses.</p>	<p>As advised by the Group, portion of the property with a total gross floor area of approximately 780 sq.m. was subject to various tenancy agreements at a total monthly rental of approximately RMB21,200 exclusive of utility fees for retail use.</p> <p>The remaining portion of the property was vacant as at the Date of Valuation.</p>	<p>RMB17,400,000.</p> <p>(100% interest attributable to the Group)</p>

Notes:

- Pursuant to 2 Real Estate Title Certificates, the 2 retail portions of block Nos. 1, 2, 3, 4, 5, 6 with a total gross floor area of approximately 5,518.59 sq.m. of the property is legally owned by Ka Fong Industrial Company, Limited (嘉豐實業有限公司) for commercial and residential uses.
- The inspection was performed by Krystal Tian, with over 5-year valuation experience, in January 2024.
- Ka Fong Industrial Company, Limited (嘉豐實業有限公司) is a wholly-owned subsidiary of the Company.

4. 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. Ka Fong Industrial Company, Limited (嘉豐實業有限公司) is in possession of a proper legal title to the retail units in block Nos. 1, 2, 3, 4, 5, 6 with a total gross floor area of approximately 5,518.59 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. Ka Fong Industrial Company, Limited (嘉豐實業有限公司) had not obtained the Real Estate Title Certificate for the residential unit with a total gross floor area of approximately 96.24 sq.m., but Ka Fong Industrial Company, Limited (嘉豐實業有限公司) as the actual developer, is in possession of a proper legal title to the residential unit;
 - c. The existing uses of the property are in compliance with the local planning regulations and have been approved by the relevant authorities;
 - d. The property is not subject to mortgage or any other material encumbrances; and
 - e. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2023
10.	Various retail units and car parking spaces in phase 2 of Huadu Garden, Zhenxing Road, Zhangmutou Town, Dongguan City, Guangdong Province, the PRC 中國廣東省東莞市樟木頭鎮振興路華都花園二期之多個商舖及車位	The property comprises 62 retail units and 20 car parking spaces of phase 2 of a composite development known as Huadu Garden which was completed in about 1994. According to the information provided by the Group, the property has a total gross floor area of approximately 1,666.48 sq.m. for retail use plus 20 car parking spaces. The land use rights of the property have been granted for a term of 70 years expiring in August 2063 for commercial and residential uses.	As advised by the Group, portion of the property with a total gross floor area of approximately 580 sq.m. was subject to various tenancy agreements at a total monthly rental of approximately RMB4,450 exclusive of utility fees for retail use. The remaining portion of the property was self-used or vacant as at the Date of Valuation.	RMB3,750,000. (Refer to Note No.2) (100% interest attributable to the Group)

Notes:

- Pursuant to 52 Real Estate Title Certificates, the 52 retail units with a total gross floor area of approximately 1,377.44 sq.m. of the property is legally owned by Ka Fong Industrial Company, Limited (嘉豐實業有限公司) for commercial use.
- We have attributed no commercial value to the car parking spaces of the property which had not been obtained any proper title certificate as at the Date of Valuation. However, for reference purpose, we are of the opinion that the market value of the car parking spaces of the property in existing state as at the Date of Valuation would be RMB800,000 assuming the relevant title certificate has been obtained by Ka Fong Industrial Company, Limited (嘉豐實業有限公司) and Ka Fong Industrial Company, Limited (嘉豐實業有限公司) is entitled to freely transfer the car parking spaces of the property.
- The inspection was performed by Krystal Tian, with over 5-year valuation experience, in January 2024.
- Ka Fong Industrial Company, Limited (嘉豐實業有限公司) is a wholly-owned subsidiary of the Company.

5. 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. Ka Fong Industrial Company, Limited (嘉豐實業有限公司) is in possession of a proper legal title to the 52 retail units with a total gross floor area of approximately 1,377.44 sq.m. of the property and is entitled to transfer the retail portion of the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
 - b. Ka Fong Industrial Company, Limited (嘉豐實業有限公司) had not obtained the Real Estate Title Certificates for the 10 retail units with a total gross floor area of approximately 289.04 sq.m., but Ka Fong Industrial Company, Limited (嘉豐實業有限公司) as the actual developer, is in possession of a proper legal title to the 10 retail units;
 - c. The Real Estate Title Certificates of the 20 car parking spaces of the property cannot be obtained by the Group and the 20 car parking spaces of the property are not transferable;
 - d. The existing use of the 62 retail units of the property is in compliance with the local planning regulations and has been approved by the relevant authorities;
 - e. 52 units of the property are subject to mortgage. Apart from the foregoing, the property is not subject to any other material encumbrances; and
 - f. Whether as a whole or on strata basis, the 62 retail units of the property can be freely transferred to local or overseas purchasers.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2023
11.	Various retail units and residential units in phase 1 and phase 2 of Huadu Garden, Zhenxing Road, Zhangmutou Town, Dongguan City, Guangdong Province, the PRC 中國廣東省東莞市樟木頭鎮振興路華都花園一期二期之多個商舖及住宅單位	<p>The property comprises 14 retail units and 4 residential units of a composite residential development known as Huadu Garden which was completed in about between 1994 and 1995.</p> <p>According to the information provided by the Group, the property has a total gross floor area of approximately 665.35 sq.m., including a total gross floor area of approximately 373.35 sq.m. for retail use and a total gross floor area of approximately 292.00 sq.m. for residential use respectively.</p> <p>The land use rights of phase 1 of the property have been granted for a term of 70 years expiring in December 2062 for commercial and residential uses.</p> <p>The land use rights of phase 2 of the property have been granted for a term of 70 years expiring in August 2063 for commercial and residential uses.</p>	<p>As advised by the Group, portion of the property with a total gross floor area of approximately 60 sq.m. was subject to various tenancy agreements at a total monthly rental of approximately RMB300 exclusive of utility fees for retail use.</p> <p>The remaining portion of the property was vacant as at the Date of Valuation.</p>	<p>RMB3,390,000. (100% interest attributable to the Group)</p>

Notes:

1. Pursuant to 4 Real Estate Title Certificates, the 4 residential units with a total gross floor area of approximately 292.00 sq.m. of the property is legally owned by Ka Fong Industrial Company, Limited (嘉豐實業有限公司) for commercial and residential uses.
2. The inspection was performed by Krystal Tian, with over 5-year valuation experience, in January 2024.

3. Ka Fong Industrial Company, Limited (嘉豐實業有限公司) is a wholly-owned subsidiary of the Company.
4. 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. Ka Fong Industrial Company, Limited (嘉豐實業有限公司) is in possession of a proper legal title to the 4 residential units with a total gross floor area of approximately 292.00 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. Ka Fong Industrial Company, Limited (嘉豐實業有限公司) had not obtained the Real Estate Title Certificates for the 14 retail units with a total gross floor area of approximately 373.35 sq.m. of the property, but Ka Fong Industrial Company, Limited (嘉豐實業有限公司) as the actual developer, is in possession of a proper legal title and entitled to use, lease and transfer the 14 retail units of the property;
 - c. The existing uses of the property are in compliance with the local planning regulations and have been approved by the relevant authorities;
 - d. 3 units of the property are subject to mortgage. Apart from the foregoing, the property is not subject to any other material encumbrances; and
 - e. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2023
12.	A parcel of land in the rural management area of Zhangmutou Town, Dongguan City, Guangdong Province, the PRC 中國廣東省東莞市樟木頭鎮墟鎮管理區之一幅地塊	The property comprises a parcel of land with a total site area of approximately 4,500 sq.m.. The land use rights of the property have been granted for a term expiring in August 2063 for commercial and residential uses.	As advised by the Group, the property was a vacant land as at the Date of Valuation.	RMB10,400,000. (100% interest attributable to the Group)

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, the land use rights with a total site area of 9,093 sq.m. have been granted to Zhangmutou Properties Development Limited (樟木頭房地產開發公司)(currently known as Dongguan City Zhangmutou Properties Development Limited (東莞市樟木頭房地產開發總公司)), a business partner of the Group, for a term expiring in August 2063 for commercial and residential uses, the property is a vacant land with a total site area of approximately 4,500 sq.m. as part of the whole land.
2. The inspection was performed by Krystal Tian, with over 5-year valuation experience, in January 2024.
3. 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. Dongguan City Zhangmutou Properties Development Limited (東莞市樟木頭房地產開發總公司) is the registered land use rights owner of the property, but Ka Fong Industrial Company, Limited (嘉豐實業有限公司), a wholly-owned subsidiary of the Company, is the actual land use rights owner (the "Actual Owner") and in possession of a proper legal title to the property, and is entitled to transfer the property with its residual term of land use rights by developing the property and exercise its rights as the Actual Owner via Dongguan City Zhangmutou Properties Development Limited (東莞市樟木頭房地產開發總公司) at no extra land premium or other onerous payment payable to the government, the property cannot be leased or transferred directly as a vacant land;
 - 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, through construction and development, the property can be freely transferred to local or overseas purchasers.
4. As advised by the Group, the property was a vacant land as at the Date of Valuation. In the Valuation, the development value of the property as if completed as at the Date of Valuation is RMB76,000,000. As advised by the Group, the estimated construction period is approximately 18 months after the commencement of construction, the estimated total construction cost is approximately RMB44,000,000. In the course of our valuation, we have taken into account such cost.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2023
13.	Various retail units in phase 1 of Dongjiang Garden, Lijing Avenue, Xu Town Management Area, Zhangmutou Town, Dongguan City, Guangdong Province, the PRC 中國廣東省東莞市樟木頭鎮墟鎮管理區麗景大道東江花園一期之多個商舖	The property comprises 74 retail units of a composite development known as Dongjiang Garden which was completed in about 1995. According to the information provided by the Group, the property has a total gross floor area of approximately 1,605.58 sq.m. for retail use. The land use rights of the property have been granted for a term expiring in August 2063 for commercial and services uses.	As advised by the Group, the property was vacant as at the Date of Valuation.	RMB3,860,000. (100% interest attributable to the Group)

Notes:

1. Pursuant to 74 Real Estate Title Certificates, the property is legally owned by Qingtian Hotel Management (Shenzhen) Co., Ltd. (擎天酒店管理(深圳)有限公司)(currently known as Happy Holiday Hotel Management (Shenzhen) Co., Ltd. (幸福假日酒店管理(深圳)有限公司)) for commercial services use.
2. The inspection was performed by Krystal Tian, with over 5-year valuation experience, in January 2024.
3. Qingtian Hotel Management (Shenzhen) Co., Ltd. (擎天酒店管理(深圳)有限公司)(currently known as Happy Holiday Hotel Management (Shenzhen) Co., Ltd. (幸福假日酒店管理(深圳)有限公司)) is a wholly-owned subsidiary of the Company.
4. 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. Qingtian Hotel Management (Shenzhen) Co., Ltd. (擎天酒店管理(深圳)有限公司) is in possession of a proper legal title to 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.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2023
14.	<p>Various residential, office and commercial apartment units of Zongke Cloud Building (Grand Field Mix Park), Xihuan Road, Buji Town, Longgang District, Shenzhen City, Guangdong Province, the PRC</p> <p>中國廣東省深圳市龍崗區布吉鎮西環路棕科雲端大廈(鈞濠Mix Park)之多個住宅，辦公及商住公寓</p>	<p>The property comprises various residential, office and commercial apartment units of a composite complex known as Zongke Cloud Building (also known as Grand Field Mix Park) which was completed in about 2020.</p> <p>According to the information provided by the Group, the property has a total gross floor area of approximately 19,543.91 sq.m..</p> <p>The land use rights of the property have been granted for a term of 40 years expiring on 17 May 2039 for commercial, commercial apartment and office uses and a term of 70 years for residential use.</p>	<p>As advised by the Group, the property was vacant as at the Date of Valuation.</p>	<p>RMB691,900,000.</p> <p>(50% interest attributable to the Group: RMB345,950,000)</p>

Notes:

1. Pursuant to various Real Estate Title Certificates, the property is legally owned by Shenzhen Zongke Real Estate Co., Ltd. (深圳棕科置業有限公司) for residential, commercial, commercial apartment and office uses.
2. The inspection was performed by Krystal Tian, with over 5-year valuation experience, in January 2024.
3. Shenzhen Zongke Real Estate Co., Ltd. (深圳棕科置業有限公司) is a 50%-owned subsidiary of the Company.
4. 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. Shenzhen Zongke Real Estate Co., Ltd. (深圳棕科置業有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual terms of land use rights at no extra land premium or other onerous payment payable to the government;
 - b. The existing uses of the property are in compliance with the local planning regulations and have been approved by the relevant authorities;
 - c. Portion of the property is subject to mortgage. Apart from the foregoing, the property is not subject to 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.

VALUATION CERTIFICATE

Group III – Property held by the Group for owner-occupation in the PRC

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2023
15.	Room No. 2501, Block No. 4, Fengshun Wanjiang Mansion, Jinpan Section, Jinhu Road, Chengnan Development Zone, Fengshun County, Meizhou City, Guangdong Province, the PRC 中國廣東省梅州市豐順縣城南開發區金湖路金盤段豐順萬江府4棟2501號房	The property comprises a residential unit of a residential development known as Fengshun Wanjiang Mansion which was completed in about 2019. According to the information provided by the Group, the property has a total gross floor area of approximately 409.60 sq.m.. The land use rights of the property have been granted for a term of 70 years for residential use.	As advised by the Group, the property was self-used by the Group for employees accommodation as at the Date of Valuation.	RMB2,870,000. (50% interest attributable to the Group: RMB1,435,000)

Notes:

1. Pursuant to a Real Estate Title Certificate, the property is legally owned by Shenzhen Zongke Real Estate Co., Ltd. (深圳棕科置業有限公司) for residential use.
2. The inspection was performed by Krystal Tian, with over 5-year valuation experience, in January 2024.
3. Shenzhen Zongke Real Estate Co., Ltd. (深圳棕科置業有限公司) is a 50%-owned subsidiary of the Company.
4. 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. Shenzhen Zongke Real Estate Co., Ltd. (深圳棕科置業有限公司) is in possession of a proper legal title to 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.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2023
16.	Various office units of Zongke Cloud Building (Grand Field Mix Park), Xihuan Road, Buji Town, Longgang District, Shenzhen City, Guangdong Province, the PRC	The property comprises various office units of a composite complex known as Zongke Cloud Building (also known as Grand Field Mix Park) which was completed in about 2020.	As advised by the Group, the property was self-used by the Group as at the Date of Valuation.	RMB67,200,000. (50% interest attributable to the Group: RMB33,600,000)
	中國廣東省深圳市龍崗區布吉鎮西環路棕科雲端大廈(鈞濠Mix Park)之多個辦公	According to the information provided by the Group, the property has a total gross floor area of approximately 1,867.28 sq.m.. The land use rights of the property have been granted for a term of 40 years expiring on 17 May 2039 for office use.		

Notes:

1. Pursuant to various Real Estate Title Certificates, the property is legally owned by Shenzhen Zongke Real Estate Co., Ltd. (深圳棕科置業有限公司) for office use.
2. The inspection was performed by Krystal Tian, with over 5-year valuation experience, in January 2024.
3. Shenzhen Zongke Real Estate Co., Ltd. (深圳棕科置業有限公司) is a 50%-owned subsidiary of the Company.
4. 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. Shenzhen Zongke Real Estate Co., Ltd. (深圳棕科置業有限公司) is in possession of a proper legal title to 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 have been approved by the relevant authorities;
 - c. Portion of the property is subject to mortgage. Apart from the foregoing, the property is not subject to 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.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2023
17.	A hotel of Zongke Cloud Building (Grand Field Mix Park), Xihuan Road, Buji Town, Longgang District, Shenzhen City, Guangdong Province, the PRC 中國廣東省深圳市龍崗區布吉鎮西環路棕科雲端大廈(鈞濠Mix Park)之酒店	The property comprises a hotel of a composite complex known as Zongke Cloud Building (also known as Grand Field Mix Park) which was completed in about 2020. According to the information provided by the Group, the property has a total gross floor area of approximately 3,118.25 sq.m.. The land use rights of the property have been granted for a term of 40 years expiring on 17 May 2039 for commercial use.	As advised by the Group, the property was self-used by the Group as at the Date of Valuation.	RMB87,310,000. (100% interest attributable to the Group)

Notes:

1. Pursuant to various Real Estate Title Certificates, the property is legally owned by Happy Holiday Hotel Management (Shenzhen) Co., Ltd. (幸福假日酒店管理(深圳)有限公司) for commercial use.
2. The inspection was performed by Krystal Tian, with over 5-year valuation experience, in January 2024.
3. Happy Holiday Hotel Management (Shenzhen) Co., Ltd. (幸福假日酒店管理(深圳)有限公司) is a wholly-owned subsidiary of the Company.
4. 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. Happy Holiday Hotel Management (Shenzhen) Co., Ltd. (幸福假日酒店管理(深圳)有限公司) is in possession of a proper legal title to 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 have been approved by the relevant authorities;
 - c. Portion of the property is subject to mortgage. Apart from the foregoing, the property is not subject to 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.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2023
18.	An office unit of Guojin Era, Huanghe West Road, Gulou District, Xuzhou City, Jiangsu Province, the PRC 中國江蘇省徐州市鼓樓區黃河西路國金時代之辦公	The property comprises an office unit of a composite building known as Guojin Era which was completed in about 2015. According to the information provided by the Group, the property has a total gross floor area of approximately 159.42 sq.m.. The land use rights of the property have been granted for a term of expiring on 19 March 2049 for office use.	As advised by the Group, the property was self-occupied by the Group as at the Date of Valuation.	RMB1,280,000. (100% interest attributable to the Group)

Notes:

1. Pursuant to various Real Estate Title Certificates, the property is legally owned by Xuzhou Guojin Real Estate Development Co., Ltd. (徐州國金房地產開發有限公司) for office and commercial uses.
2. The inspection was performed by Krystal Tian, with over 5-year valuation experience, in January 2024.
3. Xuzhou Guojin Real Estate Development Co., Ltd. (徐州國金房地產開發有限公司) is a wholly-owned subsidiary of the Company.
4. 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 Real Estate Development Co., Ltd. (徐州國金房地產開發有限公司) is in possession of a proper legal title to 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 have 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.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2023
19.	Unit 201, Lovers Pavilion of Defu Square, Defu Garden, Xihuan Road, Buji Town, Longgang District, Shenzhen City, Guangdong Province, The PRC 中國廣東省深圳市龍崗區布吉鎮西環路德福花園德福廣場(情侶閣)201	The property comprises level 2 podium of a composite development known as Defu Garden which was completed in about 2003. According to the information provided by the Group, the property has a total gross floor area of approximately 1,942.85 sq.m. for property management use. The land use rights of the property have been granted for a term of 70 years expiring on 19 August 2066 for property management use.	As advised by the Group, portion of the property with a total gross floor area of approximately 1,200 sq.m. was subject to various tenancy agreements at a total monthly rental of approximately RMB25,500 for property management use. The remaining portion of the property was vacant as at the Date of Valuation.	No commercial value (Refer to Note No.2)

Notes:

- Pursuant to a Real Estate Title Certificate, the property is legally owned by Grandfield Real Estate Development (Shenzhen) Limited (鈞濠房地產開發(深圳)有限公司) for property management use only.
- We have attributed no commercial value to the property which was restricted for property management use only and cannot be transferred by Grandfield Real Estate Development (Shenzhen) Limited (鈞濠房地產開發(深圳)有限公司) as at the Date of Valuation. However, for reference purpose, we are of the opinion that the market value of the property in existing state as at the Date of Valuation would be RMB26,200,000 assuming the relevant title certificate has been obtained by Grandfield Real Estate Development (Shenzhen) Limited (鈞濠房地產開發(深圳)有限公司) and Grandfield Real Estate Development (Shenzhen) Limited (鈞濠房地產開發(深圳)有限公司) is entitled to freely transfer the property.
- The inspection was performed by Krystal Tian, with over 5-year valuation experience, in January 2024.
- Grandfield Real Estate Development (Shenzhen) Limited (鈞濠房地產開發(深圳)有限公司) is a wholly-owned subsidiary of the Company.

5. 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. Grandfield Real Estate Development (Shenzhen) Limited (鈞濠房地產開發(深圳)有限公司) is in possession of a proper legal title to the property, however the property is restricted for property management use only, and cannot be changed for other uses and be transferred;
 - b. The existing use of the property is in compliance with the local planning regulations and has been approved by the relevant authorities; and
 - c. The property is not subject to mortgage or any other material encumbrances.

RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Partial Offer, the Offeror and the Company.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this Composite Document (other than information relating to the Offeror) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of information contained in this Composite Document (other than the information relating to the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the authorized and issued share capital of the Company were as follows:

	<i>HK\$'000</i>
Authorized share capital	
50,000,000,000 ordinary shares of HK\$0.01 each	<u>500,000</u>
Issued and fully paid share capital	
244,955,413 ordinary shares of HK\$0.01 each	<u>2,449</u>

All the Shares currently in issue rank pari passu in all respects with each other, including, in particular, as to rights in respect of capital and dividends and voting. The issued shares are listed on the Main Board of the Stock Exchange. No part of the Shares is listed or dealt in, nor is any listing of or permission to deal in the Shares being or proposed to be sought on, any other stock exchange. No Shares has been issued by the Company since 31 December 2023 (being the end of the last financial year of the Company).

Ms. Tsang, a 50% shareholder of the Offeror, holds the Convertible Bond which can be converted into a maximum of 252,359,145 Shares based on the initial conversion price. Further information of the Convertible Bond are set out in the section headed “Ms. Tsang’s Irrevocable Undertaking” in the “Letter from Halcyon Securities” in this Composite Document.

Save for the Convertible Bond mentioned above, the Company does not have any outstanding options, derivatives, warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) which are convertible or exchangeable into Shares, nor has it entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

DISCLOSURE OF INTERESTS

I. Interests of the Offeror and the parties acting in concert with it in the Company

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company held or controlled by the Offeror, its directors and parties acting in concert with it were as follows:

Shares

Name of Shareholders	<i>Number of Shares</i>	<i>Approximate %</i>
Offeror	70,366,823	28.73
Ms. Tsang (<i>Note 1</i>)	474,530	0.19
Mr. Tsang Wai Lun Wayland (<i>Note 2</i>)	76,950	0.03
Ms. Kwok Wai Man Nancy (<i>Note 2</i>)	1,343,950	0.55
Mr. Kwok Siu Bun (<i>Note 3</i>)	150,000	0.06
Ms. Kwok Siu Wa Alison (<i>Note 4</i>)	<u>300,000</u>	<u>0.12</u>
<i>Sub-total of the Offeror and parties acting in concert with it</i>	<u>72,712,253</u>	<u>29.68</u>

Convertible Bond

Name of holder	Principal amount (HK\$)	Conversion price (HK\$)	Conversion Share based on conversion price
Ms. Tsang	<u>95,896,475.43</u>	<u>0.38</u>	<u>252,359,145</u>

Notes:

1. Ms. Tsang is the holder of the Convertible Bond.
2. Mr. Tsang Wai Lun Wayland and Ms. Kwok Wai Man Nancy are parents of Ms. Tsang and Mr. Tsang, each of whom holds 50% shareholding in the Offeror, and therefore parties acting in concert with the Offeror.
3. Mr. Kwok Siu Bun is the uncle of Mr. Tsang and Ms. Tsang, each of whom holds 50% shareholding in the Offeror, and therefore a party acting in concert with the Offeror.
4. Ms. Kwok Siu Wa Alison is the aunt of Mr. Tsang and Ms. Tsang, each of whom holds 50% shareholding in the Offeror, and therefore a party acting in concert with the Offeror.

As of the Latest Practicable Date, save as disclosed above, neither the Offeror nor parties acting in concert with it owned or controlled any Shares or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company or any member of the Group.

II. Interests of the Directors in the Shares

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the securities of the Company and its associated corporations (within the meaning of Part XV of 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 and short positions which they were taken or deemed to have been taken under such provisions of the SFO) or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules or which were required to be entered in the register required to be kept under section 352 of the SFO or required to be disclosed under the Takeovers Code in this Composite Document were as follows:

Name of Directors	Capacity/ Nature of interest	Total number of Shares/ underlying Shares held ⁽¹⁾	Approximate percentage of shareholding interest in the Company (%) ⁽¹⁾
Mr. Kwok Siu Bun	Beneficial owner	150,000 (L)	0.06%
Ms. Chow Kwai Wa Charmaine	Beneficial owner	195,000 (L)	0.08%
Ms. Kwok Siu Wa Alison	Beneficial owner	300,000 (L)	0.12%

Note:

1. The letter "L" denotes the person's long position in the Shares.

Ms. Chow Kwai Wa Charmaine, being a Director, intended to approve but not to accept the Partial Offer in respect of her beneficial shareholdings in the Company.

III. Interests of the Company and the Directors in the Offeror

As at the Latest Practicable Date, none of the Company and the Directors had any interest in the shares of the Offeror.

IV. Other Disclosure in relation to the Offeror

- (i) The Offeror confirms that, as at the Latest Practicable Date:
- (1) save as disclosed in the section “Interests of the Offeror and the parties acting in concert with it in the Company”, none of the Offeror and/or parties acting in concert with it owns, holds or has control or direction over any voting rights or rights over the Shares or convertible securities, warrants, options or derivatives of the Company, and there is no outstanding derivative in respect of the securities in the Company which is owned, controlled or directed by, or has been entered into by the Offeror, and/or any person acting in concert with any of them;
 - (2) save for the Ms. Tsang Irrevocable Undertaking, the Offeror and/or parties acting in concert with it have not received any irrevocable commitment to accept or not to accept, or to approve or not to approve the Partial Offer;
 - (3) the Offeror and parties acting in concert with it had not dealt in any Shares or any options, warrants, derivatives or securities convertible into Shares or other derivatives in respect of securities in the Company during the Relevant Period;
 - (4) there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Offeror and/or parties acting in concert with it;
 - (5) there was no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and/or parties acting in concert with it has borrowed or lent;
 - (6) there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any Shareholder on the one hand and the Offeror and any parties acting in concert with it on the other hand; and
 - (7) there is no agreement, arrangement or understanding pursuant to which the Offer Shares to be acquired pursuant to the Partial Offer will be transferred, charged or pledged to any other persons.

(ii) As at the Latest Practicable Date

- (1) except for Ms. Tsang's Irrevocable Undertaking, there was no agreement, arrangement, or understanding (including any compensation arrangement) between the Offeror or any person acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or was dependent upon the Partial Offer; and
- (2) save as disclosed in the section headed "Pre-Condition of the Partial Offer" and "Conditions to the Partial Offer" in "Letter from Halcyon Securities" in this Composite Document, there was no agreement or arrangement to which the Offeror and parties acting in concert with it is a party which relates to circumstances in which it may or may not seek to invoke a condition to the Partial Offer.

V. Other Disclosure in relation to the Company

(i) As at the Latest Practicable Date:

- (1) save as disclosed in the paragraphs headed "II. Interests of the Directors in the Shares" above, the Directors did not have any interest in the Shares, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into the Shares;
- (2) save as disclosed in the paragraphs headed "II. Interests of the Directors in the Shares" above, the Directors did not have any beneficial shareholdings in the Company which would entitle them to accept or not to accept, or to approve or not to approve the Partial Offer;
- (3) none of the subsidiaries of the Company, any pension fund of the Group, any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of "acting in concert" under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of "associate" under the Takeovers Code (but excluding exempt principal traders and exempt fund managers) owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares and no such person had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period;

- (4) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code and no such person had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period;
 - (5) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company and no such person had dealt for value in any relevant securities in the Company during the Relevant Period;
 - (6) none of the Company or any Directors had borrowed or lent any Shares or any other convertible securities, warrants, options or derivatives or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of the Shares; and
 - (7) save for the Possible CB Subscription (which may or may not materialise) as disclosed in the section headed “Reasons for the Partial Offer and the Intention of the Offeror” in “Letter from Halcyon Securities” in this Composite Document, there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any Shareholder on one hand and the Company, its subsidiaries or associate companies on the other hand.
- (ii) Neither the Directors nor the Company has shareholding in the Offeror or has dealt for value in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of the shares of the Offeror during the Relevant Period.
 - (iii) None of the Directors had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period.

ARRANGEMENTS AFFECTING OR RELATING TO THE DIRECTORS

As at the Latest Practicable Date:

- (i) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Partial Offer or otherwise connected with the Partial Offer;

- (ii) there were no material contracts had been entered into by the Offeror in which any Director has a material personal interest; and
- (iii) there was no arrangement whereby benefit (other than statutory compensation) was or will be given to any Directors as compensation for loss of office or otherwise in connection with the Partial Offer.

DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contracts with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed-term contracts) have been entered into or amended within 6 months preceding the commencement of the Offer Period; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed-term contracts with more than 12 months to run irrespective of the notice period.

MARKET PRICES

The table below shows the closing price per Share as quoted on the Stock Exchange on (a) the Latest Practicable Date; (b) the Last Trading Day; and (c) the last trading day of each of the calendar months during the Relevant Period.

Date	Closing price per Shares (HK\$)
31 July 2023	0.28
31 August 2023	0.199
29 September 2023	0.165
31 October 2023	0.113
30 November 2023	0.111
29 December 2023	0.1
3 January 2024 (Last Trading Day)	0.1
31 January 2024	0.122
Latest Practicable Date	0.113

HIGHEST AND LOWEST SHARE PRICE

During the Relevant Period:

- (a) the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.30 per Share on 4 August 2023; and

- (b) the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.10 per Share on 28 December 2023, 29 December 2023, 2 January 2024 and 3 January 2024.

MATERIAL LITIGATION

Save as disclosed below, as at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group:

- (i) An Originating Summon 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, Surplus Full Development Limited (a BVI company) and Intra Asia Limited, the subsidiaries of the Company and the other interested parties in respect of a property project at Xuzhou. The Company opposed the plaintiff's application and had 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 Dongguan the 3rd People's Court, it was adjudged that Ka Fong had to pay 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 Dongguan City Intermediate People's Court on 23rd 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.

- (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**”), Ningbo Heshan Shi Yeh Company Limited (“**Ningbo Heshan**”) and five other companies for a sum of RMB30 million and interest accrued thereon. According to the Judgment dated 19 August 2022, Xingfu Jiari had the right of debt against Zhejiang Beishen for RMB30,426,958.91 and Ningbo Heshan had the collateral liability for the whole amount owed by Zhejiang Beishen and the other five defendants are liable for 50% of the said liabilities. On 20 December, 2022, it was ruled that the aforementioned judgment was mistakenly made and the court ordered for a re-trial of the above case. The re-trial has been heard on 21 July 2023 and 8 August 2023 but the result thereof has not yet been received by the Group as at the Latest Practicable Date.

On 14 March 2022, The People's Court of Fuyang District, Hangzhou City ruled that the application for winding up case of Zhejiang Beishen was accepted and administrators were nominated. It is uncertain, whether Zhejiang Beishen has sufficient assets to pay damages.

- (iv) The administrators of Zhejiang Beishen mentioned in paragraph (iii) above sued Grand Field Property Development (Shenzhen) Limited (“**Grand Field Development**”), a subsidiary of the Company, for collateral liabilities of the unpaid share capital by Ningbo Heshan (RMB29,981,200 being registered share capital plus the interest incurred thereon). It was held that Grand Field Development and another shareholder were liable for the said unpaid share capital. Grand Field Development and another shareholder have appealed against this decision to Hangzhou intermediate People's Court and there has not been any further update in respect of the 2nd trial as at the Latest Practicable Date.
- (v) Reference is made to the announcement of the Company dated 24 March 2023 in respect of the incident that G&H International Supply Chain (Shenzhen) Limited, a subsidiary of the Company, being defrauded by its former business partner (the “**Business Partner**”) through a series of fictitious transactions. The Business Partner was arrested by the PRC police for criminal investigation. 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.

MATERIAL CONTRACT

Saved for the subscription agreement dated 5 September 2022 entered into between the Company and Ms. Tsang in respect of the subscription of the Convertible Bond, the Group has not entered into any material contract (being contract not entered into in the ordinary course of business carried on or intended to be carried on by the Group) within the 2 years immediately preceding the commencement of the Offer Period, and up to and including 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 Convertible Bond at the subscription price of up to HK\$96.5 million (but no less than HK\$95.5 million). The Convertible Bond will be mature by the end of the 18 months from the issue date of the Convertible Bond and bear an interest of 6% per annum. The holder of Convertible Bond shall have the right to convert the whole or in part of the Convertible Bond into Shares at an initial conversion price of HK\$0.38 on any business day from the date of issue of the Convertible Bond until the maturity subject to the terms of the Convertible Bond. The Company shall redeem the outstanding principal amount of the Convertible Bond at the maturity date. The subscription was completed on 31 October 2022 and the Company issued a Convertible Bond in the principal amount of HK\$95,896,475.43 to Ms. Tsang. For further details of the subscription agreement and the Convertible Bond, please refer to the announcements of the Company dated 5 September 2022 and 31 October 2022 and the circular of the Company dated 10 October 2022.

EXPERTS AND CONSENTS

The following is the name and qualification of the experts whose letters, opinions, reports or advices are contained or referred to in this Composite Document:

Name	Qualification
Halcyon Capital	the financial adviser to the Offeror in respect of the Partial Offer, a licensed corporation under the SFO, licensed to carry out Type 6 (advising on corporate finance) regulated activity
Halcyon Securities	the agent of the Offeror who is making the Partial Offer for and on behalf of the Offeror, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities

Name	Qualification
Red Sun	the independent financial adviser to the Independent Board Committee in relation to the Partial Offer, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
Ravia Global Appraisal Advisory Limited	the independent property valuer of the Company
ZHONGHUI ANDA CPA Limited	certified public accountants, the auditors of the Company

Each of the experts mentioned above has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion in this Composite Document of the letters, opinions, reports or advices and references to its name in the form and context in which it is included.

MISCELLANEOUS

- I. Information regarding the Offeror and its principal concert parties is set out below:
 - (i) The registered address of the Offeror is at Trident Chambers, P.O. Box 146, Road Town, Tortola, VG1110, British Virgin Islands. The directors of the Offeror are Mr. Tsang and Ms. Tsang. The correspondence address of Mr. Tsang, Ms. Tsang and the Offeror is at Flat A, 56/F, Tower 2, The Palazzo, 28 Lok King Street, Shatin, N.T., HK.
 - (ii) The entire issued share capital of the Offeror is directly held by Mr. Tsang and Ms. Tsang in equal shares.
- II. The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- III. Halcyon Capital is the financial adviser to the Offeror in relation to the Partial Offer, and its registered address is at 11/F, 8 Wyndham Street, Central, Hong Kong.
- IV. Halcyon Securities is making the Partial Offer for and on behalf of the Offeror and its registered address is at 11/F, 8 Wyndham Street, Central, Hong Kong.

- V. Red Sun is the Independent Financial Adviser in relation to the Partial Offer, and its registered address is at Room 310, 3/F, China Insurance Group Building, 141 Des Voeux Road, Central, Hong Kong.
- VI. Tricor Secretaries Ltd. is the Hong Kong branch share registrar and transfer office of the Company, and its registered address is at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- VII. In case of inconsistency, the English text of this Composite Document and the Form of Approval and Acceptance shall prevail over its Chinese texts.

DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection (i) on the website of the Company at www.gfghl.com; and (ii) on the website of the SFC at www.sfc.hk, from the date of this Composite Document until the end of the Offer Period:

- (i) the memorandum and articles of association of the Offeror;
- (ii) the memorandum and articles of association of the Company;
- (iii) the annual report of the Company for the year ended 31 December 2021;
- (iv) the annual report of the Company for the year ended 31 December 2022;
- (v) the interim report of the Company for the six months ended 30 June 2023;
- (vi) the “Letter from Halcyon Securities”, the text of which is set out in the section headed “Letter from Halcyon Securities” in this Composite Document;
- (vii) the “Letter from the Board”, the text of which is set out in the section headed “Letter from the Board” in this Composite Document;
- (viii) the “Letter from the Independent Board Committee”, the text of which is set out in the section headed “Letter from the Independent Board Committee” in this Composite Document;
- (ix) the “Letter from the Independent Financial Adviser”, the text of which is set out in the section headed “Letter from the Independent Financial Adviser” in this Composite Document;
- (x) the report from the property valuer (including the valuation certificates), the text of which is set out in Appendix III to this Composite Document;
- (xi) the Ms. Tsang’s Irrevocable Undertaking;

- (xii) the material contract referred to in the section headed “Material Contract” in this Appendix;
- (xiii) the written consents of the experts as referred to in the section headed “Experts and Consents” in this Appendix; and
- (xiv) the reports issued by ZHONGHUI ANDA CPA Limited and Red Sun on the Profit Alert, the texts of which are set out in Appendices V and VI to this Composite Document, respectively.

The following is the text of a letter received from ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this composite document.

29 February 2024

The Board of Directors
Grand Field Group Holdings Limited
Office A, 19/F., Kings Wing Plaza 1,
3 On Kwan Street, Shek Mun, Shatin,
New Territories, Hong Kong

Dear Sirs,

Profit Estimate for the Year Ended 31 December 2023

We refer to the estimate of the consolidated profit attributable to equity holders of Grand Field Group Holdings Limited (the “**Company**”) for the year ended 31 December 2023 (the “**Profit Estimate**”) set forth in the profit alert statement made the by Company in its announcement dated 20 February 2024 (the “**Profit Alert Statement**”).

*“Based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2023 and the information then available to the Board, the Group is expected to record a substantial reduction in loss attributable to owners of the Company and the loss attributable to owners of the Company is currently expected to be ranged from approximately HK\$30.0 million to HK\$70.0 million (the “**Profit Alert**”) as compared to the loss attributable to owners of the Company of approximately HK\$392.6 million for the year ended 31 December 2022, representing a significant reduction of approximately 82.2% to 92.4%.”*

Directors’ Responsibilities

The Profit Estimate has been prepared by the directors of the Company based on the unaudited consolidated results based on the management accounts of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2023.

The Company’s directors are solely responsible for the Profit Estimate.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements”, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 “Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness” and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company’s directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors as set out in the Profit Alert Statement and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2022.

Yours faithfully,

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Hong Kong

The following is the text of a report prepared for the purpose of incorporation in this Composite Document, received from Red Sun Capital Limited, the independent financial adviser of the Company.

Date: 29 February 2024

Grand Field Group Holdings Limited

Office A, 19/F, Kings Wing Plaza 1,
3 On Kwan Street, Shek Mun, Shatin,
New Territories, Hong Kong

Attention: The Board of Directors

Dear Sirs,

We refer to the profit alert statement (the “**Profit Alert Statement**”) made by Grand Field Group Holdings Limited (the “**Company**”) in its announcement dated 20 February 2024 (the “**Profit Alert Announcement**”). Capitalised terms used in this letter shall have the same meanings as defined in the composite offer and response document dated 29 February 2024 (the “**Composite Document**”) jointly issued by the Rhenfield Development Corp. and the Company unless otherwise specified.

With reference to the Profit Alert Statement made by the Directors in the Profit Alert Announcement, it states that:

“based on the preliminary review of the unaudited consolidated management accounts of the Group the year ended 31 December 2023 and the information currently available to the Board, the Group is expected to record a substantial reduction in loss attributable to owners of the Company and the loss attributable to owners of the Company is currently expected to be ranged from approximately HK\$30.0 million to HK\$70.0 million as compared to the loss attributable to owners of the Company of approximately HK\$392.6 million for the year ended 31 December 2022, representing a significant reduction of approximately 82.2% to 92.4%.”

The above Profit Alert Statement constituted a profit forecast under Rule 10 of the Takeovers Code and must be reported on by the financial adviser or independent financial adviser, and the auditors or consultant accountants. This report is issued in compliance with the requirement under Rule 10.4 and Note 1(c) to Rules 10.1 and 10.2 of the Takeovers Code.

We have reviewed the Profit Alert Statement and other relevant information and documents (in particular, the unaudited consolidated management accounts of the Company for the year ended 31 December 2023 (the “**Unaudited Management Accounts**”)) which you as the Directors are solely responsible for and discussed with the Company the information and documents (in particular, the Unaudited Management Accounts) provided by the Company which formed the key bases upon which the Profit Alert Statement has been made. In respect of the accounting policies and calculations concerned, upon which the Profit Alert Statement has been made, we have relied upon the report as contained in Appendix V to the Composite Document addressed to the Board from ZHONGHUI ANDA CPA Limited, being the auditors of the Company. ZHONGHUI ANDA CPA Limited is of the opinion that so far as the accounting policies and calculations are concerned, the Profit Alert Statement has been properly compiled on a basis consistent, in all material respects, with the accounting policies adopted by the Group, as set out in the audited annual consolidated financial statements of the Group for the year ended 31 December 2022.

Based on the above, we are of the opinion that the Profit Alert Statement, for which the Directors are solely responsible, has been made with due care and consideration.

Yours faithfully,
For and on behalf of
RED SUN CAPITAL LIMITED
Robert Siu
Managing Director