THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares of Grand Field Group Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

鈞濠集團有限公司*

GRAND FIELD GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 115)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF ENTIRE SHARE CAPITAL OF THE TARGET COMPANY

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

Titan Financial Services Limited

A letter from the Board is set out on pages 6 to 26 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 27 to 28 of this circular. A letter from Titan Financial Services Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 29 to 69 of this circular.

A notice convening a special general meeting of the Company to be held at Crystal Room 2, Level B3, Holiday Inn Golden Mile, 50 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Wednesday, 19 April 2017 at 10:00 a.m. or any adjournment thereof is set out on pages SGM-1 to SGM-3 of this circular. Whether or not you are able to attend the meeting, you are advised to read the notice and complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, being not less than 48 hours before the time appointed for holding the special general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

30 March 2017

* *For identification purposes only*

CONTENTS

	Page
DEFINITIONS	1
LETTER FROM THE BOARD	6
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	27
LETTER FROM TITAN FINANCIAL	29
APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II – ACCOUNTANT'S REPORT OF THE TARGET GROUP	II-1
APPENDIX III – MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP	III-1
APPENDIX IV – UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP	IV-1
APPENDIX V – PROPERTY VALUATION REPORT	V-1
APPENDIX VI – GENERAL INFORMATION	VI-1
NOTICE OF SPECIAL GENERAL MEETING	SGM-1

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

"Acquisition"	the acquisition of Sale Shares as contemplated under the Agreement
"Agreement"	the conditional sale and purchase agreement dated 24 February 2017 entered into between the Purchaser, the Vendors and the Company in relation to the Acquisition (as amended and supplemented by the Supplemental Agreement)
"Board"	the board of Directors
"Bondholder"	the holder of the Convertible Bonds
"Business Day(s)"	any day(s) except Saturday, Sunday or other day on which licensed banks in Hong Kong are open for business throughout their normal business hours
"Company"	Grand Field Group Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on Main Board of the Stock Exchange
"Completion"	has the meaning ascribed to it in the section headed "Completion" in this circular
"Completion Date"	a day falling on the seventh (7) Business Day following the Conditions Precedent are fulfilled
"Conditions Precedent"	the conditions precedent as stated under the paragraph headed "Conditions Precedent" in this circular
"connected person(s)"	has the same meaning ascribed thereto under the Listing Rules
"Consideration"	the total consideration in the sum of HK$207,000,000 payable by the Purchaser to the Vendors for the Acquisition as described under the paragraphs headed "Consideration" in this circular

"Consideration Share(s)"	new Share(s) to be allotted and issued to the Vendors
"Conversion Price"	the initial conversion price of HK$0.226 per Conversion Share (subject to adjustments) of the Convertible Bonds
"Conversion Share(s)"	new Share(s) to be allotted and issued to the holder(s) of the Convertible Bonds upon exercise of the conversion rights attaching to the Convertible Bonds
"Convertible Bonds"	the convertible bonds with a 18 months term and 3% annual interest rate in the principal amount of HK$137,000,000
"Directors"	the directors of the Company, including the independent non-executive directors of the Company
"Golden State"	Golden State (HK) Limited（國鑫（香港）有限公司）, a company incorporated in the Hong Kong with limited liability
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of China
"Independent Board Committee"	the independent board committee of the Company comprising all independent non-executive directors, namely Mr. Hui Pui Wai Kimber, Mr. Liu Chaodong and Ms. Chui Wai Hung, to advise the Independent Shareholders on the Acquisition
"Independent Shareholders"	Shareholders other than Tsang's Family, together with their respective associates who are required by the Listing Rules to abstain from voting on the resolutions approving the Agreement and the transactions contemplated respectively thereunder

"Independent Financial Adviser" or "Titan Financial"	Titan Financial Services Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Independent Third Party(ies)"	the third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules)
"Independent Valuer"	APAC Asset Valuation and Consulting Limited
"Latest Practicable Date"	28 March 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	30 April 2017, or such other date as otherwise agreed in written by both parties under the Agreement (as amended and supplemented by the Supplemental Agreement)
"Mr. Tsang"	Mr. Tsang Wai Lun, Wayland, the beneficial owner of Intra Asia Limited and a member of the Tsang's Family
"Ms. Tsang"	Ms. Tsang Tsz Nok, Aleen, the registered sole shareholder of Intra Asia Limited and a member of the Tsang's Family
"Parties"	the Company, the Purchaser and the Vendors
"PRC"	the People's Republic of China, which for the purpose of this circular shall exclude Hong Kong, Macau and Taiwan
"Property"	the property held by Xuzhou Guojin
"Property Project"	held by Xuzhou Guojin situating on the southwestern side of Huanghe West Road in Gulou District of Xuzhou comprising residential and commercial buildings of various ages and heights and intend to be developed into a large-scale residential/commercial development

"Purchaser"	Surplus Full Development Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
"Sale Shares"	two ordinary shares in the share capital of the Target Company, being the entire issued share capital of the Target Company held by the Vendors
"SGM"	a special general meeting of the Company to be convened for the purpose to consider and, if thought fit, approve the Agreement, the Acquisition and the transactions contemplated thereunder, including but not limited to the issue of the Consideration Shares to the Vendors and the allotment and issue of the Consideration Shares upon the exercise of conversion rights attaching to the Consideration Shares, and other ancillary matters as may be required under the Listing Rules
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Specific Mandate"	the issue mandate to be granted to the Directors to allot and issue the Consideration Shares and to allot and issue the Conversion Shares upon exercise of the conversion rights attached to the Convertible Bonds at the SGM
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Agreement"	the supplemental agreement to the Agreement dated 24 February 2017 entered into among the Company, the Purchaser and the Vendors
"Target Company"	Intra Asia Limited, a company incorporated in the British Virgin Islands with limited liability
"Target Group"	the Target Company and its subsidiaries

"Tsang's Family"	Tsang Yee and his associate
"Vendors"	Mr. Tsang and Ms. Tsang
"Xuzhou Guojin"	Xuzhou Guojin Property Development Limited* (徐州國金房地產開發有限公司), a company established in China with limited liability and the entire registered capital of which is wholly-owned by the Target Company
"%"	per cent.

Note: RMB has been exchanged at rate approximately RMB1 = HK$1.127.

* *For identification purposes only*

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 115)

Executive directors:	*Registered Office:*
Mr. Ma Xuemian	Clarendon House,
Mr. Kwok Siu Bun	2 Church Street,
Ms. Chow Kwai Wa, Anne	Hamilton HM 11,
Ms. Kwok Siu Wa, Alison	Bermuda
Non-executive director:	*Head Office and Principal Place of Business:*
Ms. Tsang Tsz Tung, Debbie *(with Mr. Kwok Siu Bun as alternative)*	Unit 1004B, 10/F,
	Tower 5, China Hong Kong City,
Independent non-executive directors:	33 Canton Road, Tsim Sha Tsui,
Mr. Hui Pui Wai, Kimber	Kowloon, Hong Kong
Mr. Liu Chaodong	
Ms. Chui Wai Hung	
	30 March 2017

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF ENTIRE SHARE CAPITAL OF THE TARGET COMPANY

INTRODUCTION

Reference is made to the announcements of the Company dated 24 February 2017 and 24 March 2017 in relation to the Acquisition.

The Company, the Purchaser and the Vendors entered into (i) the Agreement on 24 February 2017; and (ii) the Supplemental Agreement on 24 March 2017, pursuant to which the Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 100% of the issued share capital of the Target Company at the Consideration of HK$207,000,000.

* *for identification purposes only*

The purposes of this circular are to provide you with, among other things, (i) further details of the Acquisition and the transactions contemplated thereunder; (ii) other information as required to be disclosed under the Listing Rules; and (iii) a notice of the SGM.

THE AGREEMENT

The principal terms of the Agreement (as amended and supplemented by the Supplemental Agreement) are set out as follows:

Date:	24 February 2017
Parties:	(1) Company
	(2) Purchaser
	(3) Vendors

As at the Latest Practicable Date, the Sale Shares held by Ms. Tsang (being the daughter of Mr. Tsang) was held by her on trust for Mr. Tsang pursuant to a declaration of trust. As such, Mr. Tsang is the ultimate beneficial owner of the Sale Shares. The Vendors are connected persons of the Company by way of being associates of a substantial shareholder of the Company.

Assets to be acquired

Pursuant to the Agreement, the Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares for a total Consideration of HK$207,000,000. Upon Completion, the Target Company will become a subsidiary of the Company and accordingly, the financial information of the Target Group will be consolidated into the accounts of the Group.

Consideration

The total consideration of purchase and sale of Sale Share shall be HK$207,000,000. The consideration shall be paid to the Vendors in the following manners:

(i) a refundable deposit of HK$11,270,000 shall be payable in cash within one (1) month upon signing of the Agreement;

(ii) as to HK$11,270,000 shall be payable in cash by the Purchaser to the Vendors within seven (7) Business Days upon Completion;

(iii) as to HK$47,460,000, by the allotment and issue of the Consideration Shares, being 210,000,000 new Shares at the issue price of HK$0.226 per Share, by the Company to the Vendors within seven (7) Business Days upon Completion; and

(iv) as to the balance of the Consideration of HK$137,000,000, by the issue of the Convertible Bonds in the principal amount of HK$137,000,000 by the Company to the Vendors within seven (7) Business Days upon Completion.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendors with reference to, among other things, (i) adjusted net assets value of the Target Group of approximately HK$190,565,000 having considered (a) unaudited net assets value of the Target Group of approximately HK$125,735,000; (b) increase in fair value of the Property Project of approximately HK$5,660,000 between the appraised value of the Property Project of approximately RMB316,000,000 (equivalent to approximately HK$356,132,000) as at 31 December 2016 performed by the Independent Valuer using market approach and the book value of the Property Project of HK$350,472,000 as at 31 October 2016 recorded in the unaudited consolidated financial statements of the Target Company; (c) provision for late delivery compensation of approximately HK$23,408,000 which the Vendors have undertaken to provide full indemnity to the Purchaser in the event any provision made is materialized; and (d) accumulated deferred tax liabilities of approximately HK$35,762,000 as at 31 October 2016 arising from the fair value change of the Property Project which is non-cash in nature; and (ii) the purchase price of the car parking space leasing agreement to be entered into with an Independent Third Party by Xuzhou Guojin in the amount of RMB14,620,000 (equivalent to approximately HK$16,476,740); and (iii) the prospect as elaborated in the section headed "REASONS FOR AND BENEFIT OF THE ACQUISITION".

A valuation of the Property Project has been carried out by the independent professional valuer namely, APAC Asset Valuation and Consulting Limited ("**APAC**"), which valued the market value of the Property Project at RMB316,000,000 (equivalent to approximately HK$356,132,000) as at 31 December 2016. The valuation report of the Property Project performed by APAC is set out in Appendix V to this circular.

Reconciliation statement of the Property Project

A reconciliation of the carrying value of the Property Project as at 31 October 2016 of approximately HK$350,472,000 as disclosed in the "Unaudited Pro Forma Financial Information on the Enlarged Group" in the Appendix IV to this Circular (based on the exchange rate of RMB1.00: HK$1.14465), and the valuation of the Property Project as at 31 December 2016 on the total market value in existing state of the Property Project are as follows:

	HK'000
Carrying value of the Property Project as at 31 October 2016	350,472
Exchange realignment	(5,577)
Development cost incurred during the period from 31 October 2016 to 31 December 2016	7,126
Appreciation in value of the Property Project from 31 October 2016 to 31 December 2016	4,111
Valuation of the Property Project as at 31 December 2016 (equivalent to approximately RMB316,000,000)	356,132

Taking into account the above-mentioned, the Directors (excluding Mr. Kwok Siu Bun, Ms. Kwok Siu Wa, Alison and Ms. Tsang Tsz Tung, Debbie who are associates of the Vendors and had abstained from voting at the Board resolutions approving the Agreement and the transactions contemplated thereunder but including the independent non-executive Directors consider that the Consideration is fair and reasonable and on normal commercial terms or better and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion is conditional upon fulfillment of the followings:

(a) the Purchaser has completed the due diligence in relation to the Target Group and the Property Project and has been satisfied with the results;

(b) the Purchaser has obtained a PRC legal opinion (in the form and substance to the satisfaction of the Purchaser) from a qualified PRC legal adviser appointed by the Purchaser in respect of the Agreement and the transactions contemplated under the Agreement;

(c) the Purchaser has obtained a valuation report for the Property Project from the Independent Valuer, which indicates that the valuation of the Property Project as at 31 December 2016 is not less than RMB316,000,000;

(d) the Vendors have successfully procured Xuzhou Guojin to enter into a formal lease agreement with Xuzhou Yuanchun Decoration Engineering Limited*（徐州遠純裝飾工程有限公司）, pursuant to which, Xuzhou Yuanchun Decoration Engineering Limited* has agreed to lease 112 underground parking lots (74 of which are located at Basement 1 and 38 of which are located at Basement 2), at a price of not less than RMB16,240,000 and for period of 20 years;

(e) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal, in the Consideration Shares and the Conversion Shares;

(f) the Independent Shareholders passing the resolutions approving the Agreement and the transactions contemplated thereunder (including the issue and allotment of the Consideration Shares and the Conversion Shares under the Specific Mandate) at the SGM;

(g) there is no event, change, incident or condition, the occurrence of which individually or coincidently has affected or would reasonably affect the Vendors, the Target Company or the Target Group; and

(h) all statements and guarantees provided by the Vendors under the Agreement shall be correct in all respects.

As at the Latest Practicable Date, conditions (a), (b), (c), (d) and (h) have been fulfilled. All of the above conditions precedent cannot be waived. The Vendors shall use its reasonable endeavor to fulfill the conditions precedent under the Agreement by the Long Stop Date or such other date as agreed in written between the Purchaser and the Vendors. In the event that the conditions precedent to Agreement failed to take place by the Long Stop Date or such other date as agreed in written between the Purchaser and the Vendors, the Purchaser shall have right to terminate the Agreement without prejudice to obligations to each other due to any antecedent breach of the terms of the Agreement.

* *For identification purposes only*

Conditions Precedent Status

The status of fulfillment of the Conditions Precedent is as follow:

Detail		Status
(a)	the Purchaser has completed the due diligence in relation to the Target Group and the Property Project and has been satisfied with the results;	Fulfilled
(b)	the Purchaser has obtained a PRC legal opinion (in the form and substance to the satisfaction of the Purchaser) from a qualified PRC legal adviser appointed by the Purchaser in respect of the Agreement and the transactions contemplated under the Agreement;	Fulfilled
(c)	the Purchaser has obtained a valuation report for the Property Project from the Independent Valuer, which indicates that the valuation of the Property Project as at 31 December 2016 is not less than RMB316,000,000;	Fulfilled
(d)	the Vendors have successfully procured Xuzhou Guojin to enter into a formal lease agreement with Xuzhou Yuanchun Decoration Engineering Limited* (徐州遠純裝飾工程有限公司), pursuant to which, Xuzhou Yuanchun Decoration Engineering Limited* has agreed to lease 112 underground parking lots (74 of which are located at Basement 1 and 38 of which are located at Basement 2), at a price of not less than RMB16,240,000 and for period of 20 years;	Fulfilled
(e)	the Listing Committee of the Stock Exchange granting the listing of, and permission to deal, in the Consideration Shares and the Conversion Shares;	On-going
(f)	the Independent Shareholders passing the resolutions approving the Agreement and the transactions contemplated thereunder (including the issue and allotment of the Consideration Shares and the Conversion Shares under the Specific Mandate) at the SGM;	On-going
(g)	there is no event, change, incident or condition, the occurrence of which individually or coincidently has affected or would reasonably affect the Vendors, the Target Company or the Target Group; and	On-going
(h)	all statements and guarantees provided by the Vendors under the Agreement shall be correct in all respects.	Fulfilled

Completion

Completion shall take place on the seventh (7) Business Day after all conditions precedent to the Agreement have been satisfied (or such other time and date as the parties to the Agreement may agree in writing).

Indemnity

Without limiting the generality of the Agreement, the Vendors irrevocably undertaken to the Purchaser that, if there is no breach of the Agreement by the Purchaser or the Target Group, the Vendor will provide full indemnity to the Purchaser, as follows:

(1) The Vendors irrevocably undertaken to the Purchaser that it will provide full indemnity to the Purchaser for any compensation (including interest), claim, expense and charge arose by ongoing or potential legal proceedings or lawsuits which concerning the Target Group or the Property's event before Completion Date.

(2) The Vendors irrevocably undertaken to the Purchaser that, if the certificate of completion and acceptance of the Property cannot be obtained on or before 31 December 2017 for whatever reason and the Purchaser or the Target Group was consequently involved into the legal proceedings and lawsuits related the Target Group or the Property and caused by such delay, the Vendors will indemnify the Purchaser (i) for the compensation (including interest), claim, expense and charge paid for such proceedings and lawsuits with an amount equals to 50% of the aggregate amount of the said items, provided that the Purchaser or the Target Group shall not violate the terms of the Agreement; and (ii) all additional construction costs incurred due to such delay and that exceeds the estimated outstanding construction costs of RMB34,000,000 as agreed in the Agreement.

Consideration Shares

As at the Latest Practicable Date, the authorised share capital of the Company is HK$500,000,000, which is divided to 5,000,000,000 shares of a par value of HK$0.1 each, and there are 1,136,280,937 Shares in issue and fully paid.

The Consideration Shares will be issued at the issue price of HK$0.226 per Consideration Share which represents:

(i) a discount of approximately 11.4% to the closing price of HK$0.255 per Share as quoted on the Stock Exchange on the date of signing of the Agreement;

(ii) a discount of approximately 10.6% to the average closing price of HK$0.2528 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of signing of the Agreement; and

(iii) a discount of approximately 11.4% to the closing price of HK$0.255 per Share as quoted on the Stock Exchange at the Latest Practicable Date;

The issue price was determined after arm's length negotiations between the Company and the Vendors, with reference to the recent performance of the Shares and current market conditions.

The Consideration Shares represent: (i) approximately 18.5% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 15.60% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

CONVERTIBLE BONDS

Terms of the Convertible Bonds

The terms of the Convertible Bonds have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer	:	The Company
Principal amount	:	HK$137,000,000
Maturity date	:	18 months from the date of issue of the Convertible Bonds
Interest rate	:	3% per annum
Conversion Price	:	HK$0.226 per Conversion Share subject to adjustments for adjustment provisions summarized below.
Conversion Shares	:	A total of 606,194,690 new Shares subject to adjustment provisions, of a par value of HK$0.10 each to be issued upon conversion of the Convertible Bonds.
Conversion Period	:	The period commencing on the date of issue of the Convertible Bonds and expiring on the Maturity Date.
Conversion rights	:	Bondholder will have the right to convert the Convertible Bonds in whole or in part (in an integral multiple of HK$1,000,000) of the outstanding principal amount of the Convertible Bonds on any Business Day during the Conversion Period.

Conversion right of the Convertible Bonds shall not be exercised by the Bondholder if:

(i) the Bondholder and parties acting in concert with it will directly or indirectly control or be interested in such percentage of voting rights of the Company which the Bondholder would be obliged to make a general offer under the Takeovers Code;

(ii) the Company will be unable to meet the public float requirements under the Listing Rules; or

(iii) the Bondholder or the Company will as a result of the issue of the relevant Conversion Shares be in breach of the Listing Rules, the Takeovers Code or applicable laws or regulations.

Redemption : Unless previously converted, the Convertible Bonds will be redeemed by the Company on the Maturity Date at its principal amount outstanding. The Company shall have the right to redeem the whole or any part(s) of the principal amount of the Convertible Bonds at any time on any business day prior to the Maturity Date.

Adjustment provisions : The Conversion Price shall from time to time be adjusted upon the occurrence of certain events in relation to the Company including but not limited to the following:

(i) consolidation or sub-division;

(ii) capitalization of profits or reserves;

(iii) capital distributions;

(iv) rights issue of Shares or options over Shares etc;

(v) rights issue of other securities of the Company; and

(vi) issues at less than prevailing market prices.

Transferability	:	The Convertible Bonds or any part(s) thereof may be assigned or transferred to any third party during the period commencing from the date of such issue and until the Maturity Date (as defined above), subject to the conditions, approvals, requirements and any other provisions of or under (i) the Stock Exchange or their rules and regulations; (ii) the approval for listing in respect of the Conversion Shares; and (iii) all applicable laws and regulations, or any others as disclosed in the instrument. If the Convertible Bonds are transferred to a connected person (as defined in the Listing Rules) (except the transfer of the Convertible Bonds to the holding company or subsidiary of the Bondholder) of the Company or its associate(s) (as defined in the Listing Rules), the Company shall immediately notify the Stock Exchange and all such transfer shall be made subject to having obtained the written consent from the Company and prior approval of the Stock Exchange (if necessary) and full compliance with the Listing Rules.
Voting	:	Bondholder will not be entitled to attend or vote at any Shareholders' meetings of the Company by reason only of its being a Bondholder.
Listing	:	No application will be made by the Company for the listing or permission to deal in the Convertible Bonds on the Stock Exchange. An application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Conversion Shares.
Ranking of the Conversion Shares	:	Shares issued upon conversion will rank *pari passu* in all respects among themselves and with other existing Shares outstanding at the date of issue of the Conversion Shares and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of their issue.

Conversion Price

HK$0.226 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Bonds.

The Conversion Price of HK$0.226 per Conversion Share represents:

(a) a discount of approximately 11.4% to the closing price of HK$0.255 per Share as quoted on the Stock Exchange on the date of signing of the Agreement;

(b) a discount of approximately 10.6% to the average closing price of HK$0.2528 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of signing of the Agreement; and

(c) a discount of approximately 11.4% to the closing price of HK$0.255 per Share as quoted on the Stock Exchange at the Latest Practicable Date.

The Conversion Price was determined after arm's length negotiations between the Company and the Purchaser, with reference to the recent performance of the Shares and current market conditions.

The Conversion Shares

Upon full conversion of the Convertible Bonds in the aggregate principal amount of HK$137,000,000 by the holder(s) of the Convertible Bonds at the Conversion Price, a maximum of 606,194,690 Conversion Shares will be issued. The Conversion Shares will represent: (i) approximately 53.4% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 34.8% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares assuming the conversion rights attaching to the Convertible Bonds are exercised in full.

Specific Mandate

The Consideration Shares and the Conversion Shares will be allotted and issued under the Specific Mandate to be approved by the Independent Shareholders at the SGM. The Company will make an application to the Stock Exchange for the listing of and permission to deal in the Consideration Shares and the Conversion Shares. The Consideration Shares and the Conversion Shares, when issued and fully paid, will rank *pari passu* in all respects with each other and with other Shares then in issue at the time of issue of the Consideration Shares and the Conversion Shares.

As at the Latest Practicable Date, the Company has 1,136,280,937 Shares in issue. Set out below is the shareholding structure of the Company (i) as at the date Latest Practicable Date; (ii) immediately upon the allotment and issue of the Consideration Shares; and immediately upon the allotment and issue of the Consideration Shares and full conversion of the Convertible Bonds based on the best knowledge, information and belief of the Directors:

	As at the Latest Practicable Date		**Upon the allotment and issue of the Consideration Shares**		**Upon the allotment and issue of the Consideration Shares and full conversion of the Convertible Bonds**	
	Number of Shares	*% (Approx.)*	*Number of Shares*	*% (Approx.)*	*Number of Shares*	*% (Approx.)*
Rhenfield Development Corp. *(Note 1)*	165,564,529	14.57	165,564,529	12.30	165,564,529	8.48
Directors:						
Kwok Siu Bun	1,000,000	0.09	1,000,000	0.07	1,000,000	0.05
Chow Kwai Wa, Anne	1,300,000	0.11	1,300,000	0.10	1,300,000	0.07
Kwok Siu Wa, Alison	2,000,000	0.18	2,000,000	0.15	2,000,000	0.10
Vendors and his associate *(Note 2)*	12,633,534	1.11	222,633,534	16.54	828,828,224	42.45
Public:						
Other public Shareholders	953,782,874	83.94	953,782,874	70.84	953,782,874	48.85
Total	1,136,280,937	100.00	1,346,280,937	100.00	1,952,475,627	100.00

Notes:

1. Rhenfield Development Corp. is owned by Mr. Tsang Yee who is deemed to be interested in 165,564,529 shares of the Company pursuant to the Part XV of the SFO.

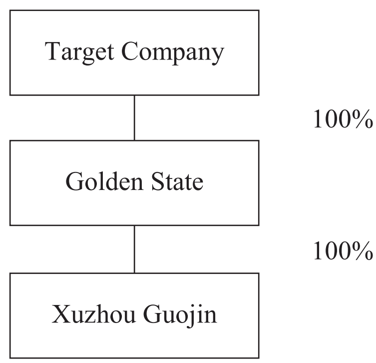
2. Tsang's Family including Mr. Tsang, Ms. Tsang and Ms. Kwok Wai Man (excluding Mr. Tsang Yee, Mr. Kwok Siu Bun and Ms. Kwok Siu Wa, Alison).

3. The above table is for illustration purpose only and does not indicate or imply any intention or decision on the part of the Vendors as to the timing or extent of conversion of the Convertible Bonds. Pursuant to the terms and conditions of the Convertible Bonds, conversion right shall not be exercised by the Bondholder if (i) the Bondholder and parties acting in concert with it will directly or indirectly control or be interested in such percentage of voting rights of the Company which the Bondholder would be obliged to make a general offer under the Takeovers Code; (ii) the Company will be unable to meet the public float requirements under the Listing Rules; or (iii) the Bondholder or the Company will as a result of the issue of the relevant Conversion Shares be in breach of the Listing Rules, the Takeovers Code or applicable laws or regulations.

INFORMATION ABOUT THE TARGET GROUP

The Target Group comprises the Target Company, Golden State and Xuzhou Guojin. As at the Latest Practicable Date, the Target Company, Golden State and Xuzhou Guojin have been duly incorporated.

As at the Latest Practicable Date, the shareholding structure of the Target Group is as follows:



The Target Company is a company incorporated in the British Virgin Islands with limited liability. Golden State is a company incorporated in Hong Kong and wholly-owned by the Target Company.

The Target Company, Golden State and Xuzhou Guojin were incorporated on 1 July 2008, 24 May 2005 and 24 December 2008 respectively. The Target Company and Golden State have no major assets and liabilities. As at the Latest Practicable Date, the Target Company and Golden State have not conducted any businesses yet and have not generated any revenue and profit since their incorporation.

Xuzhou Guojin, being the subject operating subsidiary of the Target Group, was incorporated on 24 December 2008. Mr. Tsang's controlled corporation is a 60% co-founder of Xuzhou Guojin with a registered capital of HK$50,000,000 in 2008. Xuzhou Guojin subsequently became a wholly-owned subsidiary of a Mr. Tsang's controlled corporation in 2014 which Xuzhou Guojin's registered capital increased to HK$70,000,000. As at the Latest Practicable Date, Xuzhou Guojin has a registered capital of HK$70,000,000. Xuzhou Guojin is principally engaged in property development of the Property Project. The land of the Property Project was acquired by Xuzhou Guojin in December 2008 at a consideration of RMB42,000,000. Based on the audited consolidated management accounts of the Target Group for each of the two financial years ended 31 December 2014 and 31 December 2015 and for the ten months ended 31 October 2016, the turnover, net profit (before and after taxation) are as follows:

	For the year ended 31 December 2014	For the year ended 31 December 2015	For the ten months ended 31 October 2016
	HK$'000	*HK$'000*	*HK$'000*
Turnover	–	–	–
Profit/(loss) before tax	2,663	(12,808)	28,988
Net Profit/(loss) after tax	1,215	(16,881)	20,101

As at 31 October 2016, the audited net assets value of the Target Group was approximately HK$125,735,000.

The Property Project is situated on the southwestern side of Huanghe West Road in Gulou District of Xuzhou with a total gross floor area of approximately 46,192.08 square metres. The immediate locality is a mixed commercial/residential area, which comprises (i) 1 block of 20-storey residential building with a total of 80 residential units and with a total gross floor area ("**GFA**") of approximately 7,373.20 square metres; ("**Building No.1**") (ii) 1 block of 22-storey two structurally connected residential buildings with a total of 132 residential units and with a total GFA of approximately 14,946.11 square metres ("**Building No.2**"); (iii) 1 block of 13-storey office building with a total of 154 office units and with a GFA of approximately 7,646.57 square metres; (iv) an upper ground shopping mall with a total GFA of approximately 1,628.40 square metres; ((iii) and (iv) collectively known as "**Building No.3**") (v) an underground shopping mall with a total GFA of approximately 3,644.54 square metres; (vi) an underground car park with 165 car parking spaces and with a total GFA of approximately 7,659.08 square metres; and (vii) certain aboveground and underground ancillary facilities to be constructed as part of the Property Project, including but not limited to ecological greening and open plaza, with a total GFA of approximately 3,294.18 square metres. Detailed floor plans of the Property Project are as follows:

Area	**Approximate Gross Floor Area** *(square metres)*
Residential	22,319.31
Office (including a planned SOHO Tower)	7,646.57
Commercial (Aboveground)	1,628.40
Commercial (Underground)	3,644.54
Underground car parking space (165 car parks)	7,659.08
Ancillary facilities (Aboveground and underground)	3,294.18
Total:	46,192.08

As at the Latest Practicable, the Property Project has obtained following certificates and permits:

State-owned Land Use Certificates

The land use rights of two parcels of land with a total site area of 15,528.40 square metres have been granted to Xuzhou Guojin. Details of the said certificates are as follows:

No.	Certificate No.	Site Area *(square metres)*	Use	Date of Certificate	Term	Plot Ratio
1.	Xu Tu Guo Yong (2009) No. 11859	13,847.40	Business Finance and Residential	2 June 2009	Residential: 70 years from date of grant Business Finance: 40 years from date of grant	Not less than 2.56 and not more than 3.20
2.	Xu Tu Guo Yong (2010) No. 08856	1,681.00	Business Finance and Residential	16 March 2010	Residential: 70 years from date of grant Business Finance: 40 years from date of grant	Not less than 2.56 and not more than 3.20
		15,528.40				

Construction Land Planning Permit

Under the construction land planning permit – Xu Shi Gui Di Di Zi No. 320300200901024, Xuzhou Guojin was permitted to use a parcel of land with a site area of 23.3 mu for residential, commercial and office developments.

Construction Work Planning Permit

Under the construction work planning permit – No. 20090053, the construction works of Residential Building No. 1 and 2, commercial office tower No. 3, a basement, a public toilet, a garbage room and a guard room with a total gross floor area of 47,121.60 square metres were approved to construct.

Construction Work Commencement Permit

Under to the construction work commencement Permit – No. 0091411 320300020120151, the construction works of residential building No.1 and 2, commercial office tower No. 3 and a basement with a total gross floor area of 46,228.00 square metres were approved to commence.

Pre-sale Permits

Under the following pre-sale permits, various buildings of the property with a total gross floor area of 35,238.82 square metres have been permitted for pre-sale.

No.	Permit No.	Building	Gross Floor Area *(square metres)*
1.	Xu Fang Shou Xu Zi (2013) No. 103	Building No. 1 and 2	22,319.31
2.	Xu Fang Shou Xu Zi (2014) No. 18	Building No. 3	9,274.97
3.	Xu Fang Shou Xu Zi (2014) No. 239	Basement	3,644.54
Total:			35,238.82

As at 31 December 2016, (i) residential areas of 21,635.25 square metres has been pre-sold or subscribed; (ii) office areas of 1,375 square metres has been pre-sold or subscribed; and (iii) 52 car parking spaces have been subscribed for lease.

As at the Latest Practicable Date, certain completion construction processes (the "**Uncompleted Processes**") of the Property Project including but not limited to (i) decoration; (ii) greening processes; and (iii) hydro power processes, have yet to be completed which lead to the contracted delivery date of properties units in May 2016 as stipulated under relevant pre-sold agreements and/or subscription agreements has been delayed (the "**Delay in Delivery**"). The Target Group is actively communicating with the affected buyers to resolve such issue. Upon comprehensive assessment between management of the Company and the Vendors and having discussed with relevant construction companies, it is estimated that the lead time to complete Uncompleted Processes would not be long and it is expected that the pre-sold property units could be delivered to respective buyers on or before 31 December 2017.

Furthermore, having sought legal advice from the Company's PRC legal adviser and having enquired the management of the Target Group, base on the assumption that the pre-sold property units could be delivered to relevant buyers on or before 31 December 2017, it is estimated that the possible maximum penalty in connection with the Delay in Delivery would amounted to approximately RMB20,000,000 (equivalent to approximately HK$22,540,000). Nevertheless, pursuant to the terms and conditions of the Agreement, the Vendors has undertaken to the Purchaser to provide full indemnity for any compensation (including interest), claim, expense and charge arose by ongoing or potential legal proceedings or lawsuits which concerning the Target Group or the Property Project's event before Completion Date. In view of the aforesaid, the Board considers that the impact of the Delay in Delivery would not be material to the Group after Completion in this regard.

The estimated required construction costs to be incurred to complete the Property Project would be approximately RMB34,000,000 which shall be borne by the Group. The Group will finance the required construction costs from the Group's internal resources.

COMPANY PLANS ON THE PROPERTY PROJECT

Upon Completion, the Company plans to develop the Property Project into a large-scale residential/commercial development which will comprise two residential buildings, an office/ SOHO tower and a shopping arcade. It is expected the majority of the commercial areas will be for letting purposes with an aim to enjoy a stable rental income in future.

REASONS AND BENEFITS FOR THE ACQUISITION

The Group is principally engaged in investment holdings, property development, property investment and trading of food. Throughout the years ended 31 December 2015 and 31 December 2016, the Group mainly generates its revenue from (i) sale of the Group's existing properties in Zhangmutou (樟木頭); (ii) rental income from the Group's investment properties in Zhangmutou (樟木頭); and (iii) revenue from trading of commodities such as frozen meat and milk-related products etc.

From a macro-geographical perspective, Xuzhou has witnessed rapid economic development in recent years, where it has evolved from a fourth-tier city to a second-tier one in the PRC in just five years, ranking among the top five cities in terms of economic development and growth in Jiangsu province for three consecutive years as it achieved an average GDP growth exceeding 9% for the past three years.

Situated in the core strategic place in Yangtze River Delta and Huaihai region, Xuzhou is located at the junction among Jiangsu, Shandong and Anhui provinces. It is not only a comprehensive transport hub of national importance, but also a famous historic city in the PRC with rich historical and cultural heritage and places of interest.

Furthermore, Xuzhou is a vital node city for the national "the Belt and Road" initiative. Leveraged on the state policy, its prime geographic location, drastic economic growth and profound culture, the hotel and logistics sectors of the city are well-positioned to benefit from a very promising future.

From a micro-regional perspective, the Property Project to be acquired is located in Gulou District, the central business district of Xuzhou City. Gulou District is the ancient district of the city and also one of the financial, commercial and transportation centers of Xuzhou, encompassing the most thriving Pengcheng Square and Huaihai Plaza. Moreover, the property enjoys a beautiful river view, which is an extremely rare privilege in an inland city as Xuzhou.

The Property Project is located at a prime location on No. 3, West Huanghe Road, Gulou District with only 50 metres from the Cultural Palace Exit of Route 1 of the Xuzhou Railway under construction. The lot is currently a reputable school zone in Xuzhou with well- established community and infrastructure. It is expected to have an immense commercial value and future potentials upon the commencement of operation of the Xuzhou railway.

The Company intends to develop the Property Project into a large-scale residential/commercial development which will comprise two residential buildings and an office/SOHO tower being erected on two parcels of land with a total site area of approximately 15,528 square metres. A shopping arcade together with a carpark are also being constructed underneath the aforesaid two land parcels. The total gross floor area of the Property Project will be approximately 46,192.08 square metres.

In addition, the Acquisition neither requires excessive cash nor has a material effect on the cash flows of the Group as it is on reasonable payment terms. The Acquisition of the Property Project can also optimize the property portfolio of the Company. Currently, the Group's project amounting to over RMB100 million only comprises the Zongke Cloud Project. In the future, the footprint of the Group in its real estate development plan must reach outside Guangdong province. The Acquisition of the Property Project situated at the prime location at Xuzhou, Jiangsu province with extremely low costs, will contribute to lay a solid foundation for the Group's future plan of real estate market in the PRC.

Certain existing property projects of the Group, *inter alia*, the property project located at Shenzhen (the "**Zongke Cloud Project**") will commence commercial operation in the future. Hence, the Acquisition can allow the team of the Company to gain experiences in the operation of commercial properties with low costs and act as a pilot project, thus providing a valuable opportunity for the Zongke Cloud Project.

Regarding the Zongke Cloud Project, throughout past years, the Group has been playing significant effort with an aim to boost up the progress of the Zongke Cloud Project. As at the Latest Practicable Date, the Zongke Cloud Project has obtained (i) construction land planning permit dated 10 July 2015; (ii) land use rights certificate of the land situated at the Zongke Cloud Project dated 18 December 2015; (iii) construction work planning permit dated 19 April 2016; and (iv) construction work commencement permit dated 26 April 2016, respectively.

Since April 2016, the Group has been co-operating with certain independent building contractors to commence development of the Zongke Cloud Project. As at the Latest Practicable Date, majority of the pile cap and foundation works of the Zongke Cloud Project has been completed and it is currently in the process of constructing basement. It is expected that certain main bodies and superstructure works could be completed in or around the first quarter of 2018 and it is expected that pre-sale permit of the Zongke Cloud Project could be obtained in or around second quarter of 2018.

In consideration of the above factors, the Company therefore opts to invest and acquire the quality Property Project for long-term investment and rental income purposes of the Group.

The Directors consider that the terms of the Acquisition are fair and reasonable in the current property market conditions, and are in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Mr. Tsang is a member of the Tsang's Family, in which Mr. Tsang Yee being a substantial shareholder of the Company holding approximately 14.57% of the total issued shares of the Company amounted for 165,564,529 shares of the Company. Therefore the Mr. Tsang is a connected person of the Company under Chapter 14A of the Listing Rules. The Acquisition and the transactions contemplated under the Sale and Purchase Agreement, including the allotment and issue of the Consideration Shares and the Conversation Shares under the Specific Mandate, are therefore subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Independent Shareholders as a whole. The Company has appointed an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 25% but all are less than 100%, the Acquisition constitutes a major transaction of the Company under the Listing Rules. The Acquisition is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

FINANCIAL IMPACT OF THE PROPOSED ACQUISITION TO THE GROUP

Upon Completion, the Target Company will become an indirect 100% wholly-owned subsidiary of the Company and the consolidated financial results of the Target Company will be consolidated into the Group's financial statements. The accompanying unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as set out in Appendix IV to this circular is prepared as if the Acquisition had taken place on 30 June 2016 to illustrate the effect of the Acquisition.

Assets and liabilities

Based on the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as set out in Appendix IV to this circular (assuming that the Acquisition had been completed on 30 June 2016), the total assets of the Group would have increased from approximately HK$1,583,467,000 to approximately HK$1,992,561,000 on a pro forma basis, the total liabilities of the Group would have increased from approximately HK$343,749,000 to approximately HK$742,242,000 on a pro forma basis, and the net assets of the Group would have increased from approximately HK$1,239,718,000 to approximately HK$1,250,319,000 on a pro forma basis.

Earnings

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and its results of operations will be consolidated into the Enlarged Group using the principles of merger accounting. As the Property Project is still under construction and will not commence its operation till December 2017, the Enlarged Group is not expected to recognise any earnings from the Target Group until then. Based on the audited financial information of the Target Group, the Target Group incurred a profit of approximately HK$20,101,000 for the ten months ended 31 October 2016 which will have a positive impact on earnings of the Group, the Directors believe that the Acquisition would enhance the Group's income stream upon the commencement of the Property Project.

Further details of the financial effect of the Acquisition together with the bases in preparing the unaudited pro forma financial information are set out in Appendix IV to this circular.

SPECIAL GENERAL MEETING

The notice of the SGM is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the SGM is enclosed with this circular. To be valid, the form of proxy must be completed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney at the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, being not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the SGM if you so wish. According to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the chairman of the SGM will demand a poll for all resolutions set out in the notice of SGM pursuant to Bye-law 73 of the Bye-laws.

Shareholders who are entitled to vote at the SGM are those whose names appear as Shareholders on the register of members of the Company as at the close of business on Tuesday, 11 April 2017. In order to be entitled to vote at the SGM, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 11 April 2017.

RECOMMENDATION

The Directors consider that the Acquisition are in the best interests of the Company as well as its Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders of the Company should vote in favour of the resolutions to be proposed at the SGM to give effect to them.

GENERAL

Mr. Kwok Siu Bun, Ms. Kwok Siu Wa, Alison, both being the executive Director of the Company, and Ms. Tsang Tsz Tung, Debbie, being the non-executive Director of the Company, who are associates of the Vendors are all considered to be interested in the transactions contemplated under the Agreement and have abstained from voting at the Board resolutions approving the Agreement and the transactions contemplated thereunder.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the Agreement and the transactions contemplated thereunder. Titan Financial Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Agreement and the transactions contemplated thereunder. A SGM will be convened at which ordinary resolutions will be proposed to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder.

In accordance with the requirements of the Listing Rules, all votes to be taken at the SGM will be by poll. The Vendors and its associates namely Mr. Tsang Yee, Mr. Tsang, Ms. Tsang and Ms. Kwok Wai Man, Mr. Tsang Yee, Mr. Kwok Siu Bun and Ms. Kwok Siu Wa, Alison, holding approximately 16.06% of the issued share capital of the Company, will abstain from voting for the resolution proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

FURTHER INFORMATION

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

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

鈞濠集團有限公司*

GRAND FIELD GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 115)

30 March 2017

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF ENTIRE SHARE CAPITAL OF THE TARGET COMPANY

We refer to the circular of the Company dated 30 March 2017 (the "**Circular**"), of which this letter forms part. Capitalized terms used in this letter shall bear the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider whether the terms of the Acquisition (including the allotment and issue of the Consideration Shares and Conversion Shares under the Specific Mandate) are fair and reasonable, whether the Acquisition is on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser. Titian Financial Services Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 6 to 25 of the Circular, and the letter from Titan Financial to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of whether the terms of the Acquisition (including the allotment and issue of the Consideration Shares and the Conversion Shares under the Specific Mandate) are fair and reasonable, whether the Acquisition is on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and the Independent Shareholders as a whole, and the Independent Shareholders on how to vote as set out on page 25 of the Circular.

Having taken into account the reasons relating to the Acquisition and the terms of the Agreement and the advice of Titan Financial, we consider that the Acquisition (including the allotment and issue of the Consideration Shares and the Conversion Shares under the Specific Mandate) is in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the SGM to approve the Acquisition (including the allotment and issue of the Consideration Shares and Conversion Shares under the Specific Mandate) and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of the Independent Board Committee

Mr. Hui Pui Wai Kimber	**Mr. Liu Chaodong**	**Ms. Chui Wai Hung**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Titan Financial in respect of the Agreement and the transactions contemplated thereunder prepared for the purpose of inclusion in this circular.

天泰金融 TITAN

Titan Financial Services Limited
Suites 3201-02, 32/F
COSCO Tower, Grand Millennium Plaza
183 Queen's Road Central
Hong Kong

30 March 2017

To the Independent Board Committee and the Independent Shareholders
of Grand Field Holdings Limited

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION IN RELATION OF ACQUISITION OF ENTIRE SHARE CAPITAL OF THE TARGET COMPANY

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder, details of which are set out in the "Letter from the Board" (the "**Letter from the Board**") in the Company's circular dated 30 March 2017 (the "**Circular**") to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 24 February 2017, the Company, the Purchaser and the Vendors entered into the Agreement, pursuant to which the Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 100% of the issued share capital of the Target Company at the Consideration of HK$207,000,000. The Consideration will be satisfied upon Completion by way of (i) a refundable deposit of HK$11,270,000 in cash; (ii) a cash consideration of HK$11,270,000 which shall be payable by the Purchaser to the Vendors; (iii) the allotment and issue of 210,000,000 Consideration Shares at HK$0.226 per Share in the amount of HK$47,460,000; and (iv) issue of Convertible Bonds in the principal amount of HK$137,000,000 by the Purchaser to the Vendors. After Completion, the Target Company will become a wholly-owned subsidiary of the Company and accordingly, the financial information of the Target Group will be consolidated into the accounts of the Group.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is above 25% but all are less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the relevant reporting, announcement and Shareholders' approval requirements set out in Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, Mr. Tsang is a member of the Tsang's Family, in which Mr. Tsang Yee being a substantial shareholder of the Company holding approximately 14.57% of the total issued share capital of the Company amounted for 165,564,529 shares of the Company. Therefore, Mr. Tsang is the connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition and the transactions contemplated under the Agreement, including the allotment and issue of the Consideration Shares and Conversion Shares under the Specific Mandate, are therefore subject to reporting, announcement and Independent Shareholders' approval requirements as set out in Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Hui Pui Wai, Kimber, Mr. Liu Chaodong and Ms. Chui Wai Hung has been established to advise the Independent Shareholders regarding the Acquisition on (i) whether the terms of Agreement and the transactions contemplated thereunder are fair and reasonable, are on normal commercial terms or better and are in the interests of the Company and the Shareholders as a whole and (ii) how the Independent Shareholders should vote in respect of the relevant resolutions to approve the Agreement and transactions contemplated thereunder at the SGM. We, Titan Financial Services Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Company or any other parties involved in the Acquisition, or their respective connected person(s), that could reasonably be regarded as hindrance to our independence to act as the Independent Financial Adviser. Accordingly, we are considered eligible to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Agreement and the transactions contemplated thereunder. In addition to our appointment as the Independent Financial Adviser, we have not acted as the independent financial adviser in respect of any transactions of the Company in the past two years.

BASIS OF OUR OPINION

In formulating our recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Directors and/or the management of the Company (the "**Management**").

We have assumed that all information and representations provided by the Directors and/or the Management, for which they are solely and wholly responsible for are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquires and careful consideration by the Directors and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Directors and/or the Management nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group, the Target Group, and any of their subsidiaries or the prospects of the markets in which they respectively operate.

The Directors have collectively and individually accepted full responsibility for all information given with regard to the Company including particulars given in compliance with the Listing Rules. The Directors have confirmed, after having made all reasonable enquires, which to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Circular misleading.

This letter was issued to the Independent Board Committee and the Independent Shareholders solely in connection with their consideration in respect of the Acquisition.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have taken into consideration of the following principal factors and reasons. Our conclusions are based on the results of our analyses taken as a whole.

I. Background of and reasons for the Acquisition

(i) Information on the Group

a) Principal business of the Group

The Group is principally engaged in investment holdings, property development, property investment and trading of food. Throughout the years ended 31 December 2015 and 31 December 2016, the Group mainly generates its revenue from (i) sale of the Group's existing properties in Zhangmutou (樟木頭); (ii) rental income from the Group's investment properties in Zhangmutou (樟木頭); and (iii) revenue from trading of commodities such as frozen meat and milk-related products etc.

b) Financial information of the Group

Set out below is a summary of the consolidated financial results of the Group for (i) the two financial years ended 31 December 2014 and 2015 ("**FY2014**" and "**FY2015**", respectively) as extracted from the annual report of the Company for the year ended 31 December 2015 ("**AR2015**"); and (ii) the six months ended 30 June 2015 and 2016 ("**1H2015**" and "**1H2016**") as extracted from the interim report of the Company for the six months ended 30 June 2016 ("**IR2016**"):

Exhibit I: Consolidated financial results of the Group

	For the year ended 31 December		**For the six months ended 30 June**	
	2014	**2015**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue:				
– Property development	–	–	–	1,434
– Property investment	2,474	2,129	1,175	803
– General trading	894	1,714	939	110
Total revenue	*3,368*	*3,843*	*2,114*	*2,347*
Gross profit	2,545	1,897	1,189	1,330
Profit/(Loss) for the year/period attributable to the owners of the Company	(65,855)	457,920	(15,606)	(18,367)

As set out in AR2015, the Group recorded an increase of revenue of approximately HK$0.4 million representing an increase of approximately 11.8% from approximately HK$3.4 million for FY2014 to approximately HK$3.8 million for FY2015. As advised by the Management, the increase in revenue was due to increase in revenue in general trading segment of approximately HK$0.8 million resulted from trading and distribution of milk powder, and dairy and meat product, which was offset by the decrease in revenue of property investment segment of approximately HK$0.4 million.

On the other hand, the Group recorded a substantial increase in profit attributable to the Shareholders of approximately HK$523.8 million, representing an increase of approximately 794.8%, from net loss of approximately HK$65.9 million for the FY2014 to net gain of approximately HK$457.9 million for the FY2015, mainly attributable to the fair value gain on the investment properties of approximately HK$1,260.0 million in FY2015. As advised by the Management, such fair value gain was contributed by the Group's investment properties under development located in Longgang District, Shenzhen City, the PRC.

According to IR2016, we noted that the total revenue of the Group for the 1H2016 increased by approximately HK$0.2 million, representing an increase of approximately 9.5%, from approximately HK$2.1 million for 1H2015 to approximately HK$2.3 million for 1H2016. As advised by the Management, the increase in total revenue was derived from (i) increase of revenue from property development segment of approximately HK$1.4 million which was resulted from the sales of commercial property located in Dongguan City, Guangdong Province, the PRC; (ii) a slight decrease in revenue of property investment segment of approximately HK$0.4 million, which was offset by the decrease in revenue of general trading segment of approximately HK$0.8 million due to less revenue recorded in trading and distribution of milk powder, dairy and meat product. The Group recorded loss attributable to Shareholders of approximately HK$18.4 million for 1H2016 as compared with approximately HK$15.6 million for 1H2015, an increase of loss of approximately HK$2.8 million. As advised by the Management, such loss was primarily resulted from the recognition of one-off share-based payment expenses of approximately HK$8.9 million relating to the share options granted to the Directors and certain employees on 6 May 2016 which was off-set by reduction of depreciation and amortisation of prepaid premium for land leases for a total sum of approximately HK$6.0 million.

Set out below is a summary of the consolidated financial position of the Group as at 31 December 2014 and 2015 and 30 June 2016, as extracted from AR2015 and IR2016:

Exhibit II: Consolidated financial positions of the Group

	As at 31 December		**As at 30 June**
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)
Non-current assets	382,770	1,442,270	1,404,200
Current assets	57,784	184,401	179,267
Total assets	*440,554*	*1,626,671*	*1,583,467*
Current liabilities	45,893	44,036	49,733
Non-current liabilities	35,984	302,204	294,016
Total liabilities	*81,877*	*346,240*	*343,749*
Equity attributable to the owners of the Company	191,239	676,924	654,074
Cash and cash equivalents	9,274	11,625	6,618

As at 30 June 2016, the Group had (i) total non-current assets of approximately HK$1,404.2 million, which mainly comprised investment properties of approximately HK$1,366.6 million; (ii) total current assets of approximately HK$179.3 million, which mainly comprised properties for sale under development of approximately HK$125.1 million and properties for sale of approximately HK$29.5 million; (iii) total current liabilities of approximately HK$49.7 million, which mainly comprised trade and other payables of approximately HK$37.0 million and interest-bearing borrowings of approximately HK$11.6 million; (iv) total non-current liabilities of approximately HK$294.0 million, which solely comprised deferred tax liabilities; and (v) equity attributable to the owners of the Company of approximately HK$654.1 million.

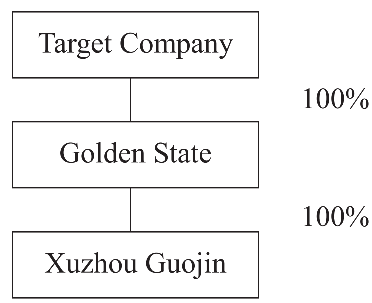
We noted that the Group recorded a low level of indebtedness, with its gearing ratio (calculated as a ratio of total interest-bearing borrowings and obligations, finance leases and amounts due to directors over total equity) recorded approximately 0.5% and 1.0% as at 31 December 2015 and 30 June 2016, respectively. Such increase in gearing ratio was due to additional interest-bearing borrowings in 1H2016.

As discussed with the Management, we understood that, apart from investment holdings, property development, property investment and general trading that the Group is currently engaged in, the Group has been actively seeking for business opportunities so as to expand to the real estate market of the PRC and to diversify the Group's business portfolio with growth potential as well as to broaden its source of income that can bring returns to the Shareholders. Given the prospects of the Target Group which will be discussed in the paragraph headed "(ii) Information on the Target Group – d) Prospects of the Target Group" below, we concur with the view of the Directors that the Acquisition would present an opportunity for the Group to diversify its business portfolio which could generate stable source of revenue and has growth potentials in the future, and hence, may improve its financial performance of the Group in the long run.

(ii) Information about the Target Group

a) Business of the Target Group

The Target Group comprises the Target Company, Golden State and Xuzhou Guojin. The Target Group is principally engaged in property development in the PRC. As at the date of the Latest Practicable Date, the Target Company, Golden State and Xuzhou Guojin have been duly incorporated, the shareholding structure of the Target Group is as follows:



The Target Company is a company incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding. Golden State is a company incorporated in Hong Kong and wholly-owned by the Target Company.

The Target Company and Golden State were incorporated on 1 July 2008 and 24 May 2005 respectively. The Target Company and Golden State have no major assets and liabilities. As at the Latest Practicable Date, the Target Company and Golden State have not conducted any business yet and have not generated any revenue and profit since their incorporation.

Xuzhou Guojin, being the subject operating subsidiary of the Target Group, was established in the PRC on 24 December 2008. Mr. Tsang's controlled corporation is a 60% co-founder of Xuzhou Guojin with a registered capital of HK$50,000,000 in 2008. Xuzhou Guojin subsequently became a wholly-owned subsidiary of a Mr. Tsang's controlled corporation in 2014 which Xuzhou Guojin's registered capital increased to HK$70,000,000. As at the Latest Practicable Date, Xuzhou Guojin had a registered capital of HK$70,000,000. Xuzhou Guojin is principally engaged in property development of the Property Project. The land of the Property Project was acquired by Xuzhou Guojin in December 2008 at a consideration of RMB42,000,000.

b) Information of the Property Project and reasons for the Acquisition

The Property Project is situated on the southwestern side of Huanghe West Road in Gulou District of Xuzhou with a total gross floor area of approximately 46,192.08 square metres. The immediate locality is a mixed commercial/residential area, which comprises (i) 1 block of 20-storey residential building with a total of 80 residential units and with a total gross floor area ("**GFA**") of approximately 7,373.20 square metres; ("**Building No.1**") (ii) 1 block of 22-storey two structurally connected residential buildings with a total of 132 residential units and with a total GFA of approximately 14,946.11 square metres ("**Building No.2**"); (iii) 1 block of 13-storey office building with a total of 154 office units and with a GFA of approximately 7,646.57 square metres; (iv) an upper ground shopping mall with a total GFA of approximately 1,628.40 square metres ((iii) and (iv) collectively known as "**Building No.3**"); (v) an underground shopping mall with a total GFA of approximately 3,644.54 square metres; (vi) an underground car park with 165 car parking spaces and with a total GFA of approximately 7,659.08 square metres; and (vii) certain aboveground and underground ancillary facilities to be constructed as part of the Property Project, including but not limited to ecological greening and open plaza, with a total GFA of approximately 3,294.18 square metres. Detailed floor plans of the Property Project are as follows:

Building	Area	Approximate gross floor area (square metres)
Building No.1	Residential	7,373.20
Building No.2	Residential	14,946.11
Building No.3	Office (including a planned SOHO Tower)	7,646.57
	Commercial (Aboveground)	1,628.40
Basement	Commercial (Underground)	3,644.54
Others	Underground Car parking space 165 car parks)	7,659.08
	Ancillary facilities (Aboveground and underground)	3,294.18
	Total:	46,192.08

As advised by the Management, the Target Group had obtained the following certificates and permits for the development of the Property Project including: (i) the Sate-owned Land Use Certificates; (ii) the Construction Land Planning Permit; (iii) the Construction Work Planning Permit; and (iv) the Construction Work Commencement Permit. In addition, as at the Latest Practicable Date, Xuzhou Guojin had obtained Pre-Sale Permits in relation to (i) Building No.1 & Building No. 2; (ii) Building No.3; and (iii) the Basement in aggregate gross floor area of 35,238.82 square metres. Details of these certificates and permits are set out in the Letter from the Board.

As at the 31 December 2016, (i) residential areas of 21,635.25 square metres has been pre-sold or subscribed; (ii) office areas of 1,375 square metres has been pre-sold or subscribed; and (iii) 52 car parking spaces have been subscribed for lease. The remaining office area and commercial area will be for renting purpose.

As set out in the Letter from the Board, as at the Latest Practicable Date, certain completion construction processes (the "**Uncompleted Processe**s") of the Property Project including but not limited to (i) decoration; (ii) greening processes; and (iii) hydro power processes, have yet to be completed which lead to the contracted delivery date of properties units in May 2016 as stipulated under relevant pre-sold agreements and/or subscription agreements has been delayed (the "**Delay in Delivery**"). The Target Group is actively communicating with the affected buyers to resolve such issue. As discussed with the Management, upon comprehensive assessment between the Management of the Company and the Vendors and having discussed with relevant construction companies, the Directors estimated that the lead time to complete Uncompleted Processes would not be long and it is expected that the pre-sold property units could be delivered to respective buyers on or before 31 December 2017.

Furthermore, as set out in the Letter from the Board, the Company have sought legal advice from the Company's PRC legal adviser and enquired the Management of the Target Group, that based on the assumption that the pre-sold property units could be delivered to relevant buyers on or before 31 December 2017, it is estimated that the possible maximum penalty in connection with the Delay in Delivery would amount to approximately RMB20,000,000 (equivalent to approximately HK$22,540,000).

The estimated required construction costs to be incurred to complete the Property Project would be approximately RMB34,000,000 which shall be borne by the Group. The Group will finance the required construction costs from the Group's internal resources.

Upon Completion, the Company plans to develop the Property Project into a large scale residential/commercial development which will comprise two residential buildings, an office/SOHO tower and a shopping arcade. It is expected that the majority of the commercial areas will be for renting purposes with an aim to enjoy a stable rental income in future.

As set out in the Letter from the Board, the Property Project to be acquired is located in Gulou District, the central business district of Xuzhou City. Gulou District is the ancient district of the city and also one of the financial, commercial and transportation centers of Xuzhou City, encompassing the most thriving Pengcheng Square and Huaihai Plaza. Moreover, the property enjoys a beautiful river view, which is an extremely rare privilege in an inland city as Xuzhou City. The Property Project is located at a prime location on No. 3, West Huanghe Road, Gulou District with only 50 metres from the Cultural Palace Exit of Route 1 of the Xuzhou Railway under construction. The lot is currently a reputable school zone in Xuzhou City with well-established community and infrastructure. It is expected to have an immense commercial value and future potentials upon the commencement of operation of the Xuzhou railway.

In addition, the Directors considered that the Acquisition neither requires excessive cash nor has a material effect on the cash flow of the Group. The Acquisition of the Property Project can also optimize the property portfolio of existing real estate projects of the Company and diversify the Company's investments into quality second and third-tier cites in the PRC. The Acquisition of the Property Project situated at the prime location of Xuzhou City, Jiangsu Province and will contribute to lay a solid foundation for the Group's future plan of real estate market in the PRC. In light of the above, it is therefore the intention of the Management to invest and acquire the quality Property Project for long-term investment and rental income purposes of the Group. Further details in relation to the reasons and benefits for the Acquisition are set out in the paragraph headed "Reasons and benefits for the Acquisition" in the Letter from the Board.

c) *Financial information of the Target Group*

Set out below is the consolidated information of the Target Group for each of the two financial years ended 31 December 2014 and 31 December 2015 and for the ten months ended 31 October 2015 and 31 October 2016 as extracted from the "Accountants' Report of the Target Group" set out in Appendix II of the Circular:

Exhibit III: Consolidated financial results of the Target Group

	For the year ended 31 December		For the ten months ended 31 October	
	2014	**2015**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)	(audited)
Other revenue	589	1,349	1,119	1,030
Other gains/(losses)	5,788	(8,782)	(9,691)	32,986
Selling and distribution	2,001	1,142	1,090	770
Administrative expense	1,695	4,220	3,537	4,232
Profit/(loss) from operation	2,681	(12,795)	(13,199)	29,014
Profit/(loss) for the year/period	1,215	(16,881)	(17,004)	20,101
Total comprehensive income/(expense) attributable to owner of the Target Company	904	(23,262)	(23,462)	14,827

Exhibit IV: Consolidated financial positions of the Target Group

	As at 31 December		As at 31 October
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
Net current liabilities	(15,818)	(51,250)	(54,867)
Total assets	323,871	360,678	388,846
Net assets	134,270	110,908	125,735

As advised by the Management, as at 31 October 2016, majority of the residential units and certain commercial units of the Property Project had been pre-sold. However, the pre-sold units had yet to be delivered to respective buyers due to delay in completion of the Property Project. As such, no revenue or cost of sales has been recorded for each of the two financial years ended 31 December 2014 and 31 December 2015 and for the ten months ended 31 October 2016.

Other revenue mainly represents interest income from a secured loan to Shenzhen Handong Wine Company Limited (深圳漢唐酒業有限公司*) ("**Shenzhen Handong**") a business acquaintance of the Vendors and an Independent Third Party. On 25 July 2014, the Xuzhou Guojin entered into a loan agreement with Shenzhen Handong pursuant to which Xuzhou Guojin agreed to lend to the Independent Third Party a secured loan in the principal amount of RMB7,500,000 which bears an interest rate of 14% per annum for a term of three years. The loan was secured by certain quantity of the Shenzhen Handong's Chinese white wines stored in a designated warehouse.

Other gains and losses for the year ended 31 December 2014 represented a gain of approximately HK$5.8 million which was mainly comprised fair value changes on investment properties of approximately HK$5.8 million. For the year ended 31 December 2015, other gains and losses represented a loss of approximately HK$8.8 million, mainly comprised fair value changes on investment properties of approximately HK$16.3 million, as off-set by the provision of compensation for Delay in Delivery amounted to approximately HK$25.1 million. For the ten months ended 31 October 2016, other gain or losses represented gain of approximately HK$33.0 million, mainly contributed by the fair value changes on investment properties of approximately HK$35.5 million.

Selling and distribution expenses represented marketing cost to promote the pre-sale of the Property Project. As advised by the Management, the Target Group obtained the pre-sale permit in connection with residential units of the Property Project in late 2013 and obtained the pre-sale permit in connection with commercial units in early 2014. As such, the majority of the pre-sale promotions was taken part since 2014 and therefore, selling and distribution expenses throughout 2014 was much higher than that of 2015, when less pre-sale has taken place. Pre-sale during the ten months ended 31 October 2016 was also less than the corresponding period in 2015, and hence, the selling distribution expenses for the ten month 31 October 2016 was lower than the corresponding period in 2015 by approximately 29.4%.

As advised by the Management, the administrative expenses of the Target Group mainly includes depreciation of property, plant and equipment and employee benefit expenses. For the year ended 31 December 2015, administrative expenses increased by approximately HK$2.5 million, or 149.0% as compared to 2014, mainly as a result of the recognition of consultancy fee paid to a third-party consultant in the amount of HK$2.5 million for compensation for the provision of advisory services in connection with the real estate planning of the Property Project. For the ten months ended 31 October 2016, administrative expenses increased by approximately HK$0.7 million, or 19.6% than the corresponding period in 2015, such increase was mainly due to increase in entertainment expenses of approximately HK$0.9 million from approximately HK$0.1 million for the ten months ended 31 October 2015 to approximately HK$1.0 million for the corresponding period in 2016 to facilitate the progress of Property Project.

In light of the above, the Target Group recorded profit for the year of approximately HK$1.2 million for the year ended 31 December 2014, loss for the year of approximately HK$16.9 million for the year ended 31 December 2015, and profit for the period of approximately HK$20.1 million for the ten months ended 31 October 2016.

As depicted from Exhibit IV above, the Target Group recorded net current liabilities of approximately HK$15.8 million, HK$51.3 million and HK$54.9 million as at 31 December 2014, 31 December 2015 and 31 October 2016 respectively.

As advised by the Management, the net current liabilities position was mainly due to the proceeds from pre-sale of the Property Project which was classified as deposit received from clients under current liabilities. As at 31 December 2014, 31 December 2015 and 31 October 2016, deposit received from clients amounted to approximately HK$142.7 million, HK$169.2 million and HK$170.2 million, respectively. The Board aware that the contracted delivery date of the pre-sold units of the Property Project shall be on or before May 2016 while the pre-sold property units have yet to be delivered to the buyers as at 31 October 2016. The Group have sought legal advice from the Company's legal adviser and enquired the Management of the Target Group and estimated that the possible maximum penalty in connection with the Delay in Delivery would amounted to approximately RMB20.0 million (equivalent to approximately HK$23.4 million).

The Target Group recorded net assets of approximately HK$134.3 million, HK$110.9 million and HK$125.7 million as at 31 December 2014, 31 December 2015 and 31 October 2016, respectively. The net assets recorded as at 31 October 2016 mainly comprised (i) investment properties of approximately HK$216.3 million; and (ii) properties for sales under development of approximately HK$134.1 million, which was partially offset by the deposit of pre-sold units of approximately HK$170.2 million.

During the two financial years ended 31 December 2014 and 31 December 2015 and the ten months ended 31 October 2016, the Target Group had no borrowings or any collaterals pledged by the Target Group.

We understood that the Target Company will become a subsidiary of the Company and accordingly, the financial information of the Target Group will be consolidated into the accounts of the Group.

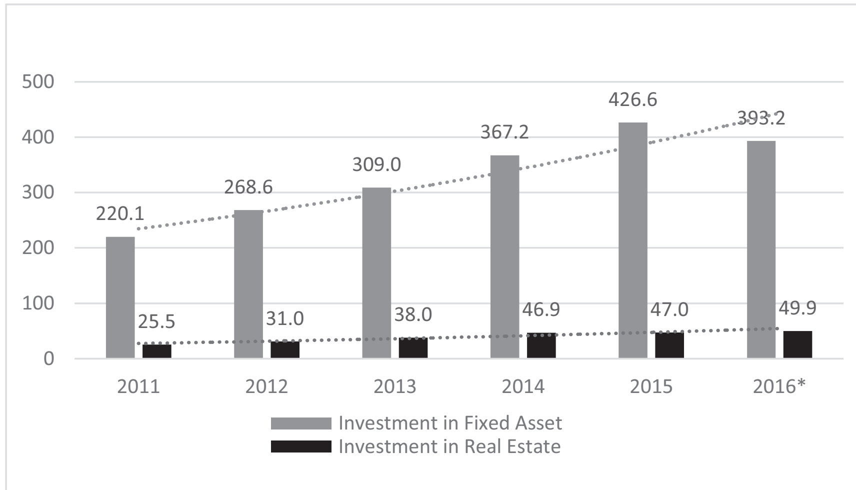
d) *Prospects of the Target Group*

(1) Analysis on Xuzhou City

As set out in the Letter from the Board, Xuzhou City is situated in the core strategic place in Yangtze River Delta and Huaihai region and is located at the junction among Jiangsu, Shandong and Anhui Provinces. It is not only a comprehensive transport hub of national importance, but also a famous city in the PRC with rich historical and cultural heritage and places of interest. Moreover, Xuzhou City is a vital node city for the national "the Belt and Road" initiative. Leveraging on the state policy, its prime geographic location, drastic economic growth and profound culture, the hotel and logistics sectors of the city are well-positioned to benefit from a very promising future.

During the past few years, Xuzhou City has experienced rapid economic development, ranking among the top five cities in terms of economic development and growth in Jiangsu Province for three consecutive years (e.g. from 2013 to 2015) as it achieved an average gross domestic product ("**GDP**") growth exceeding 9%. According to the Statistics Bureau of Xuzhou City (徐州市統計局*), the GDP of Xuzhou City in 2015 was approximately RMB532.0 billion, representing a growth rate of approximately 9.5% as compared to that of 2014, and such growth has outpaced the national GDP by approximately 2.6%; The GDP of Xuzhou City for the nine months ended 30 September 2016 was approximately RMB419.1 billion, indicating an increase of approximately 8.2% than the corresponding period of 2015. The investment in fixed asset and real estate industry of Xuzhou City has been increasing steadily. In 2015, Xuzhou City has completed the investment of approximately RMB426.6 billion and RMB47.0 billion in fixed asset and in real estate industry respectively with a compound annual growth rate (the "**CAGR**") of approximately 14.2% and 13.0%, respectively from 2011 to 2015. As for the eleven months ended 30 November 2016, the total investment in fixed asset and in real estate reached approximately RMB393.2 billion and RMB49.9 billion respectively, representing an increase of approximately 12.7% and 16.0% respectively as compared to the corresponding period of 2015.

Exhibit V: Investment in fixed asset and real estate industry in Xuzhou City 2011-2016



(Source: Statistics Bureau of Xuzhou City (http://tj.xz.gov.cn))

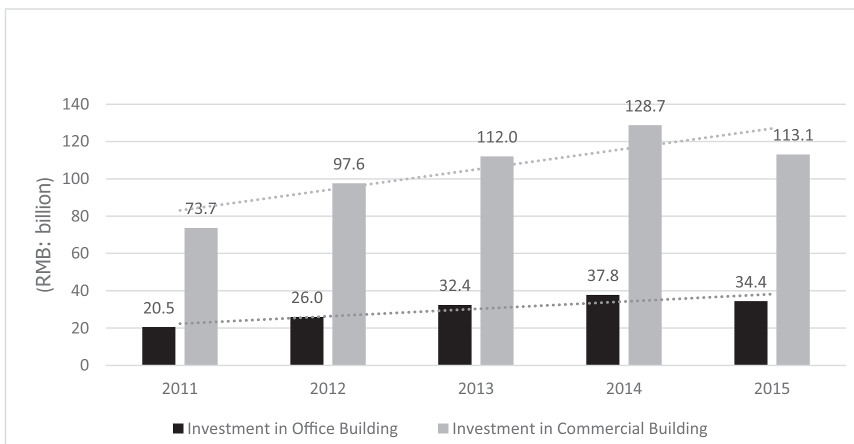
*(*Note: the latest available statistic is up to 30 November 2016.)*

Having taken into account (i) the prime geographic location of the Property Project; and (ii) the fast growing speed of the economy of Xuzhou City, which would in turn encourage the growth in the real estate market, we considered that the Acquisition of the Property Project would provide a chance for the Group to seize business opportunities in the PRC market by developing the Property Project.

(2) Analysis on the office and commercial building market in Jiangsu Province

The statistics of the office and commercial property market of Xuzhou City is limited. Instead, we have reviewed and analysed the relevant statistics of Jiangsu Province. According to the National Bureau of Statistics of China, during the last five years where the statistics is available (i.e. from 2011 to 2015), the investment in office building increased from approximately RMB20.5 billion in 2011 to approximately RMB34.4 billion in 2015, representing a CAGR of approximately 10.9%; while the investment in commercial building increased from approximately RMB73.7 billion in 2011 to approximately RMB113.1 billion in 2015, representing a CAGR of approximately 8.9%.

Exhibit VI: Investment in office building and commercial building in Jiangsu Province 2011-2015



(Source: the National Bureau of Statistics of China)

Considering: (i) the fast economic growth of Xuzhou City; and (ii) the steadily increased investment in the office and commercial building market in Jiangsu Province, the Directors are optimistic about the real estate market in Xuzhou City and are of the view that the investment in the Property Project will bring a stable rental income and will have a prosperous growing potential in the future.

Taking into consideration of (i) the business and prospects of the Project Property and its prime location as analysed above; (ii) the Acquisition does not need excessive cash nor has a material effect on the cash flow of the Group; (iii) the Acquisition will provide revenue to the Group through realisation of sales of certain portion of the Property Project and also provide a stable source of rental income to the Group as majority of the commercial areas of the Property Project will be for renting purpose; (iv) the fast economic growth of Xuzhou City and steadily increased investment in the real estate market of Jiangsu Province as analysed above; and (v) the Group's principal business is property investment and development and its intention of future expansion in the PRC market, we are of the view that the Acquisition, is in the ordinary and usual course of business of the Company and is in the interests of the Company and the Shareholders as a whole.

II. Principal terms of the Agreement

(i) Conditions precedent

Completion is conditional upon the fulfillment of various conditions precedent, including without limitation:

a) the Purchaser has completed the due diligence in relation to the Target Group and the Property Project and has been satisfied with the results;

b) the Purchaser has obtained a PRC legal opinion (in the form and substance to the satisfaction of the Purchaser) from a qualified PRC legal adviser appointed by the Purchaser in respect of the Agreement and the transactions contemplated under the Agreement;

c) the Purchaser has obtained a valuation report for the Property Project from the Independent Valuer, which indicates that the valuation of the Property Project as at 31 December 2016 is not less than RMB316,000,000;

d) the Vendors have successfully procured Xuzhou Guojin to enter into a formal lease agreement with Xuzhou Yuanchun Decoration Engineering Limited (徐州遠純裝飾工程有限公司*), pursuant to which, Xuzhou Yuanchun Decoration Engineering Limited has agreed to lease 112 underground parking lots (74 of which are located at Basement 1 and 38 of which are located at Basement 2), at a price of not less than RMB16,240,000 and for period of 20 years;

e) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal, in the Consideration Shares and the Conversion Shares;

f) the Independent Shareholders passing the resolutions approving the Agreement and the transactions contemplated thereunder (including the issue and allotment of the Consideration Shares and the Conversion Shares under the Specific Mandate) at the SGM;

g) there is no event, change, incident or condition, the occurrence of which individually or coincidently has affected or would reasonably affect the Vendors, the Target Company or the Target Group; and

h) all statements and guarantees provided by the Vendors under the Agreement shall be correct in all respects.

As at the Latest Practicable Date, conditions (a), (b), (c), (d) and (h) have been fulfilled. All of the above conditions precedent cannot be waived. The Vendors shall use their reasonable endeavor to fulfill the conditions precedent under the Agreement by the Long Stope Date or such other date as agreed in writing between the Purchaser and the Vendors. In the event that the Agreement failed to take place by the Long Stop Date or such other date as agreed in between the Purchaser and the Vendors, the Purchaser shall have right to terminate the Agreement without prejudice to obligations to each other due to any antecedent breach of the terms of the Agreement.

Completion shall take place on the seventh Business Day after all conditions precedent to the Agreement have been satisfied (or such other time and date as the parties to the Agreement may agree in writing).

Details of the status of the fulfilment of the conditions precedent is set out in the paragraph headed "Conditions precedent status" of the Letter from the Board.

(ii) Indemnity

Without limiting the generality of the Agreement, the Vendor irrevocably undertaken to the Purchaser that, if there is no breach of the Agreement by the Purchaser or the Target Group, the Vendor will provide full indemnity to the Purchaser, as follows:

(1) The Vendors irrevocably undertaken to the Purchaser that they shall provide full indemnity to the Purchaser for any compensation (including interest), claim, expense and charge arose by ongoing or potential legal proceedings or lawsuits which concerning the Target Group or the Property's event before Completion Date.

(2) The Vendors irrevocably undertaken to the Purchaser that, if the certificate of completion and acceptance of the Property cannot be obtained on or before 31 December 2017 for whatever reason and the Purchaser or the Target Group was consequently involved into the legal proceedings and lawsuits related the Target Group or the Property and caused by such delay, the Vendors will indemnify the Purchaser (i) for the compensation (including interest), claim, expense and charge paid for such proceedings and lawsuits with an amount equals to 50% of the aggregate amount of the said items, provided that the Purchaser or the Target Group shall not violate the terms of the Agreement; and (ii) all additional construction costs incurred due to such delay and that exceeds the estimated outstanding construction costs of RMB34,000,000 as agreed in the Agreement.

As set out in the Letter from the Board, that based on the assumption that the pre-sold property units could be delivered to relevant buyers on 31 December 2017, it is estimated that the possible maximum penalty in connection with the Delay in Delivery would amounted to approximately RMB20,000,000 (equivalent to approximately HK$22,540,000). Nevertheless, pursuant to the terms and conditions of the Agreement, the Vendors have undertaken to the Purchaser to provide full indemnity for any compensation (including interest), claim, expense and charge arose by ongoing or potential legal proceedings or lawsuits which concerning the Target Group or the Property Project's event before Completion Date as above. In view of the aforesaid, the Board considers that the impact of the Delay in Delivery would not be material to the Group after Completion in this regard.

Considering the indemnity clause of the Agreement provides full indemnity for any compensation (including interest), claim, expense and charge arose by ongoing or potential legal proceedings or lawsuits which concerning the Target Group or the Property's event before Completion Date, as well as the unforeseeable construction costs associated to the development of the Property Project, we are of the view that the indemnity clause is adequate to protect the Group against the risks and liabilities associated with the Delay in Delivery and we concur with the view of the Board that the impact of the Delay in Delivery would not be material to the Group after Completion.

(iii) Consideration

As set out in the Letter from the Board, the Consideration payable by the Company shall be HK$207,000,000, which will be satisfied as to (i) a refundable deposit of HK$11,270,000 in cash within one (1) month upon signing of the Agreement; (ii) a cash consideration of HK$11,270,000 shall be payable by the Purchaser to the Vendors within seven (7) Business days upon Completion; (iii) HK$47,460,000 by allotment and issue of the Consideration Shares by the Company to the Vendors within seven (7) Business Days upon Completion; and (iv) HK$137,000,000 by the issue of the Convertible Bonds in the same principal amount by the Company to the Vendors within seven (7) Business Days upon Completion. For our analysis on the fairness and reasonableness of the Consideration Shares and Convertible Bonds, please refer to the paragraph headed "III. Analysis of Consideration Shares and Convertible Bonds" of this letter for details.

(iv) Basis of the Consideration

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendors taking into consideration, among others, (i) the adjusted net asset value of the Target Group of approximately HK$190,565,000 having considered (a) unaudited net asset of the Target Group of approximately HK$125,735,000; (b) increase in fair value of the Property Project of approximately HK$5,660,000 between the appraised value of the Property Project of approximately RMB316,000,000 (equivalent to approximately HK$356,132,000) as at 31 December 2016 performed by the Independent Valuer using market approach and the book value of the Property Project of HK$350,472,000 as at 31 October 2016 recorded in the unaudited consolidated financial statements of the Target Company; (c) provision for late delivery compensation of approximately HK$23,408,000 which the Vendors have undertaken to provide full indemnity to the Purchaser in the event any provision made is materialized; and (d) accumulated deferred tax liabilities of approximately HK$35,762,000 as at 31 October 2016 arising from the fair value change of the Property Project which is non-cash in nature; and (ii) the purchase price of the car parking space leasing agreement to be entered into with an Independent Third Party by Xuzhou Guojin in the amount of RMB14,620,000 (equivalent to approximately HK$16,476,740); and (iii) the prospect as elaborated in the paragraph headed "Reasons for and Benefit of the Acquisition" as set out in the Letter from the Board.

(v) Our analysis on the basis of the Consideration

Our consideration is basically derived into two components as listed below:

(a) Adjusted net asset value

(1) Valuation of the Property Project

The adjusted asset value is taken into consideration of the increase in fair value of the Property Project of approximately HK$5,660,000 between the appraised value of the Property Project of approximately RMB316,000,000 (equivalent to approximately HK$356,132,000) as at 31 December 2016 performed by the Independent Valuer using market approach and the book value of the Property Project of HK$350,472,000 as at 31 October 2016. Full text of the property valuation report (the "**Valuation Report**") is set out in Appendix V to the Circular.

As stated in the Valuation Report, the market value of the Property Project held by the Target Group as at 31 December 2016 in its existing state was approximately RMB316,000,000, equivalent to approximately HK$356,132,000.

A reconciliation of the carrying value of the Property Project as at 31 October 2016 of approximately HK$350,472,000 as disclosed in the "Unaudited Pro Forma Financial Information on the Enlarged Group" in the Appendix IV to this Circular (based on the exchange rate of RMB1.00: HK$1.14465), and the valuation of the Property Project as at 31 December 2016 on the total market value in existing state of the Property Project are as follows:

	HK'000
Carrying value of the Property Project as at 31 October 2016	350,472
Exchange realignment	(5,577)
Development cost incurred during the period from 31 October 2016 to 31 December 2016	7,126
Appreciation in value of the Property Project from 31 October 2016 to 31 December 2016	4,111
Valuation of the Property Project as at 31 December 2016 (equivalent to approximately RMB316,000,000)	356,132

In order to ascertain the fairness and reasonableness of the market value of the Property Project from the Valuation Report prepared by the Independent Valuer which forms part of calculation of the Consideration, we have performed the following works:

A. Experience of the Independent Valuer and their engagement

We have interviewed the Independent Valuer regarding its experience and understand that the Independent Valuer is an asset valuation and consultancy firm which provides comprehensive and all rounded valuation and consulting services. The Independent Valuer issues valuation report for various sections including business, intangible asset, asset and liabilities, financial instruments, real estate property, plant and machinery, biological instrument, natural resources and work of art to private companies and public companies listed on the Stock Exchange. We have also obtained the Independent Valuer's engagement letter and noted that the scope is to prepare a valuation report and to provide the Company with the opinion of fair value on the Property Project. Based on the aforesaid engagement letter and our discussion with the Independent Valuer in relation to its terms of engagement, in particular its scope of work, we noted that there is no limitation on the scope of work which might adversely impact on the degree of assurance given in the Valuation report. Based on our discussions with the Independent Valuer and the Management, we understand that, to the best of their knowledge, apart from this valuation engagement, the Independent Valuer has no other current or prior relationships with the Company, the parties of the Acquisition, and core connected persons of either the Company or the Vendors and is independent to the Group, the Target Company and the Vendors.

B. Valuation methodology

As set out in the Valuation Report and also based on our discussions with the Independent Valuer, in arriving at its opinion the Independent Valuer has considered (i) the comparable sales transactions as available on the relevant markets; (ii) the expended construction cost of the Property Project; and (iii) the cost that will be expended to complete the development to reflect the quality of the completed Property Project. In this regard, given the development status of the Property Project, the Independent Valuer considered that the direct comparison approach in determining the market value of the Property Project is appropriate. Having considered the status of the development of the Property Project as stated in the paragraph headed "b) Information of the Property Project and reasons for the Acquisition" in this letter above, we concur with the Independent Valuer that the direct comparison approach is an appropriate valuation approach for the Valuation.

C. Key assumptions

We noted that the Independent Valuer has made various assumptions for the valuations of the market value of the Property Project, including (i) the owner sells the Property Project on the open market without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or similar arrangement, which would serve to affect the value of the Property Project; (ii) the Property Project is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value; (iii) the Property Project will be developed and completed in accordance with the latest development proposal; and (iv) all consents, approvals and licenses from the relevant government authorities for the development proposal have been obtained without onerous conditions or delays. Details of which are set out in the Appendix V to the Circular. We have discussed with the Company and the Independent Valuer and reviewed on the key assumptions made and nothing has come to our attention that would lead us to doubt the fairness and reasonableness of the principal bases and assumptions adopted in the Valuation Report. Accordingly, we are of the view that the key assumptions adopted in the Valuation Report are fair and reasonable.

After reviewing and discussing with the Independent Valuer on the methodologies and key assumptions adopted by the Independent Valuer, having considered that (i) the direct comparison approach is an appropriate approach to be used to evaluate the fair market value of Property Project in its existing state, details of which are explained in the paragraph headed "B. Valuation methodology" above; and (ii) the principal bases and assumptions adopted in the Valuation Report are fair and reasonable, details of which are explained in the paragraph headed "C. Key assumptions" above, we considered that the Valuation is fair and reasonable so far as the Independent Shareholders are concerned.

(2) Provision for late delivery compensation

The net assets value of the Target Group as at 31 October 2017 had taken into account the provision for the late delivery compensation of approximately HK$23,408,000. As discussed with Management, provision for the late delivery compensation refers to the potential liability in relation to Delay in Delivery as estimated by the Management which have sought the legal advice from the Company's PRC legal adviser and have enquired the Management of the Target Group.

We have reviewed the terms of the Agreement that any materialisation of compensation arising from Delay in Delivery of the pre-sold portion of the Property Project shall be fully indemnified by the Vendors to the Purchaser. Therefore, we considered that it is fair and reasonable to exclude the provision of the late delivery compensation from the net asset value of the Target Group in calculating the Consideration. Details of the indemnity clause of the Agreement is set out in the paragraph headed "Indemnity" in the Letter from the Board.

(3) Deferred tax liabilities

Deferred tax liabilities of approximately HK$35,762,000 is arisen from the fair value change of the Property Project which is non-cash payment in nature, hence we considered that it is fair and reasonable to exclude the deferred tax liabilities from the net asset value of the Target Group in calculating the Consideration.

(b) Purchase price of the car park space leasing agreement

Apart from the adjustments on the net asset value, the consideration is further adjusted by the purchase price of the car parking space leasing agreement (the "**Purchase Price**") with an Independent Third Party by Xuzhou Guojin in the amount of RMB14,620,000 (equivalent to approximately HK$16,476,740).

Under the terms of the Agreement, one of the conditions precedent stipulated that the Vendors shall have successfully procured Xuzhou Guojin to enter into a formal lease agreement with Xuzhou Yuanchun Decoration Engineering Limited (徐州遠純裝飾工程有限公司*), pursuant to which, Xuzhou Yuanchun Decoration Engineering Limited has agreed to lease 112 underground parking lots (74 of which are located at Basement 1 and 38 of which are located at Basement 2), at a price of not less than RMB16,240,000 and for period of 20 years upon Completion. As the amount of the Purchase Price is less than the price of the formal lease agreement of RMB16,240,000, therefore, we are of the view that the Purchase Price is fair and reasonable.

In light of the above, we are of the view that the Consideration for the Acquisition is fair and reasonable.

III. Analysis of Consideration Shares and Convertible Bonds

(i) Consideration Shares

The Consideration Shares will be issued at the issue price of HK$0.226 per Consideration Shares (the "**Issue Price**"), which was determined after arm's length negotiation between the Company and the Vendors, with reference to the recent performance of the Shares, the Group's existing financial position and current market conditions. The Consideration Shares represents:

(i) a discount of approximately 11.4% to the closing price of HK$0.255 per Share as quoted on the Stock Exchange on the date of signing of the Agreement;

(ii) a discount of approximately 10.6% to the average closing price of HK$0.2528 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of signing the Agreement; and

(iii) a discount of approximately 11.4% to the closing price of HK$0.255 per Share as quoted on the Stock Exchange as at the Latest Practicable Date.

The Consideration Shares represents: (i) approximately 18.5% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 15.60% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

(ii) Convertible Bonds

(a) Principal terms of the Convertible Bonds

Please refer to the paragraph headed "Convertible Bonds" in the Letter from the Board for the principal terms of the Convertible Bonds.

(b) Conversion Price

The initial Conversion Price of HK$0.226 per Conversion Share represents:

(i) a discount of approximately 11.4% to the closing price of HK$0.255 per Share on the date of the Agreement;

(ii) a discount of approximately 10.6% to the average closing price of approximately HK$0.2528 per Share as quoted on the Stock Exchange for the last five trading days immediate prior to the date of signing of the Agreement; and

(iii) a discount of approximately 11.4% to the closing price of approximately HK$0.255 per Share as quoted on the Stock Exchange as at the Latest Practicable Date.

(iii) Conversion Shares

Upon full conversion of the Convertible Bonds in the aggregate principal amount of HK$137,000,000 at the conversion price of HK$0.226 per Share, a maximum of 606,194,690 Conversion Shares will be issued. The Conversion Shares represents:

(i) approximately 53.4% of the issued share capital of the Company as at the Latest Practicable Date; and

(ii) approximately 34.8% of the existing issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares assuming the conversion rights attaching to the Convertible Bonds are exercised in full.

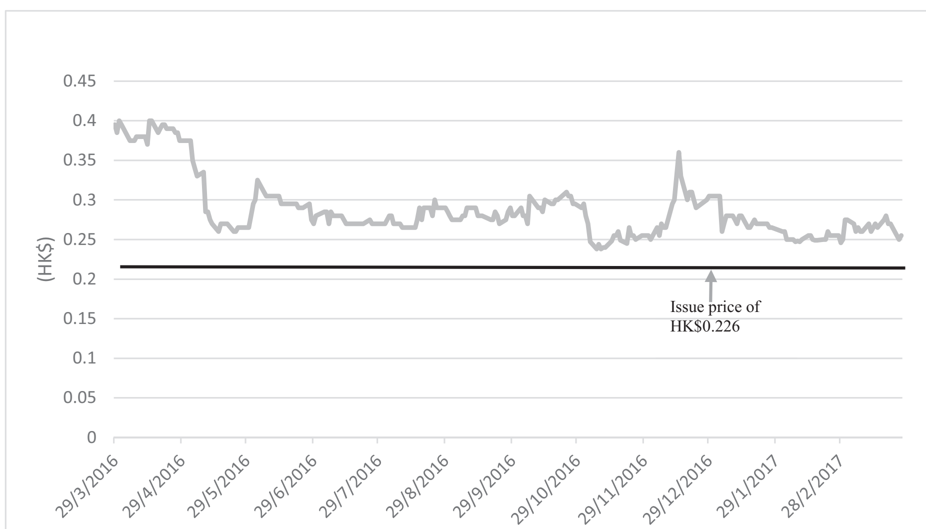
As stated in the Letter from the Board, the initial Conversion Price was determined after arm's length negotiation between the Company and the Purchaser with reference to the recent performance of the Shares and current market conditions.

As mentioned above, part of the Consideration will be settled by the issue of Consideration Shares and Convertible Bonds upon Completion and the Issue Price is identical to the Conversion Price. In consideration the fairness and reasonableness of the Issue Price and the Conversion Price, we have conducted the following analysis:

a) *Historical Share price performance*

The following chart depicted the price movement from 29 March 2016, being the 12-month period prior to the Latest Practicable Date (the "**Review Period**"). We considered that the Review Period for 12-month is appropriate for the analysis of the Share price since (i) the historical Share price data of 12-month is long enough to conduct the analysis to form our view; and (ii) the recent 12-month Share price data can be the reference of the current Share trading price and as a comparison of the Issue Price and Conversion Price.

Exhibit VII: Historical share price performance of the Shares



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

During the Review Period, it is noted that the trend of the closing price of Shares was relatively stable at between HK$0.238 per Share to HK$0.400 per Share, with an average closing price of approximately HK$0.287 per Share. The Issue Price and Conversion Price of HK$0.226 per Share is below the highest closing price of the Shares of HK$0.400 per Share, representing the discount of approximately 43.5%. On the other hand, each of the Issue Price and Conversion Price is slightly lower than the lower range of the Shares of HK$0.238 per Share, representing the discount of approximately 5.3%. Besides, the Issue Price and Conversion Price is set lower than the average closing price of the Share of HK$0.287 per Share, representing the discount of approximately 27.0%.

b) Historical trading volume

The following table shows the average daily trading volume of the Shares per month, and the respective percentages of the average daily trading volume of the Shares as compared to the total number of issued Shares at the end of the respective month during the Review Period:

Exhibit VIII: Historical trading volume of the shares

	Total monthly trading volume *(in number of Shares)*	**No. of trading days in each month**	**Approximately average daily trading volume** *(in number of Shares)*	**Average daily trading volume over the Shares in issue as at the end of the month** *(approximate %)*
2016				
March (since 29 March 2016)	2,506,000	3	835,333	0.09%
April	5,490,022	20	274,501	0.03%
May	6,792,000	21	323,429	0.03%
June	1,400,000	21	66,667	0.01%
July	3,576,000	20	178,800	0.02%
August	6,322,000	22	287,364	0.03%
September	5,408,000	21	257,524	0.03%
October	18,280,000	19	962,105	0.10%
November	39,254,000	22	1,784,273	0.18%
December	130,850,600	20	6,542,530	0.63%
2017				
January	23,534,000	19	1,238,632	0.11%
February	19,272,000	20	963,600	0.08%
March (up to and including the Latest Practicable Date)	13,478,000	20	673,900	0.06%

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

With reference to the HKEx monthly market highlights from February 2016 to February 2017, we noted that the percentage of daily trading volume over market capitalisation of equity securities listed on the Main Board and Growth Enterprise Market of the Stock Exchange during the period from February 2016 to February 2017 was approximately 0.27% (the "**Market Average Trading Volume Rate**"). As illustrated from the table above, the average daily trading volume of the Shares during the Review Period ranged from approximately 0.01% to 0.63% of the total number of issued Shares as at the end of the month. We noted that there was unusual daily trading volume occurred on the week of 15 December 2016, which the Directors confirmed that they were not aware of any specific events of the Company that caused the unusual daily trading volume. By excluding the data of December 2016 with the unusual trading volume as mentioned above, the average daily trading volume of the Shares ranged from approximately 0.01% to 0.18% (the "**Average Daily Trading Volume Rate Range**") of the total number of issued Shares as at the end of the relevant month. Given that the Market Average Trading Volume Rate is higher than the Average Daily Trading Volume Rate Range, we considered that the trading volume of the Shares during the Review Period was less liquid than to the trading volume of the equity securities listed on the Stock Exchange. Taking into account that the trading volume of the Shares is thin and considered as inactive during the Review Period, it would not be practicable to sell the entire block of the Shares in the stock market without exerting downward pressure on the share price when the Shares are to be disposed in the future, therefore it is justifiable for the Issue Price and the Conversion Price to set at discount of approximately 27.0% to the average closing price of HK$0.287 per Share during the Review Period.

c) Comparable transactions with the issuance of consideration shares

To further assess the fairness and reasonableness of the issue price of the Consideration Shares, we have identified those issued consideration shares as part of the consideration which were announced on the Main Board and Growth Enterprises Market of the Stock Exchange of Hong Kong during the six months immediately before the date of the Agreement (the "**CS Comparable Companies**") for reference.

We have identified 54 CS Comparable Companies, which are exhaustive and met the said criteria. We understand that the companies involved in the CS Comparable Companies are not engaged in similar business as the principal business of the Company. However, since the CS Comparable Companies were transacted at the time close to date of the Agreement under similar market conditions and investment sentiments, we are of the view that the Comparable Companies, although cannot be used in isolation in determining the fairness and reasonableness of the Issue Price, nevertheless can provide a general reference for the Independent Shareholders as they can reflect recent market trends of terms of transactions involving issuance of shares as full or partial settlement of consideration. Furthermore, we considered that CS Comparable Companies should (i) adequately cover the prevailing market conditions and sentiments issuance of consideration shares in Hong Kong, for example, plays an important role in the determination of the Consideration shares in general; and (ii) provide the Shareholders a general understanding of consideration shares transactions being conducted in the Hong Kong stock market, we considered that six months prior to and including the date of the Agreement is appropriate for this comparable analysis and the sample size should be fair and reasonable.

Exhibit IX: Comparable Companies for the issuance of the Consideration Shares

Company	Stock code	Date of announcement	Premium/(discount) of the consideration share issue price over/to the closing price on the last trading day prior to the date of the corresponding announcement *(%)*	Premium/(discount) of the consideration share issue price over/to the closing price on the last five trading days prior to the date of the corresponding announcement *(%)*
Daohe Global Group Limited	915	21/2/2017	(34.00)	(30.40)
Merdeka Financial Services Group Limited	8163	7/2/2017	(12.30)	(2.90)
China Maple Leaf Education Systems Limited	1317	5/2/2017	(1.42)	0.00
China Baoli Technologies Holdings Limited	164	26/1/2017	0.00	0.00
Sino Haijing Holdings Limited	1106	26/1/2017	5.30	4.90
Shun Tak Holdings Limited	242	25/1/2017	(1.46)	(1.82)
Sage International Group Limited	8082	24/1/2017	(17.95)	(15.79)
Bolina Holding Co., Ltd	1190	22/1/2017	(5.41)	(6.67)
Midland IC&I Limited	459	13/1/2017	(4.20)	(4.20)

Company	Stock code	Date of announcement	Premium/(discount) of the consideration share issue price over/to the closing price on the last trading day prior to the date of the corresponding announcement (%)	Premium/(discount) of the consideration share issue price over/to the closing price on the last five trading days prior to the date of the corresponding announcement (%)
Titan Petrochemicals Group Limited	1192	10/1/2017	(3.23)	(7.41)
Yuan Heng Gas Holdings Limited	332	9/1/2017	27.30	27.70
Tai United Holdings Limited	718	5/1/2017	(14.89)	(2.60)
Shaanxi Northwest New Technology Industry Company Limited	8258	5/1/2017	(18.87)	(18.56)
China Environmental Technology Holdings Limited	646	2/1/2017	0.00	6.97
China Vanadium Titano Magnetite Mining Company Limited	893	30/12/2016	14.10	14.40
Kasen International Holdings Limited	496	21/12/2016	(10.71)	(8.26)
U-Home Group Holdings Limited	2327	20/12/2016	(10.31)	(10.30)
Artgo Holdings Limited	3313	19/12/2016	(16.84)	(18.79)
China Sandi Holdings Limited	910	15/12/2016	1.67	1.67
Newtree Group Holdings Limited	1323	15/12/2016	(2.04)	(3.81)
Greater China Financial Holdings Limited	431	15/12/2016	5.04	2.80
Symphony Holdings Limited	1223	13/12/2016	12.68	12.68
Yin He Holdings	8260	7/12/2016	(19.81)	(17.79)
China Agri-Productions Exchange Limited	149	4/12/2016	5.47	2.12

Company	Stock code	Date of announcement	Premium/(discount) of the consideration share issue price over/to the closing price on the last trading day prior to the date of the corresponding announcement (%)	Premium/(discount) of the consideration share issue price over/to the closing price on the last five trading days prior to the date of the corresponding announcement (%)
China Greenland Broad Greestate Group Company Limited	1253	30/11/2016	(5.00)	(5.00)
China Tianrui Group Cement Company Limited	1252	25/11/2016	0.00	0.00
China Creative Global Holdings Limited	1678	18/11/2016	15.40	15.40
Comtec Solar Systems Group Limited	712	14/11/2016	(1.93)	(2.87)
Zall Group Ltd.	2098	14/11/2016	(20.79)	(16.57)
China Dredging Environment Protection Holdings Limited	871	7/11/2016	(7.89)	(16.86)
China International Capital Corporation Limited	3908	4/11/2016	(0.60)	(0.50)
China Hanya Group Holdings Limited	8312	4/11/2016	(46.40)	(44.20)
New Concept Holdings Limited	2221	2/11/2016	(6.67)	0.00
Credit China Fintech Holdings Limited	8207	31/10/2016	(18.29)	(19.99)
Digital Domain Holdings Limited	547	30/10/2016	1.67	(2.87)
Phoenix Healthcare Group Co. Ltd	1515	28/10/2016	(19.00)	(15.00)
Sparkle Roll Group Limited	970	20/10/2016	(40.79)	(32.02)
King Force Group Holdings Limited	8315	19/10/2016	(17.18)	(11.56)
Ping Shan Tea Group Limited	364	30/9/2016	117.40	131.50
Vongroup Limited	318	26/9/2016	(19.87)	(13.99)

Company	Stock code	Date of announcement	Premium/(discount) of the consideration share issue price over/to the closing price on the last trading day prior to the date of the corresponding announcement *(%)*	Premium/(discount) of the consideration share issue price over/to the closing price on the last five trading days prior to the date of the corresponding announcement *(%)*
China Eco-Farming Limited	8166	20/9/2016	2.80	3.19
New Sports Group Limited	299	20/9/2016	(47.46)	(48.84)
HUA XIA Healthcare Holdings Limited	8143	14/9/2016	(11.10)	(12.10)
Crown International Corporation Limited	727	13/9/2016	0.00	4.69
North Asia Resources Holdings Limited	61	11/9/2016	(2.40)	(2.40)
Glory Flame Holdings Limited	8059	9/9/2016	(12.93)	(13.72)
Runway Global Holdings Company Limited	1520	5/9/2016	(31.37)	(30.83)
Relord Group Holdings Limited	1196	5/9/2016	38.60	47.70
Hoifu Energy Group Limited	7	2/9/2016	4.48	3.55
IMAGI International Holdings Limited	585	30/8/2016	(1.48)	(1.48)
Phoenix Healthcare Group Co. Ltd	1515	30/8/2016	(11.60)	0.00
Fullshare Holdings Limited	607	30/8/2016	(10.00)	(4.89)
Neo-Neon Holdings Limited	1868	29/8/2016	(5.61)	(5.44)
Asia Citrus Holdings Limited	73	25/8/2016	(19.35)	(21.14)
Maximum			**117.40**	**131.50**
Minimum			**(47.46)**	**(48.84)**
Average			**(4.48)**	**(3.06)**
The Company			**(11.40)**	**(10.60)**

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

As presented in the above Exhibit IX, the premium/discount of the consideration share issue price of the respective CS Comparable Companies over/to their closing price on the last trading day prior to the date as per their corresponding announcements ranged from a discount of approximately 47.46% to premium of approximately 117.4% (the "**CS LTD Range**") with an average discount of approximately 4.48% (the "**CS LTD Average**"). We note that the discount of Issue Price to the closing price of the Shares on the last trading day prior to the signing of the Agreement of approximately 11.40% is slightly below the CS LTD Average while it falls within the CS LTD Range.

As for the premium/discount of the consideration share issue price of the respective CS Comparable Companies over/to their closing price on the last five trading days prior to the date as per their corresponding announcements, the CS comparable companies have a range from a discount of approximately 48.84% to premium of approximately 131.5% (the "**CS 5-Day Range**") with an average discount of approximately 3.06% (the "**CS 5-Day Average**"). We note that the discount of Issue Price over the closing price of the Shares on the last five trading days of approximately 10.6% is slightly below the CS 5-Day Average while it falls within the CS 5-Day Range.

Despite the Issue Price falls slightly below the lowest closing price and the average closing price of the Share during the Review Period and that the discount of the Issue Price falls slightly below the CS LTD Average and CS 5-Day Average, after taking into account that (i) the discount of the Issue Price of over the closing price of the Shares on the last trading day and on the last five trading days prior to the date of the corresponding announcement falls within the CS LTD Range and the CS 5-Day Range with the CS Comparable Companies listed above; (ii) the trading liquidity of the Shares is thin and inactive in the market; and (iii) the reasons for and benefits of the Acquisition as explained in the paragraph headed "I. Background of and reasons for the Acquisition" above, therefore, we are of the view that the Issue Price is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

d) Comparable transactions with the issuance of convertible bonds/notes

As part of our analysis, we have further identified those issue of convertible bonds/notes as part of the consideration of the transactions which were announced by companies listed on the Main Board and the Growth Enterprise Market of the Stock Exchange of Hong Kong during the six months immediately before the date of the Agreement (the "**CB Comparable Companies**") for reference.

We have identified 10 CB Comparable Companies, which are exhaustive and met the said criteria. We understand that the companies involved in the CB Comparable Companies are not engaged in similar business as the principal business of the Company. However, since the CB Comparable Companies were transacted at the time close to date of the Agreement under similar market conditions and investment sentiments, we are of the view that the CB Comparable Companies, although cannot be used in isolation in determining the fairness and reasonableness of the issue price, nevertheless can provide a general reference for the Independent Shareholders as they can reflect recent market trends of terms of transactions involving issuance of shares as full or partial settlement of consideration. Furthermore, we considered that CB Comparable Companies should (i) adequately cover the prevailing market conditions and sentiments issuance of convertible bonds/notes in Hong Kong, for example, plays an important role in the determination of the Convertible Bonds in general; and (ii) provide the Shareholders a general understanding of consideration bonds/notes transactions being conducted in the Hong Kong stock market, we considered that six months prior to and including the date of the Agreement is appropriate for this comparable analysis and the sample size should be fair and reasonable.

Exhibit X: Comparable transactions with the issuance of convertible bonds/notes

Company	Stock code	Date of announcement	Convertible Bond/Note	Principal amount *(HK$ million)*	Maturity *(years)*	Coupon rate per annum *(%)*	Premium/(discount) of conversion price over/to the closing price on the last trading day prior to the date of the corresponding announcement *(%)*	Premium/(discount) of conversion price over/to the closing price on the last five trading days prior to the date of the corresponding announcement *(%)*
Shanghai Zendai Property Limited	755	24/2/2017	Bond	1,650.0	3	4	69.23	69.23
Madison Wine Holdings Limited	8057	17/2/2017	Bond	150.0	5	Nil	(44.72)	(44.78)
Chinalink International Holdings Limited	997	7/2/2017	Bond	370.0	2	1.3	(1.70)	0.00
Midland IC&I Limited	459	13/1/2017	Note	200.0	4	Nil	(4.20)	(4.20)
HC International, Inc.	2280	13/1/2017	Bond	225.0	3	Nil	29.31	30.21
Sino Haijing Holdings Limited	1106	29/12/2016	Bond	900.0	3	Nil	(35.50)	(40.00)
China E-Learning Group Limited	8055	22/12/2016	Note	96.0	2	Nil	(14.75)	(15.03)
China Soft Power Technology Holdings Limited	139	29/11/2016	Bond	205.0	2	Nil	0.00	0.33
Prosperity International Holdings (H.K) Limited	803	27/10/2016	Bond	100.0	3	5	5.63	10.62
China E-Learning Group Limited	8055	12/10/2016	Note	95.3	2	Nil	(19.32)	(7.10)
Maximum					**4**	**5.0**	**69.23**	**69.23**
Minimum					**2**	**Nil**	**(44.72)**	**(44.78)**
Average					**2.7**	**0.7**	**(1.60)**	**(0.07)**
The Company					**1.5**	**3**	**(11.40)**	**(10.60)**

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

As depicted in the above Exhibit X, the premium/discount represented by the conversion prices of the respective CB Comparable Companies over/to their respective closing prices of the shares of the last trading day as per their corresponding announcements ranged from a discount of approximately 44.72% to a premium of approximately 69.23% (the "**CB LTD Range**") with an average discount of approximately 1.60% (the "**CB LTD Average**"). We noted that the discount of the Conversion Price to the closing price of the Shares on the last Trading day prior to the signing of the Agreement of approximately 11.60% is below the CB LTD Average while it falls within the CB LTD Range.

As for the premium/discount represented by the conversion prices of the respective CB Comparable Companies over/to their respective average closing prices of the shares for the last five trading days as per their corresponding announcements ranged from a discount of approximately 44.78% to a premium of approximately 69.23% (the "**CB 5-Day Range**") with an average discount of approximately 0.07% (the "**CB 5-Day Average**"). Upon comparison, we noted that the discount of the Conversion Price to the average closing price of Shares for the last five consecutive trading days up to the date of signing of the Agreement of approximately 10.60% is also below the CB 5-Day Average while it falls within the CB 5-Day Range.

Despite the Conversion Price falls slightly below the lowest closing price and the average closing price of the Share during the Review Period and that the discount of the conversion price falls below the CB LTD Average and CB 5-Day Average, after taking into account that (i) the discount of the Conversion Price of Convertible Bonds to the closing price on the last trading day and on the last five trading days prior to the date of the of signing the Agreement falls within CB LTD Range and the CB 5-Day Range of the CB Comparable Companies listed above; and (ii) the trading liquidity of the Shares is thin and inactive in the market, therefore, we considered that the Conversion Price is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

e) Maturity and interest rate of convertible notes/bonds

As showed in the above Exhibit X, we noted that the maturity term of the Comparable Companies is ranged from 2.0 years to 4.0 years with average of 2.7 years. The maturity term of the Convertible Bonds of 1.5 years falls slightly less than the minimum maturing term of 2.0 years of the CB Comparable Companies. As for interest rate of the Convertible Bonds, it is 3.0% per annum which falls within the range of the interest rate of the Comparable Companies from nil to 5.0% per annum with average interest rate of 0.7% per annum of the CB Comparable Companies. Accordingly, we considered that the interest rate of the Convertible Bonds is within the said interest rate range of the CB Comparable Companies. In light of the above, we considered that the principal terms of the Convertible Bonds are fair and reasonable so far as the Independent Shareholders are concerned.

(iv) Other financing alternatives

We have enquired with the Directors which confirmed to us that, apart from using financing methods of the issuance of Consideration Shares and Convertible Bonds, the Directors also considered debt financing and other possible fund raising alternatives available to the Group. However, the Directors are of the view that the ability of the Group to obtain debt financing such as bank borrowings usually depends on the Group's profitability, financial position and prevailing market condition. In light of (i) the loss position for the period attributable to the owners of the Company in 1H2016; (ii) the possibility of increase in interest rate under prevailing market condition which will incur additional interest burden to the Company; and (iii) debt financing may involve lengthy due diligence and negotiations with banks, the Directors considered that debt financing is relatively uncertain and time-consuming as compared to issuance of Consideration Shares and Convertible Bonds for the Group to obtain additional funding.

We were further advised by the Directors that they will consider the cost and the terms of the funding to decide the most appropriate means of financing in order to maximise the benefit to the Shareholders and will exercise due and careful consideration when choosing the best method of financing for the Company. Considering the fact that the issuance of Consideration Shares and Convertible Bonds will provide the Company with an additional financing alternative and it is reasonable for the Company to have higher degree of flexibility in deciding the financing method for its future business development in a promptly manner, we are of the view that the issuance of Consideration Shares and Convertible Bonds are in the interests of the Company and the Shareholders as a whole.

(v) Potential dilution effect on the shareholding of the Shareholders

With reference to the table of shareholding structure of the Company as set out in the Letter from the Board, the existing shareholding of other public shareholders will be decreased from approximately 83.94% to approximately 70.84% upon allotment and issue of the Consideration Shares at the Issue Price and further decreased to approximately 48.85% upon allotment and issue of the Consideration Shares at the Issue Price and full conversion of the Convertible Bonds.

Nevertheless, the impact of dilution will be less than the table of shareholding structure which is for illustration purpose only and does not indicate or imply any intention or decision on the part of the Vendors as to the timing or extent of conversion of the Convertible Bonds. As set out the in the Letter from the Board, the relevant parties will observe and comply with the requirements of the Listing Rules in connection with the conversion of the Convertible Bonds if and when it takes place.

It should be noted that under the terms of the Convertible Bonds, that Conversion right of the Convertible Bonds shall not be exercised by the Bondholder if (i) the Bondholder and parties acting in concert with it will directly or indirectly control or be interested in such percentage of voting rights of the Company which the Bondholder would be obliged to make a general offer under the Takeovers Code; (ii) the Company will be unable to meet the public float requirements under the Listing Rules; or (iii) the Bondholder or the Company will as a result of the issue of the relevant Conversion Shares be in breach of the Listing Rules, the Takeovers Code or applicable laws or regulations.

Taking into account (i) the reasons for and benefits of the Acquisition as explained in the paragraph headed "I. Background of and reasons for the Acquisition" above; (ii) the principal terms of the Agreement are fair and reasonable, in particular, (a) the fairness and reasonableness of the Consideration as discussed in the paragraph headed "II. Principal terms of the Agreement – (iv). Basis of the Consideration" above; (b) the discount of the Issue Price and Conversion Price to the closing price of the Shares falls within the range of the CS Comparable Companies and CB Comparable Companies; (c) the interest rate and marketing term of the Convertible Bonds fall within the range of the CB Comparable Companies; and (iii) the issue of Consideration Shares and Convertible Bonds to settle part of the Consideration would enable the Group to preserve its internal resources for other future business development, we are of the view that the said level of dilution to the shareholding interests of the public shareholders as a result of the allotment and issue of the Conversion Share upon full exercise of conversion rights attaching to the Convertibles Bond which is subject to the restriction clause of the conversion right is acceptable.

IV. Financial effects of the Acquisition on the Group

The unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this Circular has been prepared to illustrate the effects of the Acquisition, assuming the Acquisition had been completed on 30 June 2016. Immediately upon Completion, the Company will own the entire equity interest of the Target Company and the Company will consolidate the results and the net assets of the Target Group according to applicable accounting standards.

(i) Assets and liabilities

Based on the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as set out in Appendix IV to this Circular, the total assets of the Group as at 30 June 2016 would have increased from approximately HK$1,583,467,000 to approximately HK$1,992,561,000 on a pro forma basis, the total liabilities of the Group would have increased from approximately HK$343,749,000 to approximately HK$742,242,000 on a pro forma basis, and the net assets of the Group would have increased from approximately HK$1,239,718,000 to approximately HK$1,250,319,000 on a pro forma basis.

(ii) Earnings

As the Property is still under construction and will not commence its operation till December 2017, the Enlarged Group is not expected to recognise any earnings from the Target Group until then. Based on the audited financial information of the Target Group, the Target Group incurred a profit of approximately HK$20,101,000 for the ten months ended 31 October 2016 which will have a positive impact on earnings of the Group, the Directors believe that the Acquisition would enhance the Group's income stream upon the commencement of the Property Project's operations.

It should be noted that the analyses above are for illustrative purpose only and do not purport to represent how the financial positions and performance of the Group will be after the entering into of the Agreement. Based on the foregoing, we are of the view that the Acquisition is generally favourable to the financial performance of the Enlarged Group.

OPINION AND RECOMMENDATION

By taking into account the factors and reasons as stated above, we are of the opinion that (i) the principal terms of the Agreement on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Acquisition, is in the ordinary and usual course of business, is in the interests of the Company and the Shareholders as a whole. We would therefore advise the Independent Shareholders and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

Yours faithfully,
for and on behalf of
Titan Financial Services Limited
Arthur Kan
Executive Director

Mr. Arthur Kan is a licensed person under the SFO to engage in type 6 (advising on corporate finance) regulated activities. He has over 15 years of experience in corporate finance.

I. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for each of the year ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 2016 are disclosed in the following documents which have been published on the website of the Stock Exchange at on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.irasia.com/listco/hk/grandfield/:

- Interim report of the Company for the six months ended 30 June 2016 published on 27 September 2016 (pages 6 to 11 (hyperlinks: http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0927/LTN20160927319.pdf);

- Annual report of the Company for the year ended 31 December 2015 published on 28 April 2016 (pages 42to 48) (hyperlinks:http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0428/LTN201604282218.pdf);

- Annual report of the Company for the year ended 31 December 2014 published on 29 April 2015 (pages 39 to 46) (hyperlinks:http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0429/LTN20150429267.pdf); and

- Annual report of the Company for the year ended 31 December 2013 published on 25 April (pages 36 to 43) (hyperlinks:http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0425/LTN201404251170.pdf).

II. INDEBTEDNESS STATEMENT

As at the close of business on 28 February 2017, being the latest practicable date for the purpose of ascertaining the indebtedness of the Enlarged Group prior to the printing of the circular, the Enlarged Group had the following borrowings:

Interest-bearing borrowings

As at the close of business on 28 February 2017, being the latest practicable date for the purpose of this indebtedness statement, the Group had certain fixed-rate interest bearing other borrowings of approximately HK$11,061,000 ranging from 1.5% per month to 10% per annum, in which of approximately HK$4,678,000 were secured by the completed properties held for sale of the Group's wholly owned subsidiary and of approximately HK$2,825,000 were personal guaranteed by the a director of the Company respectively.

Amounts due to directors

As at the close of business on 28 February 2017, being the latest practicable date for the purpose of this indebtedness statement, the Group had use several non-interest-bearing loans from directors of approximately HK$664,000, in which of approximately HK$451,900 carries interest rate of 10% per annum. Save as the balance of HK$451,900, the balance are interest free.

Amount due to a shareholder

As at the close of business on 28 February 2017, being the latest practicable date for the purpose of this indebtedness statement, the Group had amount due to a shareholder of approximately HK$112,986 which carries interest rate of 10% per annum.

Finance lease

As at the close of business on 28 February 2017, being the latest practicable date for the purpose of this indebtedness statement, the Group had obligation under a finance lease of approximately HK$30,690 in respect of a motor vehicle. Such obligation was guaranteed by a director of the Company.

Provision of compensation for late completion on properties for sales

As at the close of business on 28 February 2017, being the latest practicable date for the purpose of this indebtedness statement, the Target Group had a provision of compensation for late completion on properties for sales of approximately HK$23,408,000.

Save as disclosed in this circular, the Enlarged Group did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptance (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities as at 28 February 2017, being the latest practicable date for the Enlarged Group's indebtedness statement. Since 28 February 2017 and up to the Latest Practicable Date, there has not been any material adverse change in the Enlarged Group's indebtedness and contingent liabilities. The Directors do not foresee any potential difficulty in obtaining bank facilities should the need arise.

III. WORKING CAPITAL

The Directors confirm that, after due and careful enquiry and taking into consideration the financial resources available to the Group, including banking facilities and other internal resources, the Group has sufficient working capital for at least the next 12 months commencing from the date of this circular.

IV. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there was not any material adverse change in the financial or trading position of the Group since 31 December 2015, the date to which the latest published audited consolidated financial statements of the Group were made up.

V. FINANCIAL AND TRADING PROSPECT OF THE GROUP

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

As disclosed in the Annual Report 2015, the Group has been working hard to steadily develop the Group into a diversified enterprise with property development as its core business, and other cash-flow investment as its supporting businesses. In addition, as a socially responsible corporate citizen, the Group has decided to adopt the principle of clean building in our Buji project. Clean building is an eco-construction approach that aims to respect our environment without compromising our future generations while offering maximum comfort to occupants. By adopting the architectural and urban-planning techniques that prioritise natural light and promote the use of renewable energy, the Group is moving towards the direction of a balanced solution between construction and a sustainable environment by observing relevant construction legislation. Looking forward, the Board will focus on strengthening its main business (i.e. real estate) and put special emphasis on promoting sales growth on our acquired venture. The Company is committed to bring quality products to the market, produce sound financial results for investors, and create value-added benefits to the community.

Upon completion of the Acquisition, the Target Group will become a wholly-owned subsidiary of the Company. The Group will insist on the strategy of regional development to further consolidate and develop its market position and influence in the existing regions and cities.

The unaudited consolidated pro forma financial information of the Group illustrating the financial impact of the Acquisition on the assets and liabilities of the Group is set out in Appendix IV to this circular. The pro forma financial information of the Group has been prepared for illustrative purpose only, based on the judgments and assumptions of the Directors, and, due to its hypothetical nature, it may not give a true picture of the financial position of the Group as at the date of completion of the Acquisition or any future date.

The following is the text of a report received from the reporting accountant, Elite Partners CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Circular.

開元信德會計師事務所有限公司
ELITE PARTNERS CPA LIMITED
Certified Public Accountants

10th Floor,
8 Observatory Road,
Tsim Sha Tsui,
Kowloon, Hong Kong

30 March 2017

The Board of Directors
Grand Field Group Holdings Limited
Unit 1004B, 10th Floor, Tower 5,
China Hong Kong City,
33 Canton Road,
Tsim Sha Tsui, Kowloon,
Hong Kong

Dear Sirs/Madams,

We set out below our report on the financial information of Intra Asia Limited (the "**Target Company**") and its subsidiaries (hereinafter collectively referred to as the "**Target Group**") comprising the consolidated statements of financial position of the Target Company as at 31 December 2013, 2014 and 2015 and 31 October 2016, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the statements of cash flows of the Target Company for the years ended 31 December 2013, 2014 and 2015 and the ten months ended 31 October 2016 (the "**Relevant Periods**"), together with the explanatory notes thereto (the "**Financial Information**"). This Financial Information has been prepared by the director of the Target Company for inclusion in Appendix II to the circular issued by Grand Field Group Holdings Limited (the "**Company**") dated 30 March 2017 (the "**circular**") in connection with the proposed acquisition of 100% equity interests of the Target Group by the Company.

The Target Company was incorporated in the British Virgin Islands (the "**BVI**") on 1 July 2008 with limited liability. The Target Company is principally engaged in investment holding. The Target Group is principally engaged in property development in the People's Republic of China (the "**PRC**").

During the Relevant Periods and up to date of this report, the Target Company has direct and indirect interests in the following subsidiaries, all of which are private companies, particulars of which are set out below:

Name of subsidiary	Place and date of incorporation or registration/ operations	Issued and fully paid share capital/ registered capital	Percentage of equity interest attributable to the Target Company					Principal activities
			31 December			31 October		
			2013	2014	2015	2015	2016	
Golden State (HK) Limited (the "Golden State")	Hong Kong 24 May 2005	HKD10,000	100%	100%	100%	100%	100%	Investment Holding
徐州國金房地產開發有限公司 (Xuzhou Guojin Property Development Limited)* (the "Xuzhou Guojin")	PRC 24 December 2008	HKD70,000,000	71%	100%	100%	100%	100%	Property Development

No statutory audited financial statements have been prepared for the Target Company as there is no statutory audit requirement in the BVI.

The statutory financial statements of Golden State for the years ended 31 December 2013, 2014, 2015 were prepared in accordance with Hong Kong Financial Reporting Standard for Private Entities ("**HKFRS-PE**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and was audited by Ahead CPA Limited.

The statutory financial statements of Xuzhou Guojin for the years ended 31 December 2013, 2014, 2015 were prepared in accordance with "Accounting Standards for Business Enterprises" issued by the Ministry of Finance of the PRC (the "MOF") and other relevant regulatory requirements (collectively known as the "PRC GAAP") and were audited by 徐州永旭會計師事務所 (transliterated as Xuzhou Yongxu CPA*), certified public accountants registered in the PRC.

For the purpose of this report, the director of the Target Company has prepared the consolidated financial statements for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards (the "**HKFRSs**") issued by the HKICPA (the "**Underlying Financial Statements**"). The Financial Information for the Relevant Periods are prepared based on the Underlying Financial Statements, with no adjustments made thereto, and in accordance with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

* *For identification purpose only*

DIRECTOR'S RESPONSIBILITIES

The director of the Target Company is responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provision of the Listing Rules, and for such internal control as the director of the Target Company determines is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of the circular in which this report is included.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

It is our responsibility to form an independent opinion on the Financial Information for the Relevant Periods based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing and the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

OPINION

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the consolidated financial position of the Target Group as at 31 December 2013, 2014 and 2015 and 31 October 2016 and of its financial performance and cash flows of the Target Group for each of the Relevant Periods.

CORRESPONDING FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited corresponding financial information of the Target Group comprising the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the ten months ended 31 October 2015, together with the notes thereon (the "Corresponding Financial Information"), for which the director of the Target Company is responsible, in accordance with Hong Kong Standard on Review Engagement 2400 "Engagements to Review Historical Financial Statement" issued by the HKICPA.

The director of the Target Company is responsible for the Corresponding Financial Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

A. FINANCIAL INFORMATION OF THE TARGET GROUP

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Ten months ended 31 October	
		2013	2014	2015	2015	2016
	Note	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
					(Unaudited)	
Other revenue	*9*	24	589	1,349	1,119	1,030
Other gains and losses	*9*	37,700	5,788	(8,782)	(9,691)	32,986
Selling and distribution		(823)	(2,001)	(1,142)	(1,090)	(770)
Administrative expense		(1,255)	(1,695)	(4,220)	(3,537)	(4,232)
Profit/(loss) from operation	*10*	35,646	2,681	(12,795)	(13,199)	29,014
Finance costs	*11*	(15)	(18)	(13)	(12)	(26)
Profit/(loss) before tax		35,631	2,663	(12,808)	(13,211)	28,988
Income tax expenses	*12*	(9,435)	(1,448)	(4,073)	(3,793)	(8,887)
Profit/(loss) for the year/period		**26,196**	**1,215**	**(16,881)**	**(17,004)**	**20,101**
Other comprehensive expense:–						
Exchange difference on translation of foreign operation		(3,880)	(942)	(6,481)	(6,458)	(5,274)
		22,316	273	(23,362)	(23,462)	14,827
Profit/(loss) attributable to:–						
Owners of the Target Company		18,710	1,623	(16,881)	(17,004)	20,101
Non-controlling interest		7,486	(408)	–	–	–
		26,196	1,215	(16,881)	(17,004)	20,101
Total comprehensive income/ (expense) attributable to:–						
Owner of the Target Company		15,939	904	(23,362)	(23,462)	14,827
Non-controlling interest		6,377	(631)	–	–	–
		22,316	273	(23,362)	(23,462)	14,827

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 31 October
		2013	2014	2015	2016
	Note	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Non-current assets					
Property, plant and equipment	*15*	77	59	44	25
Loan receivable	*18*	–	9,449	8,953	–
Investment properties	*16*	144,639	166,303	181,444	216,339
		144,716	175,811	190,441	216,364
Current assets					
Properties for sale under development	*17*	85,737	116,052	125,019	134,133
Loan receivable	*18*	–	–	–	8,585
Other receivables, deposits and prepayments	*19*	18,382	23,934	30,013	27,828
Cash and cash equivalents	*20*	10,309	8,074	15,205	1,936
		114,428	148,060	170,237	172,482
Current liabilities					
Trade and other payables	*21*	19,309	21,140	25,584	31,107
Deposit received		81,334	142,681	169,239	170,247
Amount due to the ultimate shareholder	*22*	57	57	2,587	2,587
Provision of compensation for late completion	*23*	–	–	24,077	23,408
		100,700	163,878	221,487	227,349
Net current assets/(liabilities)		13,728	(15,818)	(51,250)	(54,867)
Non-current liabilities					
Deferred tax liabilities	*24*	24,448	25,723	28,283	35,762
Net assets		133,996	134,270	110,908	125,735
Equity					
Share capital	*25*	–	–	–	–
Reserves	*26*	95,706	134,270	110,908	125,735
Total attributable to owners of the Company		95,706	134,270	110,908	125,735
Non-controlling interest		38,290	–	–	–
Total equity		133,996	134,270	110,908	125,735

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Capital reserve	Translation reserve	Retained earnings	Total	Non controlling interest	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
At 1 January 2013	–	50,010	10,140	20,477	80,627	32,257	112,884
Profit for the year	–	–	–	18,710	18,710	7,486	26,196
Other comprehensive expense for the year	–	–	(3,631)	–	(3,631)	(1,452)	(5,083)
At 31 December 2013 and 1 January 2014	–	50,010	6,509	39,187	95,706	38,291	133,997
Profit/(loss) for the year	–	–	–	1,623	1,623	(408)	1,215
Other comprehensive expense for the year	–	–	(942)	–	(942)	–	(942)
Contribution by shareholder	–	20,000	–	–	20,000	–	20,000
Further acquired equity interest in a subsidiary	–	–	2,604	15,279	17,883	(37,883)	(20,000)
At 31 December 2014 and 1 January 2015	–	70,010	8,171	56,089	134,270	–	134,270
Loss for the year	–	–	–	(16,881)	(16,881)	–	(16,881)
Other comprehensive income for the year	–	–	(6,481)	–	(6,481)	–	(6,481)
At 31 December 2015 and 1 January 2016	–	70,010	1,690	39,208	110,908	–	110,908
Profit for the period	–	–	–	20,101	20,101	–	20,101
Other comprehensive expense for the period	–	–	(5,274)	–	(5,274)	–	(5,274)
At 31 October 2016	–	70,010	(3,584)	59,309	125,735	–	125,735

STATEMENTS OF CASH FLOWS

	Year ended 31 December			Ten months ended 31 October	
	2013	2014	2015	2015	2016
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(unaudited)	
Cash flow from operating activities					
Profit/(loss) before income tax	35,631	2,663	(12,808)	(13,211)	28,988
Adjustment for:					
Gain on the change in fair value on investment properties	(37,740)	(5,791)	(16,291)	(15,171)	(35,547)
Interest income	(24)	(589)	(1,349)	(1,119)	(1,030)
Provision of compensation for late completion on properties for sales	–	–	25,071	24,860	330
Depreciation	133	33	20	16	18
Operating loss before working capital changes	(2,000)	(3,684)	(5,357)	(4,625)	(7,241)
Increase in properties for sale under development	(24,838)	(30,951)	(15,682)	(15,458)	(14,657)
(Increase)/decrease in other receivables, deposits and prepayments	(7,936)	(5,602)	(6,773)	(5,311)	1,635
Increase in trade and other payables	57,090	63,877	40,812	38,714	14,532
Cash generated from/(used in) operations	22,316	23,640	13,000	13,320	(5,731)
Interest received	24	589	1,349	1,119	1,030
Net cash flow generated from/(used in) operating activities	22,340	24,229	14,349	14,439	(4,701)
Investing activities					
Increase in investment properties	(13,572)	(16,912)	(8,569)	(8,111)	(8,009)
Purchase of property, plant and equipment	–	(15)	(8)	(4)	(1)
Increase in loan receivable	–	(9,459)	–	–	–
Net cash flow used in investing activities	(13,572)	(26,386)	(8,577)	(8,115)	(8,010)
Financing activities					
Increase in amount due to the ultimate shareholder	(4)	–	2,529	2,112	–
Capital contribution from the ultimate shareholder	–	20,000	–	–	–
Acquisition on the further equity interest of a subsidiary	–	(20,000)	–	–	–
Net cash (used in)/generated from financing activities	(4)	–	2,529	2,112	–
Net increase/(decrease) in cash and cash equivalents	8,764	(2,157)	8,301	8,436	(12,711)
Cash and cash equivalents at the beginning of the year/period	1,729	10,309	8,074	8,074	15,205
Exchange realignment	(184)	(78)	(1,170)	(1,615)	(558)
Cash and cash equivalents at the end of the year/period	10,309	8,074	15,205	14,895	1,936

NOTES TO THE FINANCIAL INFORMATION

1. General

The Intra Asia Limited (the "Target Company") was incorporated in the British Virgin Islands (the "BVI") on 1 July 2008 with limited liability. The address of its registered office is 263 Main Street, Road Town, Tortola, British Virgin Islands. The Target Company is an investment holding company and the principal activities of Target Group is property development in PRC. In the opinion of the sole director of the Target Company, Mr. Tsang Wai Lun, Wayland is the ultimate controlling party of the Target Company.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs, which collectively includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretation, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year.

Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]

1 *Effective for annual periods beginning on or after 1 January 2018*

2 *Effective for annual periods beginning on or after 1 January 2019*

3 *Effective for annual periods beginning on or after a date to be determined*

4 *Effective for annual periods beginning on or after 1 January 2017*

The director of the Target Company anticipate that the application of these new and revised HKFRSs will have no material impact on the consolidated financial statements other than those set out below:

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets; and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principle and interest on the principle outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principle amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to changes in the financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires and expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

HKFRS 9 (2014) Financial Instruments

The directors of the Target Company anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Target Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the Target Group undertakes a detailed review.

HKFRS 15 Revenue from contracts with customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The director of the Target Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Target Group's Financial Information. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Target Group performs a detailed review.

3. Basis of preparation

The Financial Information set out in this report has been prepared in accordance with HKFRSs. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance.

This Financial Information have been prepared under the historical cost basis except that investment properties are measured at fair values. These Financial Information are presented in Hong Kong Dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of HKFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in Note 5 to the Financial Information.

As at 31 October 2016, Target Group had net current liabilities of approximately HK$54,867,000 (31 December 2014: HK$15,818,000; 31 December 2015: HK$51,250,000). The Financial Information has been prepared by the director of Target Group on a going concern basis as the ultimate shareholder has agreed to provide financial support to Target Group to maintain as a going concern and not to demand for any repayment of the amount due to the ultimate shareholder of approximately HK$2,587,000 (31 December 2014: HK$57,000; 31 December 2015: HK$2,587,000) as at 31 October 2016 until the completion of the Acquisition. In addition, The Company have agreed to provide financial support to Target Group to maintain as a going concern upon the completion of the Acquisition.

The significant accounting policies applied in the preparation of these Financial Information are set out below.

The Financial Information incorporated the financial information of the Target Company and entities controlled by the Target Group. Control is achieved when the Target Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Target Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Target Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Target Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

4. Significant accounting policies

The significant accounting policies that have been used in the preparation of the Financial Information are summarised below. These policies have been consistently applied to the Relevant Periods unless otherwise stated. The adoption of new or revised HKFRSs and the impacts on the Financial Information, if any, are disclosed in Note 2.

Foreign currency translation

(a) Functional and presentation currency

Items included in the Financial Statements of each of the Target Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Financial Information is presented in Hong Kong dollars ("**HK$**"), which is the Target Company's presentation and functional currency. The functional currency of the principal operating subsidiaries of the Target Group is Renminbi ("**RMB**"). The director of the Target Company consider that choosing HK$ as the presentation currency best suits the needs of the shareholders.

(b) Transactions and balances in Financial Information

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(c) Translation on consolidation

The results and financial position of all the group entities that have a functional currency different from the Target Group's presentation currency are translated into the Target Group's presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

(iii) All resulting exchange differences are recognised in the translation reserve as other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the exchange reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rate is as follows:

Motor vehicles	20%
Computer equipment	33.33%
Furniture and equipment	20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property (including property that is being constructed or developed for future use as investment property) is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at its fair value based on valuation by an external independent valuer. Gains or losses arising from changes in fair value of the investment property are recognised in profit or loss for the period in which they arise.

If an investment property becomes owner-occupied or a property held for sale, it is reclassified as property, plant and equipment or properties held for sale as appropriate, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference between the carrying amount and the fair value of this item at the date of transfer is recognised as a revaluation of property, plant and equipment.

If a property held for sale becomes an investment property, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in profit or loss.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

Leases

The Target Group as lessor

Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

The Target Group as lessee

Operating leases

Leases that do not substantially transfer to the Target Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

Properties for sale

Properties for sale are measured at the lower of cost and net realisable value. Cost includes costs of land, development expenditure incurred, borrowing costs capitalised in accordance with the Target Group's accounting policy and other direct costs attributable to such properties. Net realisable value represents the estimated selling price less all anticipated costs of completion and costs to be incurred in marketing and selling.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Target Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Target Group transfers substantially all the risks and rewards of ownership of the assets; or the Target Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in the profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Target Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand and demand deposits with banks and other financial institutions. Bank overdrafts which are repayable on demand and form an integral part of the Target Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Target Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Revenue recognition

Revenue comprises the fair value of the consideration for the sale of goods and services in the ordinary course of the Target Group's activities. Revenue is shown, net of value-added tax, returns, rebates and discounts allowed and after eliminating sales within the Target Group. Revenue is recognised as follows:

(a) Sale of properties

Revenues from the sales of properties are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the properties are delivered and the title has passed to the customers.

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations

The Target Group also participates in a defined contribution retirement scheme organised by the government in the PRC. The Target Group is required to contribute a specific percentage of the payroll of its employees to the retirement scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the retirement scheme. No forfeited contributions may be used by the employers to reduce the existing level of contributions.

(c) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Target Group can no longer withdraw the offer of those benefits and when the Target Group recognises restructuring costs and involves the payment of termination benefits.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Target Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Group intends to settle its current tax assets and liabilities on a net basis.

PRC land appreciation tax ("LAT")

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land costs, borrowing costs, business taxes and all property development expenditures. LAT is recognised as an income tax expense. LAT paid is a deductible expense for PRC enterprise income tax purposes.

Related parties

A related party is a person or entity that is related to the Target Group.

(A) A person or a close member of that person's family is related to the Target Group if that person:

  (i) has control or joint control over the Target Group;

  (ii) has significant influence over the Target Group; or

  (iii) is a member of the key management personnel of the Target Company or of a parent of the Target Company.

(B) An entity is related to the Target Group if any of the following conditions applies:

  (i) The entity and the Target Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

  (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

  (iii) Both entities are joint ventures of the same third party.

  (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of the Target Group of which it is a part, provides key management personnel services to the Target Group or to a parent of the Target Company.

Impairment of assets

At the end of each reporting period, the Target Group reviews the carrying amounts of its tangible and intangible assets except investment properties, completed properties held of sale and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Target Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Target Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the Financial Information. Events after the reporting period that are not adjusting events are disclosed in the notes to the Financial Information when material.

5. Critical judgements and key estimates

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position as at 31 December 2013, 2014 and 2015 and 31 October 2016 at their fair value of approximately HKD144,639,000, HKD166,303,000, HKD181,444,000 and HKD216,339,000. The fair values were based on valuations on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Target Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statements of profit or loss and other comprehensive income.

(b) Determination of net realisable value of prepaid premium for land lease, properties under development and completed properties held for sale

The Target Group assesses the carrying amounts of prepaid premium for land lease, properties under development and completed properties held for sale according to their net realisable value based on the realisability of these properties. Net realisable value for prepaid premium for land lease and properties under development is determined by reference to management's estimates of the selling prices based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion (including land costs). Net realisable value for completed properties held for sale is determined by reference to management's estimates of the selling price on prevailing market conditions, less applicable variable selling expenses.

(c) Land Appreciation Taxes

The Target Group is subject to Land Appreciation Taxes in the PRC. However, the implementation and settlement of these taxes varies among the various tax jurisdictions in cities and regions of the PRC, and the Target Group has not finalised its Land Appreciation Tax calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related taxes. The Target Group recognised these Land Appreciation Taxes based on management's best estimates according to their understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the costs of sales and deferred income tax provision in the periods in which such taxes have been finalised with local tax authorities.

(e) Provision of compensation for late completion on properties for sales

Provision of compensation for late completion on properties for sales is measured in accordance with the legal opinion at the end of the reporting period, and using the cash flows estimated to settle the present value of those cash flows.

6. Financial instrument by category

The carrying amounts of each of the categories of financial instruments as at the end of the Relevant Periods are as follows:

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Financial assets				
At amortised cost:				
Loan receivable	–	9,449	8,953	8,585
Other receivables	9,698	8,467	13,766	14,480
Cash and bank balances	10,309	8,074	15,205	1,936
	20,007	25,990	37,924	25,001
Financial liabilities				
At amortised cost:				
Trade and other payables	19,309	21,140	25,584	31,107
Amount due to the ultimate shareholder	57	57	2,587	2,587
	19,366	21,197	28,171	33,694

(a) Financial risk management

The Target Group's business activities expose it to a variety of financial risks, which include credit risk, liquidity risk and interest rate risk arising in the normal course of its business and financial instruments. Details of the policies on how to mitigate these risks are set out below. The Target Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has not been any change to the Target Group's risk exposure relating to financial instruments or the manner in which it manages and measures the risks.

Credit risk

The Target Group is exposed to credit risk in relation to its loan and other receivables, and cash deposits with banks.

The Target Group is subject to the credit risk from the recoverability of loan and other receivables. In order to minimise the credit risk, the management of the Target Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Target Group reviews the recoverable amount of each individual receivable at the end of each reporting period to ensure that adequate impairment losses are recognised for irrecoverable amounts. In this regard, the director considered that the Target Group's credit risk in relation to loan and other receivables is significantly reduced.

Further quantitative disclosures in respect of the Target Group's exposure to credit risk arising from other receivables are set out in Notes 18 and 19 to the Financial Information.

The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit-ratings agencies.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statements of financial position. The Target Group does not provide any guarantees which would expose the Target Group to credit risk.

Liquidity risk

The Target Group actively manages operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met.

As at 31 December 2014, 2015 and 31 October 2016, the Target Group had recorded net current liabilities of approximately HK$15,818,000, HK$51,250,000 and HK$54,867,000 respectively. Shareholders of the Target Group have confirmed their intention to provide continual financial support to the Target Group so as to enable to meet liabilities as and when they fall due and will not demand repayment from the Target Group unless it is financially capable to do so.

The following tables detail its remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Group can be required to pay. The tables include both interest and principal cash flows.

At 31 December 2013

	Carrying amount	**Total contractual undiscounted cash flow**	**Within one year or on demand**
	HKD'000	*HKD'000*	*HKD'000*
Trade and other payables	19,309	19,309	19,309
Amount due to the ultimate shareholder	57	57	57
	19,366	19,366	19,366

At 31 December 2014

	Carrying amount *HKD'000*	Total contractual undiscounted cash flow *HKD'000*	Within one year or on demand *HKD'000*
Trade and other payables	21,140	21,140	21,140
Amount due to the ultimate shareholder	57	57	57
	21,197	21,197	21,197

At 31 December 2015

	Carrying amount *HKD'000*	Total contractual undiscounted cash flow *HKD'000*	Within one year or on demand *HKD'000*
Trade and other payables	25,584	25,584	25,584
Amount due to the ultimate shareholder	2,587	2,587	2,587
	28,171	28,171	28,171

At 31 October 2016

	Carrying amount *HKD'000*	Total contractual undiscounted cash flow *HKD'000*	Within one year or on demand *HKD'000*
Trade and other payables	31,107	31,107	31,107
Amount due to the ultimate shareholder	2,587	2,587	2,587
	33,694	33,694	33,694

Interest rate risk

The director considered the Target Group's exposure to fair value interest rate risk in relation to interest bearing bank deposits and loan receivable are not significant. The Target Group is exposed to cash flow interest rate risk mainly in relation to variable-rate bank balances. Sensitivity of the Target Group's results for the Relevant Periods to a reasonable change in the interest rate is assessed to be immaterial.

Currency risk

The Target Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Target Group entities. The Target Group currently does not have a foreign currency hedging policy in respect of foreign currency assets and liabilities. The Target Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Fair value measurement

The director considered that the fair values of each class of the financial assets and financial liabilities at the end of each of the Relevant Periods approximate to their carrying amounts.

7. Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Target Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

See Note 16 for disclosure of the investment properties that are measured at fair value.

8. Segment Information

The Target Group has been operating in a single operating and reportable segment which was property development. Information reported to the Target Group's chief operating decision maker, for the purpose of resources allocation and assessment performance is focused on the operating results of the Target Group as a whole as the Target Group's resources are integrated and no discrete financial information is available. Accordingly, no segment analysis is presented. The Target Group's operations are principally located in PRC. Accordingly, no geographical segment information is presented.

9. Other revenue and other gains and losses

The Target Group did not generate any revenue during the Relevant Periods.

	Year ended 31 December			Ten months ended 31 October	
	2013	**2014**	**2015**	**2015**	**2016**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000* (Unaudited)	*HKD'000*
Other revenue					
Interest income	24	589	1,349	1,119	1,030

	Year ended 31 December			Ten months ended 31 October	
	2013	**2014**	**2015**	**2015**	**2016**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000* (Unaudited)	*HKD'000*
Other gain or losses					
Bad debts written off	–	–	–	–	(2,081)
Others	(40)	(3)	(2)	(2)	(150)
Fair value changes on investment properties	37,740	5,791	16,291	15,171	35,547
Provision of compensation for late completion on properties for sales	–	–	(25,071)	(24,860)	(330)
	37,700	5,788	(8,782)	(9,691)	32,986

10. Profit/(loss) from operation

The Target Group's profit/(loss) from operation for the Relevant Periods are stated after charging the following:

	Year ended 31 December			Ten months ended 31 October	
	2013	2014	2015	2015	2016
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Depreciation	133	33	20	16	18
Staff costs (including Director's remuneration):					
– salaries, bonuses and allowances	579	894	348	348	292
Minimum lease payment in respect of office premises	170	120	204	99	105

11. Finance costs

	Year ended 31 December			Ten months ended 31 October	
	2013	2014	2015	2015	2016
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Bank charges	15	18	13	12	26

12. Income tax expenses

	Year ended 31 December			Ten months ended 31 October	
	2013	2014	2015	2015	2016
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Deferred tax *(Note 24)*	9,435	1,448	4,073	3,793	8,887

Pursuant to the rules and regulations of the British Virgin Islands ("**BVI**"), the Target Group is not subject to any income tax in the BVI.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of subsidiary of the Target Group in the PRC was 25% during the Relevant Periods.

No provision for the Hong Kong profit tax has been made in the Financial Information since the Target Group did not generate any taxable income in Hong Kong during the Relevant Periods.

The reconciliation between the tax expense and accounting profit at applicable tax rate:

	Year ended 31 December			Ten months ended 31 October	
	2013	2014	2015	2015	2016
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Profit/(loss) before tax	35,631	2,663	(12,808)	(13,211)	28,988
Notional tax on profit/(loss) before tax calculated at rates applicable to profit in the countries concerned	8,908	666	(3,202)	(3,303)	7,247
Tax effect on non-deductible expenses	533	929	7,612	7,376	1,898
Tax effect on non-taxable income	(6)	(147)	(337)	(280)	(258)
Income tax expense	9,435	1,448	4,073	3,793	8,887

13. Employee benefit expenses (including director's emoluments)

	Year ended 31 December			Six months ended 31 October	
	2013	2014	2015	2015	2016
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Salary and wages	578	894	348	318	292
Social insurance and housing fund	214	249	333	269	202
	792	1,143	681	587	494

13.1 Director's emoluments

The director did not receive any remuneration from the Target Group during the Relevant Periods.

13.2 Five highest paid individual

The director considered the presentation of the five highest paid employees information is not meaningful for the purpose of this report.

14. Dividends

The director did not recommend the payment of any dividend during the Relevant Periods.

15. Property, plant and equipment

	Motor vehicles	Computer equipment	Furniture and equipment	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Cost:				
As at 1 January 2013	553	76	35	664
Exchange differences	11	2	1	14
As at 31 December 2013 and 1 January 2014	564	78	36	678
Additions	–	15	–	15
Exchange differences	2	1	–	3
As at 31 December 2014 and 1 January 2015	566	94	36	696
Additions	–	4	4	8
Exchange differences	(10)	(1)	–	(11)
At 31 December 2015 and 1 January 2016	556	97	40	693
Additions	–	1	–	1
Exchange differences	(26)	(6)	(2)	(34)
At 31 October 2016	530	92	38	660

	Motor vehicles *HKD'000*	Computer equipment *HKD'000*	Furniture and equipment *HKD'000*	Total *HKD'000*
Accumulated depreciation:				
As at 1 January 2013	377	61	22	460
Provided for the year	113	13	7	133
Exchange differences	7	1	–	8
As at 31 December 2013 and 1 January 2014	497	75	29	601
Provided for the year	26	7	–	33
Exchange differences	3	–	–	3
As at 31 December 2014 and 1 January 2015	526	82	29	637
Provided for the year	6	6	8	20
Exchange differences	(7)	(1)	–	(8)
At 31 December 2015 1 January 2016	525	87	37	649
Provided for the period	10	7	1	18
Exchange differences	(27)	(4)	(1)	(32)
At 31 October 2016	508	90	37	635
Net carrying amounts:				
At 31 December 2013	67	3	7	77
At 31 December 2014	40	12	7	59
At 31 December 2015	31	10	3	44
At 31 October 2016	22	2	1	25

16. Investment properties

	Property under development
	HKD'000
As at 1 January 2013	89,644
Addition	13,572
Fair value change on investment properties	37,740
Exchange differences	3,683
As at 31 December 2013 and 1 January 2014	144,639
Addition	16,912
Fair value change on investment properties	5,791
Exchange differences	(1,039)
As at 31 December 2014 and 1 January 2015	166,303
Addition	8,569
Fair value change on investment properties	16,291
Exchange differences	(9,719)
At 31 December 2015 and 1 January 2016	181,444
Addition	8,009
Fair value change on investment properties	35,547
Exchange differences	(8,661)
At 31 October 2016	216,339

The fair value of the Target Group's investment properties ("**Properties**") at each reporting period end date has been arrived at on the basis of a valuation carried out on that date by APAC Asset Valuation and Consulting Limited, an independent qualified professional valuers not connected with the Target Group. APAC Asset Valuation and Consulting Limited has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The Target Group's Properties have been valued by using market comparison which conforms to International Valuation Standards. The Target Group's finance department reviewed the valuations for financial reporting purpose and directly reported to the director of the Target Company. Discussion of valuation process and results were held between finance department, valuer and the director of the Target Company.

The valuations of the fair values of the investment properties grouped into fair value hierarchy Level 3. In estimating the fair value of the investment properties, the highest and best use of the property is their current use.

There were no transfers between levels of fair value hierarchy during the Relevant Periods.

The investment property is still under redevelopment. The valuation was based on a market comparison approach taking into account the following estimates (in addition to the inputs noted above):

Costs to complete	These are largely consistent with internal budgets developed by the Target Group's finance department, based on management's experience and knowledge of market conditions. Costs to complete also include a reasonable profit margins;
Completion date	Properties under construction require approval or permits from oversight bodies at various points in the development process, including approval or permits in respect of initial design, zoning, commissioning, and compliance with environmental regulations. Based on management's experience with similar developments, all relevant permits and approvals are expected to be obtained. However, the completion date of the development may vary depending on, among other factors, the timeliness of obtaining approvals and any remedial action required by Target Group.

There were no changes to the valuation techniques during the Relevant Periods.

17. Properties for sale under development

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Current portion	85,737	116,052	125,019	134,133

The balance represents the costs incurred by the Target Group on the properties for sale under development in the PRC.

18. Loan receivable

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Loan receivable	–	9,449	8,953	8,585
Less: amount receivable within one year and included in current assets	–	–	–	(8,585)
Balance shown under non-current assets	–	9,449	8,953	–

On 24 July 2014, Xuzhou Guojin entered a loan agreement with Shenzhen Handong Wine Company Limited (深圳漢唐酒業有限公司) (the "Borrower"), an independent third party of the Target Group. Pursuant to the loan agreement, the principal amount was RMB7,500,000 with 3 years term and interest bearing at 14% per annum. The loan was secured by certain quantity of the borrower's Chinese white wines stored in a designated warehouse.

19. Other receivables, deposits and prepayments

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Other receivables	9,698	8,467	13,766	14,480
Prepayment and deposit	8,684	15,467	16,247	13,348
	18,382	23,934	30,013	27,828

20. Cash and cash equivalents

		As at 31 December		As at 31 October
	2013	2014	2015	2016
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Cash and bank balances	10,309	8,074	15,205	1,936

Denominated in Renminbi placed with banks in the PRC. Renminbi is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations, the Target Group is permitted to exchange Renminbi for other currencies through banks authorised to conduct foreign exchange business.

At the end of each reporting period, cash and bank balance denominated in Renminbi is as follows:

		As at 31 December		As at 31 October
	2013	2014	2015	2016
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Denominated in RMB	10,288	8,067	15,181	1,912

21. Trade and other payables

		As at 31 December		As at 31 October
	2013	2014	2015	2016
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Trade payables to building contractors	7,400	14,949	17,191	20,444
Other payables	11,909	6,191	8,393	10,663
	19,309	21,140	25,584	31,107

22. Amount due to the ultimate shareholder

The amount is unsecured, interest-free and repayable on demand.

23. Provision of compensation for late completion

	HK$'000
At 1 January 2013, 31 December 2013 and at 31 December 2014	–
Charged to profit or loss	
– Additional provision	25,071
Currency translation differences	(994)
At 31 December 2015	24,077
Charged to profit or loss:	
– Additional provision	330
Currency translation differences	(999)
At 31 December 2016	23,408

Xuzhou Guojin is required to make payments for the compensation for late completion. Pursuant to the pre-sales contracts with customers, Xuzhou Guojin is subject to a compensation if the property is not able to transfer to customer on the agreed date. The provision is measured in accordance with the relevant contract at the end of the reporting period, and using cash flows estimation.

24. Deferred tax liabilities

The components of deferred tax liabilities recognised in the consolidated statements of financial position and the movements during the Relevant Periods are as follows:

	Temporary difference on revaluation investment properties *HKD'000*
At 1 January 2013	14,405
Charge to profit or loss for the year	9,435
Exchange differences	608
At 31 December 2013 and 1 January 2014	24,448
Charge to profit or loss for the year	1,448
Exchange differences	(173)
At 31 December 2014 and 1 January 2015	25,723
Charge to profit or loss for the year	4,073
Exchange differences	(1,513)
At 31 December 2015 and 1 January 2016	28,283
Charge to profit or loss for the period	8,887
Exchange differences	(1,408)
At 31 October 2016	35,762

25. Share capital

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	US$	*US$*	*US$*	*US$*
Authorised:				
50,000 ordinary shares of US$1 each	50,0000	50,0000	50,0000	50,0000
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Issued and fully paid:				
2 ordinary shares of US$1 each	–	–	–	–

26. Reserves

The amounts of the Target Group's reserves and the movements therein for the Relevant Periods are presented in the statements of change in equity.

27. Operating lease

At 31 December 2013, 2014 and 2015, and 31 October 2016, the Target Group had commitments for future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Within one year	129	113	110	22

28. Related Party Transactions

The remuneration of the Target Group's key management personnel is disclosed in Note 13.3 to the consolidated financial statements.

29. Capital Commitments

	As at 31 December 2013	2014	2015	As at 31 October 2016
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Property under development				
Contracted but not provided for	105,740	59,254	35,958	16,218

30. Litigation

1) In 2013, Xuzhou Zhongxin Concrete Limited*（徐州眾鑫混凝土有限公司）(the "**Plaintiff 1**") filed a civil law suit in respect of, among others, the dispute of the Concrete Purchase Contract*（混凝土購銷合同）("**the Purchase Contract**") with Xuzhou Guojin at the People's Court of Xuzhou City, Jiangsu Province*（江蘇省徐州市鼓樓區人民法院）against Xuzhou Guojin (the "**Litigation 1**")

   In the civil law suit, the Plaintiff 1 claimed for the ruling that i) Xuzhou Guojin shall cancel the Purchase Contract with the Plaintiff 1; and ii) Xuzhou Guojin shall settle the trade payable of approximately RMB 1,750,000 and compensate on the default of the Purchase Contract of RMB 50,000 with interest and; and iii) Xuzhou Goujin shall be liable for the costs of the civil law suit.

   This case was heard and judgement was delivered on 26 August 2013 in favour of the Plaintiff 1 However, Plaintiff 1 appealed to the Intermediate People's Court of Xuzhou City, Jiangsu Province.

   On 23 November 2013, Xuzhou Guojin has reached a settlement with the Plaintiff 1 that Xuzhou Guojin will settle the trade payable of approximately RMB 1,739,900 and Xuzhou Guojin has settled this case on 25 May 2014 accordingly.

   In the opinion of the Directors of Target Group, this proceedings will have no material impact on the operations of the Target Group.

2) In 2015, Chen Yunjin*（陳蘊金）(the "**Plaintiff 2**") filed a civil law suit in respect of, among others, the dispute of the Real Estate Sale and Purchase Agreement*（商品房買賣合同）(the "**Sales Contract**") with Xuzhou Guojin at the 江蘇省徐州市鼓樓區人民法院 (People's Court of Xuzhou City, Jiangsu Province*) against Xuzhou Guojin (the "**Litigation 2**").

In the civil law suit, the Plaintiff 2 claimed for the ruling that i) Xuzhou Guojin shall cancel the Sales Contract with the Plaintiff 2; and ii) Xuzhou Guojin shall refund of the consideration paid for the property of RMB 940,000 and relevant interest.; and iii) Xuzhou Goujin shall be liable for the costs of the civil law suit.

This case was heard and judgement was delivered on 8 November 2016 in favour of the Plaintiff 2. However, Xuzhou Guojin appealed to the Intermediate People's Court of Xuzhou City, Jiangsu Province.

The appeal was heard and judgement was delivered on 11 November 2016 in favour of the Buyer 2. Up to the date of this report, the relevant sales contract has been cancelled and the consideration has been refunded to Plaintiff 2.

In the opinion of the Directors of Target Group, the relevant compensation of this proceeding has properly accounted for and no material impact on the operations of the Target Group are expected.

3) In 2015, Wang Zhiqiang*（王志強）(the "**Plaintiff 3**") filed a civil law suit in respect of, among others, the dispute of the Sales Contract with Xuzhou Guojin at the People's Court of Xuzhou City, Jiangsu Province*（江蘇省徐州市鼓樓區人民法院）against Xuzhou Guojin (the "**Litigation 3").**

In the civil law suit, the Plaintiff 3 claimed for the ruling that i) Xuzhou Guojin shall cancel the Sales Contract with the Plaintiff 3; and ii) Xuzhou Guojin shall refund of the consideration paid for the property of RMB 990,000 and relevant interest.; and iii) Xuzhou Goujin shall be liable for the costs of the civil law suit.

This case was heard and judgement was delivered on 24 June 2016 in favour of the Plaintiff 3. However, Xuzhou Guojin appealed to the Intermediate People's Court of Xuzhou City, Jiangsu Province.

The appeal was heard and judgement was delivered on 17 January 2017 in favour of the Plaintiff 3. This proceeding in still under the negotiation with the Plaintiff 3 for the settlement.

In the opinion of the Directors of Target Group, the relevant compensation of this proceeding has properly accounted for and no material impact on the operations of the Target Group are expected.

4) In 2015, Xuzhou City Jinshi Metal Material Limited*（徐州市金獅金屬材料有限公司）(the "**Plaintiff 4**") filed a civil law suit in respect of, among others, the dispute of the sales and purchase Contract with Jiangsu Jinding Worldwide Construction Technology Group Limited*（江蘇九鼎環球建設科技集團有限公司）(the "**Defendant 1**") and Xuzhou Guojin at the People's Court of Xuzhou City, Jiangsu Province*（江蘇省徐州市鼓樓區人民法院）against Xuzhou Guojin (the "**Litigation 4").**

In the civil law suit, the Plaintiff 4 claimed for the ruling that i) The Defendant 1 and Xuzhou Guojin shall repay the loan of RMB 8,150,000 to the Plaintiff; ii) Xuzhou Goujin refund the deposit of RMB 100,000 to the Plaintiff 4.

On 19 October 2016, the settlement has been reached among the Plaintiff 4; Defendant 1 and Xuzhou Guojin. Pursuant to the settlement deed, i) Xuzhou Guojin will pay the Plaintiff 4 of RMB 8,150,000 on behalf of Defendant 1 and the amount will be subsequently deducted from the construction cost payable due to Defendant 1; and ii) Xuzhou Guojin will refund the deposit of RMB 100,000 to the Plaintiff 4 by 31 December 2016.

In the opinion of the Directors of Target Group, this proceedings will have no material impact on the operations of the Target Group.

5) In addition, during the Relevant Periods, saved as the Plaintiff 2 and Plaintiff 3, there are 13 buyers filed certain civil law suits in respect of, among others, the dispute of the Sales Contract with Xuzhou Guojin at the People's Court of Xuzhou City, Jiangsu Province*（江蘇省徐州市鼓樓區人民法院）against Xuzhou Guojin with aggregated alleged compensation of approximately RMB664,370. In which 3 of the cases was heard in favour of Buyers. These proceedings in still under the negotiation with those buyers for the settlement of compensation.

In the opinion of the Directors of Target Group, the relevant compensation of this proceeding has properly accounted for and no material impact on the

31. Material non-controlling interest

Summarised financial information on subsidiary with material non-controlling interests

Set out below is the summarised financial information for Xuzhou Guojin that has non-controlling interests that are material to the Target Group.

Summarised statement of financial position

	Xuzhou Guojin
	2013
	HK$'000
Current	
Assets	115,681
Liabilities	(100,655)
Total current net assets	15,026
Non-current	
Assets	144,716
Liabilities	(24,448)
Total non-current net assets	120,268
Net assets	135,294

Summarised statement of profit or loss

	Xuzhou Guojin
	2013
	HK$'000
Revenue	–
Profit before income tax	35,635
Income tax expense	(9,435)
Profit after tax	26,200
Other comprehensive expense	(5,083)
Total comprehensive income	21,117
Total comprehensive income allocated to Non-Controlling Interests	6,377

Summarised statement of cash flows

	Xuzhou Guojin
	2013
	HK$'000
Net cash generated from operations and operating activities	22,312
Net cash used in investing activities	(13,572)
Net cash used in financing activities	–
Net increase in cash and cash equivalents	8,740
Cash and cash equivalents at beginning of year	1,704
Exchange losses on cash and cash equivalents	(155)
Cash and cash equivalents at end of year	10,289

Acquisition of additional interest in Xuzhou Guojin

On 21 April 2016, the Target Group acquired an additional 29% of the registered capital of Xuzhou Guojin for a purchase consideration of HK$20,000,000. The carrying amount of the non-controlling interests in Xuzhou Guojin on the date of acquisition was approximately HK$37,882,000. The Target Group recognised a decrease in non-controlling interests of approximately HK$37,882,000 and an increase in equity attributable to owners of the Target Company of approximately HK$17,882,000. The effect of changes in the ownership interest of Xuzhou Guojin on the equity attributable to owners of the Target Company during the year is summarised as follows:

	HK$'000
Carrying amount of non-controlling interests acquired	37,882
Consideration paid to non-controlling interests	(20,000)
Surplus of consideration paid recognised within equity	17,882

B. SUBSEQUENT EVENTS

No significant events took place subsequent to 31 October 2016.

C. SUBSEQUENT CONSOLIDATED FINANCIAL STATEMENTS

No audited consolidated financial statements have been prepared by the Target Group in respect of any period subsequent to 31 October 2016 up to the date of this report.

Yours faithfully,
Elite Partners CPA Limited
Certified Public Accountants

Chan Wai Nam, William
Practising Certification Number: P05957

*Set out below is the management discussion and analysis of the business and results of operations of the Target Group for the year ended 31 December 2013, 31 December 2014, 31 December 2015 and for the ten months ended 31 October 2016 (the "**Relevant Period**").*

MANAGEMENT DISCUSSION AND ANALYSIS ON THE TARGET GROUP

Business Review

The Target Group comprises the Target Company, Golden State and Xuzhou Guojin. Xuzhou Guojin, being the subject operating subsidiary of the Target Group is principally engaged in property development of the Property Project. The Property Project is situated on the southwestern side of Huanghe West Road in Gulou District of Xuzhou with a total gross floor area of approximately 46,192.08 square metres. The immediate locality is a mixed commercial/ residential area, which comprises (i) 1 block of 20-storey residential building with a total of 80 residential units and with GFA of approximately 7,373.20 square metres; (ii) 1 block of 22-storey two structurally connected residential buildings with a total of 132 residential units and with a total GFA of approximately 14,946.11 square metres; (iii) 1 block of 13-storey office building with a total of 154 office units and with a GFA of approximately 7,646.57 square metres; (iv) an upper ground shopping mall with a total GFA of approximately 1,628.40 square metres; (v) an underground shopping mall with a total GFA of approximately 3,644.54 square metres; (vi) an underground car park with 165 car parking spaces and with a total GFA of approximately 7,659.08 square metres; and (vii) certain aboveground and underground ancillary facilities to be constructed as part of the Property Project, including but not limited to ecological greening and open plaza, with a total GFA of approximately 3,294.18 square metres.

Financial Review

Revenue and cost of sales

As at 31 October 2016, majority of the residential units and certain commercial units had been pre-sold. However, the pre-sold units had yet to be delivered to respective buyers due to delay in completion of the Property Project. As such, no revenue or cost of sales has been recorded for each of the three years ended 31 December 2013, 31 December 2014 and 31 December 2015 and for the ten months ended 31 October 2016.

Other income

Other income mainly represents interest income from a secured loan to a third party. On 25 July 2014, the Xuzhou Guojin entered into a loan agreement with Shenzhen Handong Wine Company Limited* (深圳漢唐酒業有限公司)("**Shenzhen Handong**"), a business acquaintance of the Vendors and an Independent Third Party pursuant to which Xuzhou Guojin agreed to lend

* *for identification purpose only*

to Shenzhen Handong a secured loan in the principal amount of RMB7,500,000 which bears interest rate of 14% per annum, for a term of three years. The loan was secured by certain quantity of the Shenzhen Handong's Chinese white wines stored at a designated warehouse.

Interest income for each of the three years ended 31 December 2013, 31 December 2014 and 31 December 2015 and for the ten months ended 31 October 2016 amounted to approximately HK$24,000, HK$589,000, HK$1,349,000 and HK$1,030,000, respectively.

Other gains and losses

Other gains and losses mainly represents fair value changes on investment properties of the Target Group and provision of compensation for Delay in Delivery on properties per-sold. For the year ended 31 December 2014 represented a gain of approximately HK$5.8 million which was mainly comprised fair value changes on investment properties of approximately HK$5.8 million. For the year ended 31 December 2015, other gains and losses represented a loss of approximately HK$8.8 million, mainly comprised fair value changes on investment properties o f approximately HK$16.3 million, as off-set by the provision of compensation for Delay in Delivery amounted to approximately HK$25.1 million. For the ten months ended 31 October 2016, other gain or losses represented gain of approximately HK$33.0 million, mainly contributed by the fair value changes on investment properties of approximately HK$35.5 million. As at 31 October 2016, the Uncompleted Processes of the Property Project including but not limited to (i) decoration; (ii) greening processes; and (iii) hydro power processes, have yet to be completed which lead to the contracted delivery date of properties units in May 2016 as stipulated under relevant presold agreements and/or subscription agreements has been delayed. The Target Group is actively communicating with the affected buyers to resolve such issue.

Selling and distribution costs

Selling and distribution expenses represents marketing cost to promote the pre-sale of the Property Project. For the year ended 31 December 2013, 31 December 2014, 31 December 2015 and for the ten months ended 31 October 2016, selling and distribution costs amounted to approximately HK$823,000, HK$2,001,000, HK$1,142,000 and HK$770,000 respectively. The Target Group obtained pre-sale permit in connection with residential units of the Property Project in late 2013 while obtained pre-sale permit in connection with commercial units in early 2014. As such, majority of the pre-sale promotions was taken part since 2014 and therefore, selling and distribution expenses throughout 2014 and 2015 were much higher than 2013. As majority of pre-sales was completed in 2015, the level of selling and distribution expenses remains normal throughout year 2016.

Administrative expenses

Administrative expenses of the Target Group mainly represents depreciation of property, plant and equipment and employee benefit expenses. For the year ended 31 December 2015, administrative expenses increased by approximately HK$2.5 million, or 149.0% as compared to in 2014, mainly as a result of the recognition of consultancy fee paid to a third-party consultant in the amount of HK$2.5 million for compensation for the provision of advisory services in connection with the real estate planning of the Property Project. For the ten months ended 31 October 2016, administrative expenses increased by approximately HK$0.7 million, or 19.6% than the corresponding period in 2015, such increase was mainly due to increase in entertainment expenses of approximately HK$0.9 million from approximately HK$0.1 million for the ten months ended 31 October 2015 to approximately HK$1.0 million for the corresponding period in 2016 to facilitate the progress of Property Project.

Number of staff and remuneration policy of staff

For the years ended 31 December 2013, 31 December 2014, 31 December 2015 and for the ten months ended 31 October 2016, number of staff of the Target Group ranged from 8 to 12. As the Target Group itself does not have construction team, all construction of the Property Projects was outsourced to independent construction companies.

In accordance with the relevant laws and regulations of the PRC, the Target Group must make contribution to the social insurance contribution scheme, which includes the endowment insurance, medical insurance and unemployment insurance for the employees.

Net profit/loss

The Target Group recorded profits of approximately HK$26,196,000, HK$1,215,000 for the two financial years ended 31 December 2013, and 31 December 2014, respectively, representing a decrease of approximately 95.36%. Such decrease was mainly due to the decrease in recognition of gain on change in fair value of investment properties of the Target Group from approximately HK$37,740,000 in 2013 to approximately HK$5,791,000 in 2014.

For the year ended 31 December 2015, the Target Group recorded a loss of approximately HK$16,881,000. Such loss was mainly due to (i) the provision of compensation of approximately HK$25,071,000 for late completion on the Property Project which was contracted to be delivered to the buyers in May 2016; and (ii) recognition of gain on change in fair value of investment properties of the Target Group of approximately HK$16,291,000 which partially net off the effect.

For the ten months ended 31 October 2016, the Target Group recorded a profit of approximately HK$20,101,000. Such profit was mainly attributable to the gain on change in fair value of investment properties of the Target Group of approximately HK$35,547,000.

Liquidity capital and financial resources

The Target Group recorded net current assets of approximately HK$13,728,000 as at 31 December 2013. As at 31 December 2014, 31 December 2015 and 31 October 2016, the net current liabilities were approximately HK$15,818,000, HK$51,250,000 and HK$54,867,000. As at 31 December 2013, 31 December 2014, 31 December 2015 and 31 October 2016 the cash and cash equivalents of the Target Group were approximately HK$10,309,000, HK$8,074,000, HK$15,205,000 and HK$1,936,000 respectively.

The net current liabilities were mainly due to the proceeds from pre-sale of the Property Project, which was classified as deposit received from customers under current liabilities. As at 31 December 2013, 31 December 2014, 31 December 2015 and 31 October 2016, deposit received from customers amounted to approximately HK$81,334,000, HK$142,681,000, HK$169,239,000 and HK$170,247,000, respectively. The Board aware that the contracted delivery date of the pre-sold units of the Property Project shall be on or before May 2016 while the pre-sold property units have yet to be delivered to the buyers as at 31 October 2016. Having sought legal advice from the Company's legal adviser and having enquired the management of the Target Group it is estimated that the possible maximum penalty in connection with the Delay in Delivery would amounted to approximately RMB20,000,000 (equivalent to approximately HK$22,540,000). Nevertheless, pursuant to the terms and conditions of the Agreement, the Vendors have undertaken to the Purchaser to provide full indemnity for any compensation (including interest), claim, expense and charge arose by ongoing or potential legal proceedings or lawsuits which concerning the Target Group or the Property Project's event before Completion Date. In view of the aforesaid, the Board considers that the impact of the Delay in Delivery would not be material to the financial position of the Target Group after Completion in this regard.

Borrowings and collaterals

During the three years ended 31 December 2013, 31 December 2014, 31 December 2015 and for the ten months ended 31 October 2016, the Target Group had no borrowings or any collaterals pledged by the Target Group.

Gearing ratio and capital structure

As at 31 December 2013, 31 December 2014, 31 December 2015 and 31 October 2016, gearing ratios (total loans/total assets) of the Target Group were approximately HK$Nil, HK$Nil, HK$Nil and HK$Nil, respectively.

Treasury policies and foreign exchange risk

For the three years ended 31 December 2013, 31 December 2014, 31 December 2015 and for the ten months ended 31 October 2016, there were no formal treasury policy. Income and expenses of the Target Group were dominated in RMB and there was no trading in foreign currency. Therefore, it is not exposed to material foreign exchange.

Contingent liabilities

As at 31 October 2016, the Target Group had following contingent liabilities:

1) In 2013, Xuzhou Zhongxin Concrete Limited*（徐州眾鑫混凝土有限公司）(the "Plaintiff 1") filed a civil law suit in respect of, among others, the dispute of the Concrete Purchase Contract*（混凝土購銷合同）("the Purchase Contract") with Xuzhou Guojin at the People's Court of Xuzhou City, Jiangsu Province*（江蘇省徐州市鼓樓區人民法院）against Xuzhou Guojin (the "Litigation 1").

   In the civil law suit, the Plaintiff 1 claimed for the ruling that i) Xuzhou Guojin shall cancel the Purchase Contract with the Plaintiff 1; and ii) Xuzhou Guojin shall settle the trade payable of approximately RMB1,750,000 and compensate on the default of the Purchase Contract of RMB50,000 with interest and; and iii) Xuzhou Goujin shall be liable for the costs of the civil law suit.

   This case was heard and judgement was delivered on 26 August 2013 in favour of the Plaintiff 1 However, Plaintiff 1 appealed to the Intermediate People's Court of Xuzhou City, Jiangsu Province.

   On 23 November 2013, Xuzhou Guojin has reached a settlement with the Plaintiff 1 that Xuzhou Guojin will settle the trade payable of approximately RMB 1,739,900 and Xuzhou Guojin has settled this case on 25 May 2014 accordingly.

* *For identification purposes only*

In the opinion of the Directors of Target Group, this proceedings will have no material impact on the operations of the Target Group.

2) In 2015, Chen Yunjin*（陳蘊金）(the "Plaintiff 2") filed a civil law suit in respect of, among others, the dispute of the Real Estate Sale and Purchase Agreement*（商品房買賣合同）(the "Sales Contract") with Xuzhou Guojin at the 江蘇省徐州市鼓樓區人民法院 (People's Court of Xuzhou City, Jiangsu Province*) against Xuzhou Guojin (the "Litigation 2").

In the civil law suit, the Plaintiff 2 claimed for the ruling that i) Xuzhou Guojin shall cancel the Sales Contract with the Plaintiff 2; and ii) Xuzhou Guojin shall refund of the consideration paid for the property of RMB940,000 and relevant interest; and iii) Xuzhou Goujin shall be liable for the costs of the civil law suit.

This case was heard and judgement was delivered on 8 November 2016 in favour of the Plaintiff 2. However, Xuzhou Guojin appealed to the Intermediate People's Court of Xuzhou City, Jiangsu Province.

The appeal was heard and judgement was delivered on 11 November 2016 in favour of the Buyer 2. Up to the date of this report, the relevant sales contract has been cancelled and the consideration has been refunded to Plaintiff 2.

In the opinion of the Directors of Target Group, the relevant compensation of this proceeding has properly accounted for and no material impact on the operations of the Target Group are expected.

3) In 2015, Wang Zhiqiang*（王志強）(the "Plaintiff 3") filed a civil law suit in respect of, among others, the dispute of the Sales Contract with Xuzhou Guojin at the People's Court of Xuzhou City, Jiangsu Province*（江蘇省徐州市鼓樓區人民法院）against Xuzhou Guojin (the "Litigation 3").

In the civil law suit, the Plaintiff 3 claimed for the ruling that i) Xuzhou Guojin shall cancel the Sales Contract with the Plaintiff 3; and ii) Xuzhou Guojin shall refund of the consideration paid for the property of RMB990,000 and relevant interest.; and iii) Xuzhou Goujin shall be liable for the costs of the civil law suit.

This case was heard and judgement was delivered on 24 June 2016 in favour of the Plaintiff 3. However, Xuzhou Guojin appealed to the Intermediate People's Court of Xuzhou City, Jiangsu Province.

The appeal was heard and judgement was delivered on 17 January 2017 in favour of the Plaintiff 3. This proceeding in still under the negotiation with the Plaintiff 3 for the settlement.

In the opinion of the Directors of Target Group, the relevant compensation of this proceeding has properly accounted for and no material impact on the operations of the Target Group are expected.

4) In 2015, Xuzhou City Jinshi Metal Material Limited*（徐州市金獅金屬材料有限公司）(the "Plaintiff 4") filed a civil law suit in respect of, among others, the dispute of the sales and purchase Contract with Jiangsu Jinding Worldwide Construction Technology Group Limited*（江蘇九鼎環球建設科技集團有限公司）(the "Defendant 1") and Xuzhou Guojin at the People's Court of Xuzhou City, Jiangsu Province*（江蘇省徐州市鼓樓區人民法院）against Xuzhou Guojin (the "Litigation 4").

   In the civil law suit, the Plaintiff 4 claimed for the ruling that i) The Defendant 1 and Xuzhou Guojin shall repay the loan of RMB8,150,000 to the Plaintiff; ii) Xuzhou Goujin refund the deposit of RMB100,000 to the Plaintiff 4.

   On 19 October 2016, the settlement has been reached among the Plaintiff 4; Defendant 1 and Xuzhou Guojin. Pursuant to the settlement deed, i) Xuzhou Guojin will pay the Plaintiff 4 of RMB8,150,000 on behalf of Defendant 1 and the amount will be subsequently deducted from the construction cost payable due to Defendant 1; and ii) Xuzhou Guojin will refund the deposit of RMB100,000 to the Plaintiff 4 by 31 December 2016.

   In the opinion of the Directors of Target Group, this proceedings will have no material impact on the operations of the Target Group.

5) In addition, during the Relevant Periods, saved as the Plaintiff 2 and Plaintiff 3, there are 13 buyers filed certain civil law suits in respect of, among others, the dispute of the Sales Contract with Xuzhou Guojin at the People's Court of Xuzhou City, Jiangsu Province*（江蘇省徐州市鼓樓區人民法院）against Xuzhou Guojin with aggregated alleged compensation of approximately RMB664,730. In which 3 of the cases was heard in favour of Buyers. These proceedings in still under the negotiation with those buyers for the settlement of compensation.

   In the opinion of the Directors of Target Group, the relevant compensation of this proceeding has properly accounted for and no material impact on the business operation of the Target Group.

* *For identification purposes only*

Material acquisition and disposal

The Target Group did not have any material acquisition and disposal of subsidiaries and associated companies during the years ended 31 December 2013, 2014 and 2015 and for the ten months ended 31 October 2016.

Significant investments

During the three years ended 31 December 2013, 31 December 2014, 31 December 2015 and for the ten months ended 31 October 2016, there was no significant investment held by Target Group.

Charges on assets

The Target Group finances of its business operation via initial registered capital and proceeds from pre-sales of the Property Project. As such, for each of the three years ended 31 December 2013, 31 December 2014 and 31 December 2015 and for the ten months ended 31 October 2016, the Target Group did not pledge any of its assets.

Future plans for material investments and capital assets

As at 31 October 2016, the Target Group did not have any future plans on material investments and capital assets.

Future Prospect

The Target Group will continue to engage its principal business upon completion of the Acquisition including real estate property development of the Property Project.

The Directors consider that Property Project are of high growth potential in the context of the optimistic prospect of the property market in Xuzhou. The Directors believe that with the Company's extensive experience in the development and operation of real estate properties in the PRC, acquisition of the Target Group will bring along positive impact on the businesses of the Group and thus create value for the Shareholders. Therefore, the Directors consider that the Acquisition is in the interest of the Company and the Shareholders as a whole.

Going forward, the Group will concentrate on the Group's existing property development projects in the first-tier PRC city while will continue to source for high net worth property project in the second-tier and third-tier PRC cities. Apart from its property development segment, the Group will also look for other areas of business opportunities which shall be asset-light in nature in order to strengthen the Group's cash flow position to support the on-going development of the Group's property development segment which are heavy capital demand in nature.

The following is the text of a report, prepared for the sole purpose of inclusion in this Circular from the independent reporting accountants of the Target Company, Elite Partners CPA Limited, Certified Public Accountants.

開元信德會計師事務所有限公司
ELITE PARTNERS CPA LIMITED
Certified Public Accountants

30 March 2017

10th Floor,
8 Observatory Road,
Tsim Sha Tsui,
Kowloon, Hong Kong

The Board of Directors
Grand Field Group Holdings Limited
Unit 1004B, 10th Floor, Tower 5,
China Hong Kong City,
33 Canton Road,
Tsim Sha Tsui, Kowloon,
Hong Kong

Dear Sirs/Madams,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information (the "**Unaudited Pro Forma Financial Information**") of Grand Field Group Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the Directors of the Company for illustrative purposes only.

The Unaudited Pro Forma Financial Information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2016, and related notes as set out on pages IV-4 to IV-10 in Appendix IV of the Company's circular dated 30 March 2017 (the "**circular**"), in connection with the proposed acquisition of Intra Asia Limited (the "**Transaction**") by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages IV-4.

The Unaudited Pro Forma Financial Information has been complied by the Directors of the Company to illustrate the impact of the Transaction on the Group's financial position as at 30 June 2016 as if the Transaction had taken place at 30 June 2016. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's condensed financial statements for the six months ended 30 June 2016, on which an interim report has been published.

DIRECTORS' RESPONSIBILITIES FOR THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 4.29 (7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 30 June 2016 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Company, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion:

(a) The Unaudited Pro Forma Financial Information has been properly complied by the Directors of the Company on the basis stated;

(b) Such basis is consistent with the accounting policies of the Group; and

(c) The adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours Faithfully,
Elite Partners CPA Limited

Certified Public Accountants
Hong Kong, 30 March 2017

Chan Wai Nam, William
Practising Certificate Number: P05957

A. INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE ENLARGED GROUP

Introduction

The accompanying unaudited pro forma financial information (the "**Unaudited Pro Forma Financial Information**") of the Enlarged Group (as defined in this circular) has been prepared by the Directors (as defined in this circular) in accordance with Rule 4.29 of The Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited, for illustrative purposes only, to provide information about how the proposed Acquisition (as defined in this circular) as detailed in the "Letter from the Board" included in this circular might have affected the financial position of the Group as if the Acquisition had been completed on 30 June 2016 in respect of the unaudited pro forma statement of financial position of the Enlarged Group.

The Unaudited Pro Forma Financial Information is prepared based on the condensed consolidated statement of financial position of the Group as at 30 June 2016 as extracted from the interim report of the Group for the six months ended 30 June 2016 and the audited statement of financial position of the Target Group as at 31 October 2016 as extracted from the accountant's report as set out in Appendix II of this Circular after making certain pro forma adjustments resulting from the proposed Transaction.

The Unaudited Pro Forma Financial Information is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the Unaudited Pro Forma Financial Information, it may not give a true picture of the actual financial position of the Group that would have been attained had the proposed Transaction actually occurred on 30 June 2016. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Group's future financial position.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the interim report of the Group for the six months ended 30 June 2016 and the accountant's report of the Target Group as set out in Appendix II to this Circular.

B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

	Consolidated statement of assets and liabilities of the Group as at 30 June 2016	Consolidated Statement of assets and liabilities of the Target Group as at 31 October 2016		Pro Forma adjustments			Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 30 June 2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(note 1)	*(note 2)*	*(note 3)*	*(note 4)*	*(note 5)*	*(note 6)*	
Non-current assets							
Property, plant and equipment	15,368	25	–	–	–	–	15,393
Investment properties	1,366,571	216,339	–	1,381	–	–	1,584,291
Goodwill	–	–	–	2,700	–	–	2,700
Intangible assets	–	–	–	15,819	–	–	15,819
Prepaid premium for land leases	13,281	–	–	–	–	–	13,281
Properties for sale under development	580	–	–	–	–	–	580
Deferred tax assets	8,400	–	–	–	–	–	8,400
	1,404,200	216,364	–	19,900	–	–	1,640,464
Current assets							
Inventories	3,772	–	–	–	–	–	3,772
Properties for sale under development	125,149	134,133	–	2,067	–	–	261,349
Properties for sale	29,523	–	–	–	–	–	29,523
Loan receivables	–	8,585	–	–	–	–	8,585
Other receivables, deposits and prepayments	13,112	27,828	–	–	20,821	–	61,761
Amount due from a director	1,004	–	–	–	–	–	1,004
Tax recoverable	89	–	–	–	–	–	89
Cash and cash equivalents	6,618	1,936	(22,540)	–	–	–	(13,986)
	179,267	172,482	(22,540)	2,067	20,821	–	352,097
Current liabilities							
Trade and other payables	36,995	31,107	–	–	–	1,600	69,702
Deposits received	–	170,247	–	–	–	–	170,247
Interest-bearing borrowings	11,581	–	–	–	–	–	11,581
Obligation under finance lease due within one year	151	–	–	–	–	–	151
Amount due to the ultimate shareholder	–	2,587	–	(23,408)	20,821	–	–
Provision of compensation for late completion	–	23,408	–	–	–	–	23,408
Amounts due to directors	677	–	–	–	–	–	677
Tax payables	329	–	–	–	–	–	329
	49,733	227,349	–	(23,408)	20,821	1,600	276,095
Net current assets/(liabilities)	129,534	(54,867)	(22,540)	25,475	–	(1,600)	76,002
Total assets less current liabilities	1,533,734	161,497	(22,540)	45,375	–	(1,600)	1,716,466
Non-current liabilities							
Deferred tax liabilities	294,016	35,762	–	10,520	–	–	340,298
Convertible Bonds – debt portion	–	–	125,849	–	–	–	125,849
	294,016	35,762	341,025	10,520	–	–	466,147
NET ASSETS	1,239,718	125,735	(148,389)	34,855	–	(1,600)	1,250,319

C. NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes to the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group:

1. The condensed consolidated statement of assets and liabilities of the Group as at 30 June 2016 is extracted from the Company's published interim report for the six months ended 30 June 2016.

2. The audited consolidated statement of assets and liabilities of the Target Group as at 31 October 2016 is extracted from Appendix II to this circular.

3. The adjustment reflects the consideration for the Acquisition to be satisfied by the Company amounted to approximately HK$207,000,000. Pursuant to the Agreement, the consideration for the Acquisition would be satisfied by cash consideration and issuance of Promissory Notes and Consideration Shares. The assumed fair value of the consideration for the acquisition represents as follows:

	HK$'000
Cash consideration *(note i)*	22,540
Consideration Shares *(note ii)*	64,050
Convertible Bonds *(note iii)*	137,000
	223,590

Note

(i) Cash consideration represents a refundable deposit of HK$ 11,270,000 shall be payable in cash within one month upon signing of the Agreement and further HK$ 11,270,000 shall be payable in cash by the Company to the Vendors within seven business days upon completion.

(ii) The allotment and issue of 210,000,000 Consideration Shares by the Company at the price of HK$0.305 (i.e. share price of the Company on 31 December 2016) per Consideration Share (approximately HK$64,050,000).

(iii) The Convertible Bonds have a principal amount of HK$137,000,000 and a repayment term of 18 months from the date of issue (the "CB Maturity Date"). The Company have the rights to redeem the whole or any part of the principal amount of the Convertible Bonds at any time on any business day prior to the CB Maturity Date at its principal amount outstanding.

The assumed fair value of the debt and equity component of the Convertible Bonds was estimated to be HK$125,849,000 and HK$11,151,000 respectively on the initial recognition date. In subsequent periods, the debt component is carried at amortised cost using the effective interest method. The effective interest rate of the debt component is 9% per annum.

Since the fair value of the Consideration Shares and Convertible Bonds at the completion date may be substantially different from the above used in preparing this Unaudited Pro Forma Financial Information, the amount of the Consideration at the completion date may be different from the amounts presented and the difference may be significant.

4. The adjustments represent the allocation of the pro forma purchase consideration to the Target Group's identifiable assets and liabilities acquired.

Upon the completion of the Acquisition, the identifiable assets and liabilities of the Target Group will be accounted for in the consolidated financial statements of the Enlarged Group at fair value under the acquisition method of accounting in accordance with HKFRS 3.

The pro forma allocation of purchase consideration to the identifiable assets and liabilities of the Target Group has been based upon management's preliminary estimates as well as the assistance from an independent professional valuer of their fair values and certain assumptions with respect to the assets to be acquired and the liabilities to be assumed. The actual fair values of the assets and liabilities will be determined as of the completion date and may differ materially from the amounts disclosed below in the preliminary pro forma purchase price allocation.

	note	Carrying amount HK$'000	Fair value adjustment HK$'000	Assumed fair value HK$'000
Property, plant and equipment		25	–	25
Investment properties	ii	216,339	1,381	217,720
Intangible assets	i	–	15,819	15,819
Properties for sale under development	ii	134,133	2,067	136,200
Loan receivable		8,585	–	8,585
Other receivable, deposit and Prepayment		27,828	–	27,828
Cash and bank balance		1,936	–	1,936
Accounts payable and other payables		(31,107)	–	(31,107)
Deposit received		(107,247)	–	(107,247)
Amount due with the ultimate shareholder	iii	(2,587)	23,408	20,821
Provision of the compensation for late completion on properties sales		(23,408)	–	(23,408)
Deferred tax liabilities	iv	(35,762)	(10,520)	(46,282)
Amount of identification net assets acquired				220,890
Less: Fair value of Consideration				(223,590)
Goodwill	v			2,700

Note

(i) The fair value of the intangible assets of HK$15,819,000, being the non-cancellable lease agreement. The directors of the Company have reviewed the carrying value of intangible assets of the Enlarged Group which will arise from the Acquisition in accordance with Hong Kong Accounting Standard 36 Impairment of Assets ("HKAS 36").

(ii) The fair values of the investment properties and properties for sale held by the Target Group were reference to valuation report prepared by the Valuer. The valuation was carried out on a fair value basis in accordance with International Valuation Standard published by The International Valuation Standards Council and the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited. The total fair value of investment properties and properties for sale of Target Group was approximately RMB316,000,000 (equivalent to HK$353,920,000) as set out in the Valuation Report in Appendix V to this circular.

Their fair values were analysed as follows:

	HK$'000
Fair value of investment properties	217,720
Fair value of properties for sale	136,200
Fair value of all properties	353,920

(iii) Pursuant to the Agreement, the Vendors agreed to reimburse all legal cost and compensation up to the date of acquisition, in the opinion of Directors, the fair value of the receivables are therefore with reference to the carrying amount of the provision of the compensation for late completion on properties for sales.

(iv) An adjustment for the expected future taxable temporary difference arising from fair value adjustment has been recognised as deferred tax liability of approximately HK$10,152,000 at the statutory income tax rate at 25%

(v) Goodwill arising from the Acquisition of approximately HK$2,700,000. According to the Group's accounting policy, after initial recognition, the goodwill will be measured at cost less any accumulated impairment losses. Goodwill will be tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, the goodwill will be, from the acquisition date, allocated to one or more of the Group's cash generating unit ("CGU") that are expected to benefit from the synergies of the Acquisition, irrespective of whether other assets or liabilities of the Group are assigned to those CGUs.

Further, according to the Group's accounting policy, impairment loss will be recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset. An impairment loss on goodwill is not reversed in subsequent periods.

The assumed fair values of (i) the identifiable assets and liabilities of the Target Group; (ii) goodwill (iii) Consideration Shares and (iv) Convertible Bonds will be re-assessed at the actual completion date of the Acquisition, the amount of intangible assets to be recognised in connection with the Acquisition at the completion date are therefore subject to changes from the pro forma amounts shown above.

For the purpose of preparation of the Unaudited Pro Forma Financial Information, the management of the Company has assessed whether the intangible assets and goodwill may be impaired on a pro forma basis in accordance with Hong Kong Accounting Standard 36 ("HKAS 36") "Impairment of Assets". The Target Group is identified as a cash generating unit ("CGU") that the intangible assets and goodwill are allocated to. The recoverable amount of the CGU has been determined based on value in use calculation and determined with the assistance of an independent professional qualified valuer for the purpose of preparation of the Unaudited Pro Forma Financial Information.

Based on the impairment test of intangible assets and goodwill, the management of the Group assessed that the pro forma recoverable amount of the CGU is determined to be higher than the pro forma carrying amount of the CGU, including goodwill, and hence there is no pro forma impairment loss identified in respect of the goodwill and intangible assets. The Directors confirm that they will apply consistent accounting policies and principal assumptions for the annual assessment of impairment of intangible assets and goodwill in the preparation of the consolidated financial statements of the Group after the completion of the Acquisition as required under HKAS 36.

5. The adjustment represents the reclassification from amount due with the ultimate shareholder to other receivable.

6. The adjustment is made to reflect the accrual for the estimated transaction costs, such as professional fees and printing costs, of approximately HK$1,600,000 that are directly attributable to the Acquisition.

7. No other adjustment has been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2016.

The following is the text of a valuation report prepared for inclusion in this document, received from APAC Asset Valuation and Consulting Limited, an independent property valuer, in connection with their valuation as of 31 December 2016 of the Property to be acquired by the Group

APAC Asset Valuation and Consulting Limited
Units 07-08, 17/F, Loon Kee Building, 267 – 275 Des Voeux Road Central, Hong Kong
Tel: (852) 2357 0059
Fax: (852) 2951 0799

The Directors
Grand Field Group Holdings Limited
Unit 1004B, 10/F
Tower 5, China Hong Kong City
33 Canton Road, Tsim Sha Tsui
Kowloon
Hong Kong

30 March 2017

Dear Sirs,

RE: A PROPERTY PROJECT LOCATED IN HUANGHE WEST ROAD, GULOU DISTRICT, XUZHOU, JIANGSU PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA (THE "PROPERTY")

In accordance with the instructions from Grand Field Group Holdings Limited (the "Company") for us to value the Property to be acquired by the Company and its subsidiaries (hereinafter together referred to as the "Group") situated in The People's Republic of China (the "PRC"), we confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31 December 2016 (the "valuation date") for the purpose of incorporation into the circular issued by the Group.

BASIS OF VALUATION

Our valuation of the Property is our opinion of its market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date 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.

We are independent of the Group and our valuation is prepared in accordance with the "International Valuation Standards" published by the International Valuation Standards Council and the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the value of the Property.

No allowance has been made in our valuation report for any charge, mortgage or amount owing on the Property nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

VALUATION METHODOLOGY

In undertaking our valuation for the Property, which is held by the owner under development in the PRC, we have valued the Property on the basis that it will be developed and completed in accordance with the latest development proposal provided to us. We have assumed that all consents, approvals and licenses from the relevant government authorities for the development proposal have been obtained without onerous conditions or delays. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable sales transactions as available on the relevant markets and have also taken into account the expended construction cost and the cost that will be expended to complete the development to reflect the quality of the completed development.

TITLE AND ASSUMPTIONS

We have been provided with copies of extracts of title documents relating to the Property. However, we have not caused title searches to be made for the Property at the relevant government bureaus in the PRC and have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which may not appear on the copies handed to us. In undertaking our valuation for the Property in the PRC, we have relied on the legal opinion provided by the Group's PRC legal adviser, Guangdong Shiwen Law Firm (廣東時文律師事務所), regarding the title and other legal matters to the Property.

SOURCES OF INFORMATION

We have relied to a very considerable extent on information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, lettings, site and floor areas and all other relevant matters. No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation report are only approximations. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and accuracy of the information provided to us by the Group, which is material to our valuation. We were also advised by the Group that no material facts have been omitted from the information provided to us.

SITE INSPECTIONS

Site inspection of the Property was carried out by Mr. Bond Lai (BCom) in November 2016. We have inspected the exterior and, where possible, the interior of the Property. We have not inspected those parts of the Property which were covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition. We have not carried out detailed measurements to verify the correctness of the areas in respect of the Property but have assumed that the areas shown on the title documents handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

In the course of our inspection, we did not notice any serious defects. However, no structural survey has been made and we are therefore unable to report whether the Property is free of rot, infestation or any other structural defects. No tests have been carried out on any of the services.

LIMITATION OF LIABILITIES

This valuation report is issued on the understanding that you have drawn our attention to all matters of which they are aware concerning the Property which may have an impact on our valuation report up to the valuation date. We have no responsibility to update this valuation report for events and circumstances occurring after the date of completion of our assessment but will be pleased to discuss further instructions as may be required.

MANAGEMENT CONFIRMATION OF FACTS

A draft of this valuation report and our calculation has been sent to the Group. The Group has reviewed and orally confirmed to us that facts as stated in this valuation report and calculation are accurate in all material respects and that the Group is not aware of any material matters relevant to our engagement which have been excluded.

CURRENCY

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

Our valuation report is attached.

Yours faithfully,

For and on behalf of
APAC Asset Valuation and Consulting Limited
K. H. CHEUNG
MRICS, RPS (GP)
Associate Director

Note: Mr. K. H. Cheung is a Registered Professional Surveyor in General Practice Division with over 12 years' valuation experience on properties in the PRC.

VALUATION REPORT

Property held for development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2016
A Property Project located in Huanghe West Road, Gulou District, Xuzhou, Jiangsu Province, PRC	The Property is situated on the southwestern side of Huanghe West Road in Gulou District of Xuzhou. The immediate locality is a mixed commercial/ residential area. Developments in the vicinity comprise residential and commercial buildings of various ages and heights. According to the development proposal provided by the Group, the Property will be developed into a large-scale residential/ commercial development which will comprise two residential buildings and an office tower being erected on two parcels of land with a total site area of approximately 15,528.40 sq m. A shopping arcade together with a carpark are also being constructed underneath the aforesaid two land parcels. The total gross floor area of the Property will be approximately 46,192.08 sq m. Details of the uses and approximate gross floor areas of the Property are listed as follows:	As at the valuation date, the Property was under construction.	RMB316,000,000 *(refer to Note 12)*

Use	Approximate Gross Floor Area *(sq m)*
Residential	22,319.31
Office	7,646.57
Commercial (Aboveground)	1,628.40
Commercial (Underground)	3,644.54
Car Park (Underground)	7,659.08
Ancillory Facilities (Underground)	3,230.94
Ancillary Facilities (Aboveground)	63.24
Total:	46,192.08

As advised by the Group, the Property is scheduled for completion in the 4th quarter of 2017.

The land use rights of the Property have been granted for two concurrent terms expiring on 19 March 2049 and 19 March 2079 for finance and residential uses respectively.

Notes:

1. Pursuant to the Land Grant Contract – No. 3203012008CR0038 dated 26 December 2008, the land use rights of a parcel of land with a site area of 15,528.00 sq m have been agreed to be granted to Xuzhou Guojin Property Development Limited (徐州國金房地產開發有限公司) ("Xuzhou Guojin"). Details of the said contract are as follows:

Site Area	:	15,528.00 sq.m.
Land Use	:	Residential and Commercial Finance
Land Use Term	:	Residential – 70 years
		Commercial Finance – 40 years
Plot Ratio	:	Not higher than 3.2 and not less than 2.56
Building Density	:	Not higher than 55% and not less than 44%
Green Ratio	:	Not less than 20%
Building Period	:	Construction has to be commenced before 26 June 2009 and completed before 26 June 2011
Total Consideration	:	RMB42,000,000

2. Pursuant to the following State-owned Land Use Certificates, the land use rights of two parcels of land with a total site area of 15,528.40 sq m have been granted to Xuzhou Guojin. Details of the said certificates are as follows:

No.	**Certificate No.**	**Issue Date**	**Site Area** *(sq m)*	**Use**	**Expiry Date**
1.	Xu Tu Guo Yong (2009) No. 11859	2 June 2009	13,847.40	Finance Residential	19 March 2049 19 March 2079
2.	Xu Tu Guo Yong (2010) No. 08856	16 March 2010	1,681.00	Finance Residential	19 March 2049 19 March 2079
		Total:	**15,528.40**		

3. Pursuant to the Construction Land Planning Permit – Xu Shi Gui Di Di Zi No. 320300200901024 dated 19 March 2009, Xuzhou Guojin was permitted to use a parcel of land with a site area of 23.3 mu for residential, commercial and office developments.

4. Pursuant to the Construction Work Planning Permit – No. 20090053 dated 1 March 2012, the construction works of Residential Building Nos. 1 and 2, Commercial Office Tower No. 3, a basement, a public toilet, a garbage room and a guard room with a total gross floor area of 47,121.60 sq m (among which 31,642.01 sq m was the gross floor area under the specific plot ratio) were approved to construct.

5. Pursuant to the Construction Work Commencement Permit – No. 0091411 320300020120151 dated 16 November 2012, the construction works of Residential Building Nos. 1 and 2, Commercial Office Tower No. 3 and a basement with a total gross floor area of 46,228.00 sq m were approved to commence.

6. Pursuant to the following Pre-sale Permits, various buildings of the Property with a total gross floor area of 35,238.82 sq m have been permitted for pre-sale. Details of the said permits are as follows:

No.	Permit No.	Issue Date	Building	Gross Floor Area *(sq m)*
1.	Xu Fang Shou Xu Zi (2013) No. 103	16 August 2013	Building Nos. 1 and 2	22,319.31
2.	Xu Fang Shou Xu Zi (2014) No. 18	30 January 2014	Building No. 3	9,274.97
3.	Xu Fang Shou Xu Zi (2014) No. 239	27 October 2014	Basement	3,644.54
			Total:	**35,238.82**

7. As advised by the Group, portion of the buildings with a total gross floor area of 23,010.25 sq m has been pre-sold under various sales and purchases agreements and/or subscribed at a total consideration of approximately RMB159,000,000 as at the valuation date. We have taken into account the said amounts in our valuation.

8. As advised by the Group, 52 car parking spaces have been agreed to be leased for a term of 20 years (starting from the date where the car park can be transferred for use) at a total rent of approximately RMB7,800,000 as at the valuation date. The lessee can continue to use the car parking spaces until the date where the land use term of the Property expires without paying any rent after the aforesaid lease term of 20 years.

9. As advised by the Group, as at the valuation date, the total construction cost incurred was RMB126,000,000 and the total construction cost to be accrued was approximately RMB34,000,000. We have taken into account the said amounts in our valuation.

10. The market value of the Property as if completed as at the valuation date was RMB381,000,000.

11. We have been provided been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, *inter alia*, the following:-

    (i) Xuzhou Guojin has obtained the land use rights of the two land parcels of the Property and can exercise their rights to occupy, use, earn from and dispose of such land use rights independently under the PRC laws. They are also entitled to develop, construct, transfer, lease and mortgage such land use rights;

    (ii) the land use rights of the Property are not subject to any mortgages, pledges and seizures;

    (iii) Xuzhou Guojin has obtained all the relevant approvals, permits and certificates for the development of the Property and such approvals, permits and certificates have not been withdrawn and cancelled;

    (iv) Xuzhou Guojin can sell the buildings as stated in the aforesaid Pre-sale Permits in public and the relevant income is legal;

    (v) Xuzhou Guojin can sell each unit of the underground car parking spaces to the owners of the Property and the relevant income is legal;

    (vi) the relevant sales and purchase agreements of the Property are legal, effective and binding;

    (vii) Xuzhou Guojin legally owns the unsold portion of the Property and is entitled to transfer, lease, mortgage or by other legal means dispose of such portions;

(viii) the Property has not been completed before the completion deadline (i.e. 26 June 2011) as stated in the relevant Land Grant Contract. If the land grantor requests for damages, the grantee can seek for help from the People's Court to adjust the damages reasonably according to the actual loss of the land grantor. Moreover, as the acquisition contract has already stated that the vendor will be responsible for all the disputes and damages come out before the completion of the equity transfer and most of the relevant payment has been agreed to be settled after the completion of the Property, this issue will not have any substantial effect on the equity transfer provided that the acquisition contract has appropriate constraints on the vendor;

(ix) most of the pre-sold commodity units of the Property cannot be delivered to the buyers before the deadlines set out in the respective Sales and Purchase Agreements. The reasonable compensation amount cannot be confirmed but the maximum amount would be around RMB20,000,000 if the delivery date postpones to 31 December 2017. As the potential compensation amount is small relative to the equity transfer, this issue will not have any substantial effect provided that the acquisition contract has appropriate constraints on the vendor; and

(x) the Property is subject to various litigations and the potential payment obligation to be borne by Xuzhou Guojin should be approximately RMB1,754,370. At the same time, two sold commodity units can be resold. After consulting with Xuzhou Guojin, as the potential payment amount is relatively small, this issue will not have any substantial effect on Xuzhou Guojin.

12. In the course of our valuation, we have based on the assumption that the Property is free from any potential penalties and compensations as stated by the Group's PRC legal adviser. Moreover, as advised by the Group, the underground car park is located in civil defense area, thus we have ascribed no commercial value to this portion as Xuzhou Guojin has not obtained any Pre-sale Permits and other relevant title documents for the aforesaid underground car park.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(a) Directors and chief executive

As at the Latest Practicable Date, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of 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 the directors or chief executive of the Company were deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules ("Model Code") were as follows:

Share – long position

Name of directors	Capacity/ Nature of interests	Number of ordinary share(s) held	Number of underlying shares held pursuant to share options	Total	Total interests as percentage of the issued share capital
Ma Xuemian	Beneficial Owner	–	14,229,222 (L)	14,229,222 (L)	1.25%
Kwok Siu Bun	Beneficial Owner	1,000,000 (L)	12,725,860 (L)	13,725,860 (L)	1.21%
Chow Kwai Wa Anne	Beneficial Owner	1,300,000 (L)	12,425,860 (L)	13,725,860 (L)	1.21%
Kwok Siu Wa Alison	Beneficial Owner	2,000,000 (L)	11,725,866 (L)	13,725,860 (L)	1.21%
Tsang Tsz Tung Debbie	Beneficial Owner	–	13,222,498 (L)	13,222,498 (L)	1.16%
Hui Pui Wai Kimber	Beneficial Owner	–	5,290,763 (L)	5,290,763 (L)	0.47%
Liu Chaodong	Beneficial Owner	–	5,290,763 (L)	5,290,763 (L)	0.47%
Chui Wai Hung	Beneficial Owner	–	5,290,763 (L)	5,290,763 (L)	0.47%

(L): Long position

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company, or any of its associated corporation (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders

As at the Latest Practicable Date, the persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Share – long position

Name of Shareholders	Capacity/ nature of interests	Number of ordinary share(s) held	Total interests as percentage of the issued share capital
Rhenfield Development Corp. *(Note)*	Beneficial Owner	165,564,529	14.57%
Tsang Yee	Interest of Controlled Corporation *(Note)*	165,564,529	14.57%

Note: Rhenfield Development Corp. is owned by Mr. Tsang Yee who is deemed to be interested in 165,564,529 shares of the Company pursuant to the Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, no other substantial shareholder or person had an interest or short position in the shares or underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO.

3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor any of their respective close associates had interests in businesses, other than being a director of the Group and their respective close associates, which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the Company or any member of the Group within one year without payment of compensation (other than statutory compensation)).

5. INTERESTS IN CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting which was significant in relation to the business of the Group.

6. INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which, since 31 December 2015 (the date to which the latest published audited financial statements of the Group were made up), had been or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

7. LITIGATION

As at the Latest Practicable Date, save as the following litigations, there was no other litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group:

(i) An Originating Summons was issued on 4 June, 2008 under High Court Miscellaneous Proceedings No.1059 of 2008 ("HCMP 1059/2008) by Mr. Tsang Wai Lun, Wayland ("Tsang"), a former director and shareholder of the Company, as the plaintiff and the Company as the defendant under section 168BC of the Companies Ordinance (the old Cap.32 of the Law of Hong Kong), details of which please refer to Paragraph 34(i) of the Company's Annual Report 2013.

(ii) Pursuant to the statutory leave granted under H.C.M.P. 1059/2008, Tsang suing as a shareholder for and on behalf of the Company as the plaintiff issued a writ of summons against the aforesaid 8 then directors as 1st to 8th defendants in the High Court of Hong Kong on 18 March 2009 under High Court No.771 of 2009 ("the Action"). The title of the plaintiff was subsequently amended as the name of the Company by a court order dated 29 March, 2011.

In brief, the case was in relation to the alleged breaches by the 8 then directors (comprising the then board of directors of the Company) of their fiduciary duties and duties of care owed to the Company as directors in respect of certain resolutions and transactions and the Company claimed against the aforesaid 8 then directors for damages, etc.

Before the conclusion of the trial, the Company reached settlement with 3rd, 4th, 5th, 6th and 8th Defendant. The hearing of the Action was completed on 24 October, 2012 and Judgment was delivered on 17th June, 2014 in which, all the claims by the Company were dismissed and costs be granted to the 1st, 2nd and 7th Defendant with certificate of two counsel ("the Judgment").

For details of the case please refer to Paragraph 34(ii) of the Company's Annual Report 2013.

After the Judgment, the Company had been claimed by Tsang for re-imbursement of the legal costs pre-paid by Tsang in respect of HCMP 1059/2008 and the Action. According to the independent legal advices sought by the Company, the Company has reimbursed Tsang for the said legal costs.

Furthermore, the Company have to bear the legal costs of the 1st, 2nd and 7th Defendant in the Action.

In the opinion of the Directors, the legal costs incurred in the Action and HCMP which the Company have to bear are estimated to be HK$20 million and provision thereof has been made accordingly. Please refer to the Profit Warning of the Company made on 29th July, 2014.

By the Consent Order dated 12th January, 2017, the Company have reached a settlement with the Defendants in respect of the amount of their costs. Therefore, the Action has been fully and final settled.

* *Upon the application of the Company, the court granted an order as amended on 5th June, 2014 for prohibition of disposal of the shares of the Company by Hong Kong Zhongxing Group Co., Limited ("HKZX") and/or Li Yi, the sole shareholder thereof to the amount of HK$40,000,000. The said Injunction order was discharged by the Court on 12th November, 2014.*

** *Pursuant to the leave granted by High Court on 23rd August, 2013, the Company has instituted an originating summons against Huang Binghuang and/or Li Yi for contempt of court as a result of their alleged breach of the Injunctions orders granted under the Action. The said originating summons have been settled out of court by the Company and the 2nd Defendant with no order as to costs and the claim against 1st Defendant has been discontinued. In the opinion of the Directors, has no material impact on the operation of the Group nor does it have any financial impact on the Company.*

(iii) Having sought legal advice, the Company has lodged an appeal against the Judgment to the Court of Appeal on 11th July, 2014 under CACV 140/2014 ("the Appeal"). The Appeal was heard on 9th December, 2015 and was dismissed on 20th January, 2016 and 1st Defendant's costs of the Appeal be paid by the Company and the 7th Defendant's costs up to the date of the Company's withdrawal of the Appeal be paid by the Company and there being no order as to costs between the Company and the 2nd Defendant.

The costs orders against the Company and their own costs in the Appeal respectively have been fully and finally settled. The Directors opine that the said costs orders and its own costs will have no material impact on the financial position and the Directors opine that the Action and the Appeal will have no material impact on the operations of the Group.

(iv) In 2006, the Group's subsidiary, Shing Fat Hong Limited ("Shing Fat Hong"), signed a tenancy agreement with a karaoke operator for a ten-year period, whereby Shing Fat Hong was required to renovate and combine two entire floors of its commercial properties in Dongguan. The karaoke operator failed to apply for an operating license due to non-compliance of the building structure with fire safety regulations Since 2007, the tenant has initiated several legal proceedings against Shing Fat Hong in Local PRC courts for validation of the tenancy agreement and for compensation of decoration fees and other economic losses of RMB4,500,000. However, Shing Fat Hong has appealed to and sue the tenant in local PRC courts for compensation of renovation and restoration of the properties, loss of rental income and other economic losses of RMB 2,056,000. In 2009, Shing Fat Hong has lost in a court case to claim against the tenant for compensation of restoration of the properties but Shing Fat Hong appealed to the Intermediate People's Court of Dongguan City, Guangdong Province. On 10th April, 2013, the Intermediate People's Court of Dongguan City, Guangdong Province issued a civil judgment, under which such cases were ordered to remand back to the Third People's Court of Dongguan City, Guangdong Province for retrial. On 8th January, 2016, the Third People's Court of Dongguan City, Guangdong Province had delivered judgments but the parties have lodge relevant appeals and the respective appeals had been dismissed.

(v) On 5th December, 2013, an originating summons instituted by HKZX, a substantial shareholder of the Company as plaintiff and the Company as defendant under High Court Miscellaneous Proceedings No.3278 of 2013 was instituted. The said plaintiff seeks leave from the High Court under section 168BC of the Companies Ordinance (the old Cap.32 of the Law of Hong Kong) to claim on behalf of the Company against Tsang Wai Lun Wayland and Kwok Wai Man Nancy (hereinafter collectively referred to as "Tsangs"), the former Chairman and executive directors of the Company respectively for their alleged breach of fiduciary duties and claims costs to be paid by the Company on an indemnity basis.

After hearing of the said Originating Summons, upon the Company's undertaking to pursue the High Court Action No.HCA2471/2008, details of which are prescribed in paragraph ix) hereinafter and to keep the Plaintiff informed of the progress there of, the Court ordered that the originating summons be adjourned sine dine with liberty to apply. By an order dated 20th November, 2014, the Company should pay the costs of the said originating summons to HKZX, the amount of which had been agreed and paid by the Company.

vi) On 14th January, 2014, the Company as plaintiff has instituted a Writ of Summons under High Court Action HCA 85/2014 against 1st Defendant Li Yi, the sole shareholder of HKZX, 2nd Defendant, Huang Binghuang, a former executive director of the Company and 3rd Defendant the HKZX. Please refer to Paragraph 33(ix) of the Company's 2014 Annual Report for details thereof.

The writ of summons has been served upon the said Hongkong Zhongxing Group Co. Limited on 15th January, 2014. The Defence and the Reply thereto have been filed by the HKZX and the Company respectively. Having sought legal opinion the Company decided not to proceed with this action after the dismissal of the Appeal and this Action was by consent of 3rd Defendant discontinued with no order as to costs. The claim against the 1st and 2nd Defendants had been discontinued.

The Directors are of the opinion that the said action will have no material impact on the operations of the Company, nor does it have any financial impact on the Company.

vii) The Case no.(2013) Shen Luo Fa Min Er Chu Zi Di No.602(2013) under which Shenzhen Yizhou Hotel Management Co., Limited as plaintiff initiated proceedings against, among others, four companies, namely GF Land Development (Shenzhen), Hong Kong Grand Field Group Limited, Shenzhen City Liangzi Jingshun Investment Management Co., Limited, and Huilai County Haoyuan Industrial Co., Limited for the alleged jeopardizing the plaintiff's right. This case was heard and judgment was delivered on 10th July, 2014 in favour of the Defendants. However, the plaintiff appealed but the appeal was dismissed on 16th February, 2016.

The Directors are of the opinion that the case has no material impact on the operations of the group nor does it have any impact on the financial position of the Group relating to this case.

viii) A summons was issued and filed with Lo Hu Court against GF Land Development (Shenzhen) in which Shenzhen City YiZhou Hotel Management Company Limited as plaintiff claims against GF Land Development (Shenzhen) as defendant for a total sum of RMB13,380,000 and interest. By a civil judgment of Lo Hu Court dated 21st October, 2014, it was ordered, *inter alia*, that the interest of GF Land Development (Shenzhen) in Shenzhen Land was distrained up to the amount of RMB 12,717,600 pending the outcome of the Summons. However, YiZhou's claims have been dismissed by the Lo Hu Court on 10th October, 2016.

By a civil judgment of Lo Hu Court dated 5th December, 2014 the Shenzhen Land formerly distrained had been released after the provision of the properties owned by Shing Fat Hong Limited, a subsidiary of the Company as guaranty. The amount to be distrained remains RMB 12,717,600 pending the outcome of the Summons. After the said release, the registered title of the Shenzhen Land has been successfully transferred into Shenzhen Zongke.

In the opinion of the Directors, the summons has no material impact on the operations of the Group. However, the Directors cannot reliably measure the financial impact of the summons until the summons has been finally concluded.

ix) Pursuant to Order granted in HCMP 3278/2013 as mentioned in paragraph v) hereinbefore, the Company has instructed Counsel to amend the statement of claim of High Court Action No.HCA2471/2008 which was instituted in 2008 by the Company as Plaintiff against its former executive directors and current substantial shareholders Mr. Tsang Wai Lun Wayland and Madam Kwok Wai Man Nancy as 1st and 2nd Defendants and discontinued the claims against the remaining Defendants. The 1st and 2nd Defendants have filed their defence and the Company has filed its Reply. Having sought independent advices from Counsel, the Company has reach an settlement with the 1st and 2nd Defendants by withdrawing the claims against the 1st and 2nd Defendants with no order as to costs.

In the opinion of the Directors, this High Court Action will have no material impact on the operations of the Group and financial impact upon the Company.

x) a) On 19th February, 2014 the Company received a writ of summons (the "China Writ of Summons") issued and filed with the Luo Hu People's Court, Shenzhen City, PRC ("the Court") by SZ Computer ("the Plaintiff") claiming against GF Land Development (Shenzhen) (the "1st Defendant"), a wholly-owned subsidiary of GF Group, GF Group (the 2nd Defendant") and a Shenzhen City Liangzi Jingshun Investment Management Co., Ltd. (the 3rd Defendant"), (the 1st, 2nd and 3rd Defendants are hereinafter collectively referred to as "the Defendants") and an Independent Third Party for repayment of a sum of RMB5,000,000 plus accrued interest calculated up to 2nd December, 2013 for RMB3,500,000 and costs. For details please refer to paragraph 33 (xii)(a) of the Company's Annual Report 2014.

The Writ of Summons was heard and the Plaintiff's claims were dismissed by the judgment dated 30th October, 2014. However, the Plaintiff appealed against the said judgment and the appeal has been dismissed.

b) In order to protect the interest of the Company and Shareholders as a whole, the Group has consulted its Hong Kong legal adviser and was advised, as an alternative, GF Group instituted legal proceedings under H.C.A. 294/2014 against HKZX as the recipient of the Re-paid Sum for recovery of the same and interest accrued thereon and costs ("the Hong Kong Writ of Summons"). Since the China Writ of Summons stated in paragraph (a) was concluded, there is no point to continue this action. Therefore, the Company has reached a settlement with the Defendant to discontinue the action with no order as to costs.

In the opinion of the Directors, the China Writ of Summons and the Hong Kong Writ of Summons will have no material impact on the operations of the Group and no financial impact on the Company.

xi) Under the case no.(2015) Shen Long Fa Xing Chu Zi Di No.143, HKZX initiated an administrative action to Shenzhen Longgang District People's Court against Shenzhen Real Estate Ownership Registration Centre with Grand Field Group Limited and Grand Field Land Development (Shenzhen) Company Limited as the third parties in these proceedings. By a judgment dated 30th December, 2015, HKZX's claims were dismissed and its appeal were also dismissed.

In the opinion of the Directors, the said proceedings have no material impact on the operations of the Group and no financial impact on the Company.

(xii) Under the case No.(2014) Shen Luo Fa Min Er Chu Zi De No.5103, Shenzhen YiZhou as the plaintiff claims against Grand Field Land Development (Shenzhen) Company Limited ("GF Land") as the defendant for the right of replacement of Shenzhen Liangzi to claim against GF Land for the sum allegedly owed to Shenzhen Liangzi by GF Land in order to satisfy a judgment granted by a Court in China in favour of Shenzhen YiZhou as the plaintiff therein against Shenzhen Liangzi as the defendant therein which ordered Shenzhen Liangzi to pay Shenzhen YiZhou a sum of RMB10,280,000.00. This claim by the plaintiff has been dismissed on 3rd March, 2017.

In the opinion of the Directors, the said proceedings have no material impact on the operations of the Group.

(xiii) Under the case no.(2015) Shen Long Fa Xing Chu Zi Di No. 238, Shenzhen Liangzi initiated an administrative action to Shenzhen Longgang District People's Court against Shenzhen Real Estate Ownership Registration Centre with Grand Field Group Limited and Grand Field Land Development (Shenzhen) Company Limited as the third parties in these proceedings. These proceedings were tried and by the Administrative Judgment dated 23rd February, 2016 Shenzhen Liangzi's claims were dismissed. Shenzhen Liangzi appealed and it was ordered by the Shenzhen City Intermediate People's Court that the said decision was dismissed and that there being a re-trial by the said Longgang Court. There has not been a trial date re-fixed.

In the opinion of the Directors, the said proceedings have no material impact on the operations of the Group and the Directors cannot reasonably measure the financial impact on the Company before the conclusion of the said proceedings.

(xiv) Under the case no.(2015) Shen Long Fa Xing Chu Zi Di No. 239, Shenzhen Liangzi initiated an administrative action to Shenzhen Longgang District People's Court against Shenzhen Real Estate Ownership Registration Centre with Grand Field Group Limited, Grand Field Land Development (Shenzhen) Company Limited and Shenzhen Zongke as the third parties in these proceedings. These proceedings were tried and by the Administrative Judgment dated 23rd February, 2016 Shenzhen Liangzi's claims were dismissed. Shenzhen Liangzi appealed and it was ordered by the Shenzhen City Intermediate People's Court that the said decision was dismissed and that there being a re-trial by the said Longgang Court. There has not been a trial date re-fixed and the Directors cannot reasonably measure the financial impact of the Company before the conclusion of the said action.

In the opinion of the Directors, the said proceedings have no material impact on the operations of the Group.

(xv) On 19 April, 2016, the Company received a civil writ of summons issued at the Intermediate People's Court of Shenzhen City, P.R.C., in which, Shenzhen City Liangzi Jingshun Investment Management Co., Limited ("Liangzi") as plaintiff claims against Shenzhen Hongteng Technology Company Limited (formerly known as Shenzhen Grand Field Computer Software Development Limited ("Grand Field Computer")), Shenzhen Zongke, Grand Field Group Limited, Grand Field Land Development (Shenzhen), Guangdong Province Hongling Group Company Limited as defendants and Shenzhen Real Estate Ownership Registration Centre and Shenzhen City Urban Planning, Land and Resources Commission of Shenzhen Municipality as third parties for, *inter alia*s, confirmation that the part of the Shenzhen Land now under the name of Grand Field Computer belongs to the old Grand Field Computer which was registered on 8th December, 1998 of which the plaintiff alleged holding a total 11% of its shareholdings. Liangzi's claims have been dismissed by the Intermediate People's Court of Shenzhen City and Liangzi have lodged an appeal to Guangdong High People's Court. The trial date has not been fixed yet.

The Company has sought legal opinion from its legal advisor in China and was advised that the said writ of summons only affected the interest of the Grand Field Computer which is an independent third party to the Company and therefore does not affect the Company's interest in Shenzhen Land in all aspects and that notwithstanding any outstanding litigations against the relevant party, the development of and the erection on the Shenzhen Land will not be affected and can still be carried out without any obstruction.

(xvi) Under the case No.(2016) Yuet 0391 Min Chu No.2252, Shenzhen YiZhou as the plaintiff claims against Grand Field Land Development (Shenzhen) Company Limited ("GF Land") as the defendant for the Shareholders' liability. There has not been any trial date fixed yet.

In the opinion of the Directors, the said proceedings have no material impact on the operations of the Group. However, the Directors cannot reliably measure the financial impact thereof until the conclusion of these proceedings.

Save as disclosed above, in the opinion of the Directors, the aforesaid legal proceedings will have no material impact on the financial position and operations of the Group.

8. QUALIFICATION AND CONSENT OF EXPERTS

The following sets out the qualification of the experts who have given opinions, letter or advice included in this circular (collectively, the "Experts"):

Name	Qualification
Elite Partners CPA Limited	Certified Public Accountants
APAC Asset Valuation and Consulting Limited	Independent valuer
Titan Financial Services Limited	a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising in corporate finance) regulated activities under SFO

Each of the letter or report of the Experts is given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, none of the Experts had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2016, the date to which the latest published audited accounts of the Company were made up.

Each of the Experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear.

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) had been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

- the subscription agreements dated 13 May 2015 entered between the Company and two subscribers respectively, pursuant to which the Company has conditionally agreed to allot and issue, and each of the subscribers has conditionally agreed to subscribe for, an aggregate of 58,680,000 subscription Shares at the subscription price of HK$0.380 per subscription Share;

- the fees settlement agreement dated 14 July 2015 entered between the Company and the legal adviser of the Company, pursuant to which the Company has agreed with the legal adviser to settle the outstanding professional fees of HK$2,048,000 by the issuance and allotment of 6,714,754 remuneration Shares to Mr. Wong Vai Nang, the sole proprietor of the legal adviser at an issue price of HK$0.305 per remuneration Share;

- the loan settlement agreement dated 14 July 2015 entered between the Company and Thrive Season Limited, pursuant to which Thrive Season Limited has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 23,461,177 settlement Shares at the issue price of HK$0.305 per settlement Share for full repayment of the final indebted amount due from Thrive Season Limited;

- the fees settlement agreement dated 26 April 2016 entered between the Company and the legal adviser of the Company, pursuant to which the Company has agreed with the legal adviser to settle the outstanding professional fees of HK$4,105,000 by the issuance and allotment of 12,828,125 remuneration Shares to Mr. Wong Vai Nang, the sole proprietor of the legal adviser at an issue price of HK$0.320 per remuneration Share;

- the placing agreement dated 9 May 2016 entered between the Company and a placing agent, namely Pico Zeman Securities (HK) Limited, pursuant to which the placing agent agreed to act as placing agent, on a best effort basis, for the purposes of procuring placees to subscribe in cash for the bonds with an aggregate principal amount of up to HK$100 million during the placing period;

- the subscription agreements dated 21 November 2016 entered between the Company and two subscribers respectively, pursuant to which the Company has conditionally agreed to allot and issue, and each of the subscribers has conditionally agreed to subscribe for, an aggregate of 62,952,645 subscription Shares at the subscription price of HK$0.2154 per subscription Share.

- the subscription agreements dated 12 January 2017 entered between the Company and two subscribers respectively, pursuant to which the Company has conditionally agreed to allot and issue, and each of the subscribers has conditionally agreed to subscribe for, an aggregate of 90,468,877 subscription Shares at the subscription price of HK$0.27 per subscription Share;

- the fees settlement agreement dated 12 January 2017 entered between the Company and the legal adviser of the Company, pursuant to which the Company has agreed with the legal adviser to settle the outstanding professional fee of HK$3,500,000 by the issuance and allotment 12,962,963 remuneration Shares to Mr. Wong Vai Nang, the sole proprietor of the legal adviser at an issue price of HK$0.270 per remuneration Shares; and

- the Agreement (as amended and supplemented by the Supplemental Agreement).

10. GENERAL

(a) The secretary of the Company is Lam Yuen Ling Eva who is a is a fellow of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators..

(b) The registered office of the Company is situated at Codan Services Limited, Clarendon House, 2 Church Street, Hamilton HM 11.

(c) The Company's branch share registrar and transfer office in Bermuda is Codan Services Limited, Clarendon House, 2 Church Street, Hamilton HM 11,Bermuda.

(d) The Company's branch share registrar and transfer office in Hong Kong is Tricor Secretaries Limited,Level 22, Hopewell Centre,183 Queen's Road East,Hong Kong.

(e) In the event of any inconsistency, the English texts of the circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at Suite no. 1004B, 10/F., Tower 5, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Hong Kong from the date of this circular up to and including the date of the SGM:

(a) the Agreement;

(b) the annual reports of the Company for the three years ended 31 December 2015 and the interim report of the Company for the six months ended 30 June 2016;

(c) the accountant's report of the Target Group, the text of which is set out in Appendix II to this circular;

(d) the accountant's report from on the unaudited pro forma financial information on the Enlarged Group, the text of which is set out in Appendix IV to this circular;

(e) the property valuation report, the text of which is set out in Appendix V to this circular;

(f) the written consents referred to in paragraph headed "8. Qualification and Consent of Experts" of this appendix;

(g) the material contracts referred to in the paragraph headed "9. Material Contracts" in this appendix; and

(h) this circular.

鈞濠集團有限公司*

GRAND FIELD GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 115)

NOTICE IS HERE BY GIVEN that the special general meeting of shareholders of the Company will be held at Crystal Room 2, Level B3, Holiday Inn Golden Mile, 50 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Wednesday, 19 April 2017 at 10:00 a.m., as special business, to consider and, if thought fit, pass with or without amendments the following resolution as Ordinary Resolution:

1. "THAT:

   (a) the conditional sale and purchase agreement dated 24 February 2017 (the "**Agreement**", details of which are disclosed in the circular of the Company dated 30 March 2017 (the "**Circular**")) entered into between Grand Field Group Holdings Limited (the "**Company**"), Surplus Full Development Limited as purchaser (the "**Purchaser**") and Mr. Tsang and Ms. Tsang, as vendors (the "**Vendors**") in relation to, among other matters, the sale and purchase of the entire equity interest of Intra Asia Limited, for a total consideration of HK$207,000,000 (a copy of the Agreement is marked "**A**" and produced to the meeting and signed by the chairman of the Meeting (the "**Chairman**") for identification purpose) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved;

   (b) the issuance of the Convertible Bonds (as defined in the Circular) by the Company of up to an aggregate principal amount of HK$137,000,000 pursuant to the terms of the Agreement be and are hereby approved;

   (c) the allotment and issue of the Conversion Shares (as defined in the Circular)(subject to adjustment) in the capital of the Company upon the exercise of the conversion rights attached to the Convertible Bonds be and are hereby approved; and the directors of the Company be and are hereby authorized to allot and issue the Convertible Bonds and the Conversion Shares accordingly;

* *for identification purposes only*

(d) the allotment and issue of the Consideration Shares (as defined in the Circular) credited as fully paid at the Issue Price (as defined in the Circular) to Vendors and/ or their respective nominee(s) in accordance with the terms and conditions of the Agreement and the transactions contemplated thereunder be and is hereby approved; and

(e) any one director of the Company be and is hereby generally and unconditionally authorized to do all such acts and things, to sign and execute all such documents for and on behalf of the Company as they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Acquisition and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Convertible Bonds, the Conversion Shares and the Consideration Shares."

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

Hong Kong, 30 March 2017

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

Head Office and Principal Place of Business:
Unit 1004B, 10/F,
Tower 5, China Hong Kong City,
33 Canton Road, Tsim Sha Tsui,
Kowloon, Hong Kong

Notes:

1. A form of proxy for use at the SGM is enclosed herewith.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorised to sign the same.

3. A member who is the holder of two or more shares of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more than one proxy to attend and vote in his or her stead (subject to the provisions of the bye-laws of the Company). A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each proxy is so appointed.

4. In order to be valid, the form of proxy should be completed and signed in accordance with the instructions printed thereon and be returned to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, being not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.

5. Completion and return of the form of proxy will not preclude members from attending and voting in person at the SGM convened by the above notice or at any adjourned meeting thereof should they so wish, and in such event, the form of proxy shall be deemed to be revoked.

6. Shareholders who are entitled to vote at the SGM are those whose names appear as Shareholders on the register of members of the Company as at the close of business on Tuesday, 11 April 2017. In order to be entitled to vote at the SGM, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 11 April 2017.