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

(Incorporated in Bermuda with limited liability)

(Stock Code: 115)

**(1) SHARE CONSOLIDATION;
(2) CHANGE IN BOARD LOT SIZE;
(3) CONNECTED TRANSACTION
IN RELATION TO
SUBSCRIPTION OF THE NEW CONVERTIBLE BOND;
AND
(4) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

SHARE CONSOLIDATION

The Board proposes to put forward to the Shareholders the Share Consolidation whereby every twenty (20) issued and unissued Existing Shares of par value of HK\$0.01 each will be consolidated into one (1) Consolidated Share of par value of HK\$0.20 each.

It is expected that the Share Consolidation will become effective on Friday, 26 April 2024.

* *For identification purpose only*

CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lots of 10,000 Existing Shares. It is proposed that, subject to and conditional upon the Share Consolidation becoming effective, the board lot size for trading on the Stock Exchange be changed from 10,000 Existing Shares to 2,000 Consolidated Shares. Based on the closing price of HK\$0.123 per Existing Share (equivalent to the theoretical closing price of HK\$2.46 per Consolidated Share) as at the date of this announcement, (i) the value per board lot of 10,000 Existing Shares is HK\$1,230; and (ii) the estimated value per board lot of 2,000 Consolidated Shares would be HK\$4,920.

THE SUBSCRIPTION

On 6 March 2024 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, the New Convertible Bond with a principal amount of not less than HK\$100,869,000 and not more than HK\$101,912,000. Such range was determined with reference to the sum of (1) the outstanding amount of the principal owing by the Company to the Subscriber under the Existing Convertible Bond together with all accrued (and to be accrued) and unpaid interest as at the maturity date of the Existing Convertible Bond and (2) the estimated maximum interest to be accrued under the Standstill Agreement, if entered into, from the maturity date of the Existing Convertible Bond to 30 June 2024. It is estimated that the outstanding interest attributable to the Existing Convertible Bond as at 30 April 2024 and 30 June 2024 (if the Standstill Agreement is being entered into) will be approximately HK\$5.0 million and HK\$6.0 million, respectively.

The subscription price of the New Convertible Bond will be fully settled on a dollar-for-dollar basis, by way of set-off of the outstanding principal amount of the Existing Convertible Bond together with all accrued and unpaid interest (including the interest accrued under the Standstill Agreement (as defined below), if entered into) which shall be paid by the Company to the Subscriber of the Existing Convertible Bond as at the Completion Date.

As the Subscriber is a substantial Shareholder, the Subscription constitutes a connected transaction of the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. The Conversion Shares to be allotted and issued pursuant to the New Convertible Bond are proposed to be issued pursuant to a specific mandate to be granted by the Independent Shareholders by way of poll at the SGM. An application will be made to the Stock Exchange for the listing of and permission to deal in the Conversion Shares.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Red Sun Capital Limited has been appointed as the Independent Financial Adviser to make recommendation to the Independent Shareholders and the Independent Board Committee which comprises all independent non-executive Directors, namely Mr. Hui Pui Wai Kimber, Mr. Liu Chaodong and Mr. Tsui Matthew Mo Kan, as to whether the Subscription is fair and reasonable and to advise the Independent Shareholders on how to vote on the proposed resolutions in respect thereof at the SGM, and such appointment has been approved by the Independent Board Committee.

GENERAL

A circular containing, among other things, (i) details of the Subscription and the New Convertible Bond, and the Share Consolidation; (ii) recommendations from the Independent Board Committee in respect of the Subscription; (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription; and (iv) the notice of the SGM, is expected to be despatched to the Shareholders on or around 9 April 2024, taking into account of the time required for the preparation of the abovementioned information. Only Shareholders whose names appear in the register of members of the Company on the Record Date are entitled to attend and vote at the SGM.

Shareholders and potential investors should note that the completion of the Subscription Agreement is conditional upon satisfaction of the respective conditions as set out in this announcement and therefore, the Subscription may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

SHARE CONSOLIDATION

On 6 March 2024, the Board proposes to put forward to the Shareholders the Share Consolidation whereby every twenty (20) issued and unissued Existing Shares of par value of HK\$0.01 each will be consolidated into one (1) Consolidated Share of par value of HK\$0.20 each.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$500,000,000 divided into 50,000,000,000 Existing Shares, of which 244,955,413 Existing Shares are issued and credited as fully paid. Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the date on which the Share Consolidation becomes effective and only 0.65 fractional Consolidated Shares is created from the Share Consolidation, the issued share capital of the Company will be HK\$2,449,554 divided into 12,247,770 Consolidated Shares of par value of HK\$0.20 each.

The Consolidated Shares will rank *pari passu* in all respects with each other in accordance with the Bye-Laws.

Other than the relevant expenses incurred and to be incurred, the implementation of the Share Consolidation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company.

The Share Consolidation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders.

The following table sets out the effect of the Share Consolidation on the share capital of the Company before and after the implementation of the Share Consolidation, assuming that there is no change in the issued share capital of the Company from the date of this announcement until the effective date of the Share Consolidation.

	As at the date of this announcement	Immediately after the Share Consolidation becoming effective
Par value	HK\$0.01 per Existing Share	HK\$0.20 per Consolidated Share
Authorised share capital	HK\$500,000,000.00 divided into 50,000,000,000 Existing Shares	HK\$500,000,000.00 divided into 2,500,000,000 Consolidated Shares
Issued and fully paid up or credited as fully paid up share capital	HK\$2,449,554.13 divided into 244,955,413 Existing Shares	HK\$2,449,554 divided into 12,247,770 Consolidated Shares <i>(Note)</i>
Unissued share capital	HK\$497,550,445.87 divided into 49,755,044,587 Existing Shares	HK\$497,550,446.00 divided into 2,487,752,230 Consolidated Shares <i>(Note)</i>

Note: Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the date on which the Share Consolidation becomes effective and only 0.65 fractional Consolidated Shares is created from the Share Consolidation.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon:

- (i) the passing of an ordinary resolution to approve the Share Consolidation by the Shareholders at the SGM;
- (ii) the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares arising from the Share Consolidation and, if required, the Consolidated Shares which may fall to be allotted and issued upon exercise of the share options to be granted under the share option scheme of the Company and upon exercise of the Conversion Rights; and
- (iii) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Share Consolidation.

Listing and dealings

Application will be made to the Listing Committee for the granting of the listing of, and permission to deal in, the Consolidated Shares arising from the Share Consolidation and the Consolidated Shares which may fall to be allotted and issued upon exercise of the share options to be granted under the share option scheme of the Company and upon exercise of the Conversion Rights.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

The Consolidated Shares will be identical in all respects and rank *pari passu* in all respects with each other. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lots of 10,000 Existing Shares. It is proposed that, subject to and conditional upon the Share Consolidation becoming effective, the board lot size for trading on the Stock Exchange be changed from 10,000 Existing Shares to 2,000 Consolidated Shares. Based on the closing price of HK\$0.123 per Existing Share (equivalent to the theoretical closing price of HK\$2.46 per Consolidated Share) as at the date of this announcement, (i) the value per board lot of 10,000 Existing Shares is HK\$1,230; (ii) the value of each board lot of 10,000 Consolidated Shares would be HK\$24,600 assuming the Share Consolidation becoming effective; and (iii) the estimated value per board lot of 2,000 Consolidated Shares would be HK\$4,920 on the assumption that the Change in Board Lot Size had also become effective.

REASONS FOR THE SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

Under Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, pursuant to the requirements set out in “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by Hong Kong Exchanges and Clearing Limited (the “**Trading Arrangement Guide**”), the expected board lot value per board lot should be greater than HK\$2,000 taking into account the minimum transaction costs for a securities trade. The Trading Arrangement Guide further stated that the Stock Exchange reserves the right to require an issuer to either change its trading method or to proceed with a consolidation of its securities where the market price of the securities approaches the extremities of HK\$0.01, which the Stock Exchange considers to be any trading price less than HK\$0.10. In view of the fact that the Shares had been traded mainly at prices closed to or at HK\$0.10 and the Shares were trading at under HK\$2,000 per board lot over the past three months (based on the closing price per Share as quoted on the Stock Exchange), the Board proposes to implement the Share Consolidation and the Change in Board Lot Size in order to comply with the trading requirements under the Listing Rules.

The Board considers that, other than the fulfillment of the aforesaid regulatory requirements, the Share Consolidation and the Change in Board Lot Size will also reduce the transaction costs of the investors for dealing in the Shares, including those fees which are charged with reference to the number of board lots. As such, the Board is of the view that the Share Consolidation and the Change in Board Lot Size are in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, other than the Subscription, the Company has no concrete plans to carry out other corporate actions or intend to carry out any fund-raising activities which may affect the trading in the Consolidated Shares in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fundraising opportunities arise for future development of the Group and other needs of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

OTHER ARRANGEMENTS

Fractional shares

Fractional Consolidated Shares will not be issued by the Company to the Shareholders. Any fractional Consolidated Shares to which the Shareholders are entitled shall be aggregated and sold for the benefit of the Company.

Free exchange of share certificates

Subject to the Share Consolidation becoming effective, Shareholders may from Friday, 26 April 2024 to Wednesday, 5 June 2024 submit share certificates of the Existing Shares to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong in exchange, at the expense of the Company, for new share certificates of Consolidated Shares. Thereafter, share certificates of the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each share certificate of the Existing Shares cancelled or each new share certificate issued for the Consolidated Shares, whichever number of certificates cancelled/issued is higher. The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Monday, 3 June 2024 (or such other date which may be announced by the Company) and will continue to be good evidence of legal title and may be exchanged for share certificates of the Consolidated Shares at any time in accordance with the foregoing.

The new share certificates of the Consolidated Shares will be issued in green colour in order to distinguish them from the existing light brown colour.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation and the Change in Board Lot Size, a designated broker will be appointed to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the Company's circular to be despatched to the Shareholders in relation to, *inter alia*, the Share Consolidation and the Subscription.

Adjustment in relation to other securities of the Company

As at the date of this announcement, the Company has the Existing Convertible Bond in issue, which will be fully settled in the manner as set out in this announcement below, in aggregate principal amount of HK\$95,896,475.43 and remains outstanding. Subject to the confirmation of the auditor of the Company or a financial adviser (as the case may be) as defined in the Existing Convertible Bond instrument, the Share Consolidation may cause adjustments to the conversion price of the Existing Convertible Bond. The Company will inform the Subscriber of the relevant adjustment(s), and make further announcement on the Stock Exchange as and when appropriate.

Save as aforesaid, as at the date of this announcement, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

THE SUBSCRIPTION

On 6 March 2024 (after trading hours of the Stock Exchange), the Company, as issuer, entered into the Subscription Agreement with the Subscriber, as subscriber, pursuant to which the Company conditionally agreed to issue and the Subscriber conditionally agreed to subscribe for the New Convertible Bond, on terms and subject to conditions as stated therein.

The principal terms of the Subscription Agreement are set out below.

Subscription Agreement

Date: 6 March 2024

Parties: The Company, as issuer

The Subscriber, as subscriber

As at the date of this announcement, the Subscriber and her controlled corporation namely, Rhenfield, together holds 70,841,353 Existing Shares in aggregate, representing approximately 28.9% of the total existing number of issued Shares. Accordingly, the Subscriber is a substantial shareholder of the Company and a connected person of the Company under the Listing Rules. Furthermore, subject to the Partial Offer becoming unconditional, the Subscriber and her controlled corporation may hold up to 181,650,659 Existing Shares in aggregate, representing approximately 74.2% of the total existing number of issued Shares.

Subject matter

The Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the New Convertible Bond at the subscription price which will be fully settled on a dollar-for-dollar basis, by way of set-off of the outstanding principal amount of the Existing Convertible Bond together with all accrued and unpaid interest (including the interest accrued under the Standstill Agreement (as defined below), if entered into) which shall be paid by the Company to the Subscriber of the Existing Convertible Bond as at the Completion Date. It is estimated that the outstanding interest attributable to the Existing Convertible Bond as at 30 April 2024 and 30 June 2024 (if the Standstill Agreement is being entered into) will be approximately HK\$5.0 million and HK\$6.0 million, respectively.

Based on the above, the principal amount of the New Convertible Bond shall be no less than HK\$100,869,000 and not more than HK\$101,912,000.

The subscription price for the New Convertible Bond is arrived at after taking into account the outstanding principal amount of the Existing Convertible Bond and the accrued and unpaid interest attributable thereto, the current financial position of and expected operating cash flow to be generated by the Group, and the practicability of pursuing equity financing to raise the capital required by the Group.

Conditions precedent

Completion of the Subscription Agreement is conditional upon the satisfaction (or waiver in accordance with the terms of the Subscription Agreement) of the following:–

- (a) the written confirmation letter provided by the Company to the Subscriber, confirming the representations, warranties and undertaking given by the Company in the Subscription Agreement remaining true, correct and not misleading in all material respects as at the Completion Date;
- (b) the certified true copy or original of the executed New Convertible Bond instrument, the certificate of the New Convertible Bond, the certified true copy of the updated register of bondholders and other relevant documents having been delivered to the Subscriber by the Company;
- (c) the Listing Committee granting or agreeing to grant the listing of, and permission to deal in, the Conversion Shares to be issued pursuant to the New Convertible Bond and such grant remaining in full force and effect;

- (d) all necessary consents, approvals (or waivers), authorisation, permission or exemption from any third parties, including but not limited to government or regulatory authorities, having been obtained by the Company in connection with the Subscription and the issue of the New Convertible Bond and the Conversion Shares, and such consents, approvals (or waivers), authorisation, permission or exemption remaining in full force and effect;
- (e) the compliance by the Company with all legal and other requirements under the Listing Rules and the laws of Bermuda applicable to the transactions contemplated under the Subscription Agreement; and
- (f) the passing of the requisite respective resolutions by the Board and the Shareholders at the SGM (other than those persons who are precluded from voting under the Listing Rules) approving, inter alia, the Subscription Agreement and the transactions contemplated under thereunder (including but not limited to the issue of the New Convertible Bond and the allotment and issue of the Conversion Shares upon exercise of the respective Conversion Rights).

All conditions above are non-waivable except that conditions (a) and (b) above are waivable at the discretion of the Subscriber.

In the event that the Subscription Agreement, for any reasons, is not completed on or before the maturity date of the Existing Convertible Bond (i.e. 30 April 2024), the Company and the Subscriber agree that they will enter into a standstill agreement (the “**Standstill Agreement**”) on or about the maturity date of the Existing Convertible Bond (i.e. 30 April 2024), pursuant to which the repayment schedule of the outstanding amount under the Existing Convertible Bond (including the interest to be incurred under the Standstill Agreement) will be extended to 30 June 2024 according to the terms and conditions of the Standstill Agreement. The Company will publish further announcement in respect of the Standstill Agreement in accordance with the requirements of the Listing Rules as and when such agreement is entered into.

In the event that the conditions of the Subscription are not fulfilled by 30 June 2024 or such other time and date as may be agreed between the parties to the Subscription Agreement, without prejudice to any right of and remedy available to the party thereof in respect of any antecedent breaches, the Subscription Agreement shall cease and determine and neither the Company nor the Subscriber shall have any obligation to complete the Subscription or to perform further under the Subscription Agreement save for those obligations which are expressly stated to survive the termination.

The Company and the Subscriber agree that, upon completion of the Subscription Agreement, the Company will be deemed to have fully performed all its duties and obligations contemplated under the Existing Convertible Bond and the Company no longer owes any duties or obligations to the Subscriber or its designated person in relation to the Existing Convertible Bond.

Completion

Completion of the Subscription Agreement shall take place on the Completion Date (or such other date as may be agreed between the respective parties).

PRINCIPAL TERMS OF THE NEW CONVERTIBLE BOND

Principal amount Not less than HK\$100,869,000 and not more than HK\$101,912,000 (Such range was determined with reference to the sum of (1) the outstanding amount of the principal owing by the Company to the Subscriber under the Existing Convertible Bond together with all accrued (and to be accrued) and unpaid interest as at the maturity date of the Existing Convertible Bond and (2) the estimated maximum interest to be accrued under the Standstill Agreement, if entered into from the maturity date of the Existing Convertible Bond to 30 June 2024)

Maturity the end of 36 months from the date of issue of the New Convertible Bond, or, if that is not a Business Day, the first Business Day thereafter

Interest rate 6% per annum, accrued daily and repayable on every six calendar months. In case of delay in paying the principal or interest, the default interest rate will be 10% per annum

Denomination for conversion issued in registered form in the denomination of HK\$1,000,000 each (unless the amount remaining on exercise of the Conversion Rights or in consequence of an adjustment pursuant to the provisions of the terms and conditions of the New Convertible Bond shall be less than HK\$1,000,000).

Conversion rights A holder of the New Convertible Bond shall have the right to convert the New Convertible Bond in whole or in part (in an integral multiple of HK\$1,000,000) of the outstanding principal amount of the New Convertible Bond, save that if at any time the aggregate outstanding principal amount of the New Convertible Bond is less than HK\$1,000,000, the whole (but not part only) of such aggregate outstanding amount may be converted, on any Business Day during the conversion period, subject to the restrictions on the exercise of the Conversion Rights as set out below.

Conversion price Initially, HK\$2.6 per Consolidated Share (equivalent to HK\$0.13 per Existing Share), subject to adjustments.

The Conversion Price shall be adjusted as provided in the New Convertible Bond instrument in each of the following cases:

- (i) the Shares by reason of any consolidation or sub-division become of a different nominal amount;
- (ii) an issue (other than in lieu of a cash dividend), being made by the Company, of any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or, if any, capital redemption reserve fund);
- (iii) a capital distribution (as defined in the New Convertible Bond instrument), being made by the Company, to holders (in their capacity as such) of Shares (whether on a reduction of capital or otherwise) or a grant, being made by the Company, to such holders rights to acquire for cash assets of the Company or any of its subsidiaries;
- (iv) an offer, being made by the Company, to holders of the Shares for subscription by way of rights, or grant, being made by the Company, to holders of Shares any options, warrants or other rights to subscribe for or purchase any Shares;

- (v) an issue, being made by the Company, wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total effective consideration per Share (as defined in the New Convertible Bond instrument) initially receivable for such securities is less than 80% of the market price at the date of the announcement of the terms of issue of such securities;
- (vi) an issue, being made by the Company, wholly for cash any Shares at a price per Share which is less than 80% of the market price at the date of the announcement of the terms of such issue; and
- (vii) an issue, being made by the Company, of Shares for the acquisition of asset at a total effective consideration per Share (as defined in the New Convertible Bond instrument) less than 80% of the market price at the date of the announcement of the terms of such issue.

Transferability

Freely transferrable, in whole or any part of the outstanding principal amount, to any person, subject to the terms of the New Convertible Bond (as the case may be), the Listing Rules (including restrictions in relation to securities transactions as set out in Rule A.3(a) of Appendix C3 to the Listing Rules) (if applicable) and other applicable laws and regulations; the approval for listing in respect of the Conversion Shares. Any transfer is also subject to the written approval by the Board.

Listing

No application will be made for the listing of, and permission to deal in the New Convertible Bond on the Stock Exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Ranking	The Conversion Shares to be issued upon the exercise of the Conversion Rights will rank <i>pari passu</i> 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 (except for any right excluded by mandatory provisions of applicable law).
Voting	A holder of the New Convertible Bond will not be entitled to attend or vote at any Shareholders' meetings of the Company by reason only of it/him being a holder of the New Convertible Bond.
Redemption and repurchase	<p>Unless previously converted, the New Convertible Bond will be redeemed by the Company on the maturity date at its principal amount outstanding together with all accrued and unpaid interest.</p> <p>The Company shall have the right to redeem the whole or any part(s) of the principal amount of the New Convertible Bond (in an integral multiple of HK\$1,000,000) at 100% of its/their face value and at any time on any business day prior to the maturity date, if at any time the aggregate outstanding principal amount of the New Convertible Bond is less than HK\$1,000,000, the whole (but not part only) of such aggregate outstanding amount may be redeemed, by giving prior notice of not less than 30 days in the form of redemption notice prescribed under the New Convertible Bond.</p>
Status	The obligations of the Company arising under the New Convertible Bond constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank <i>pari passu</i> and without any preference among themselves. The payment obligations of the Company under the New Convertible Bond shall, save for such exceptions as may be provided by the applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

Restriction on the exercise of the Conversion Rights

Conversion right of the New Convertible Bond shall not be exercised by the holder the New Convertible Bond if: (i) the holder the New Convertible Bond 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 holder the New Convertible Bond would be obliged to make a mandatory general offer under the Takeovers Code unless (a) a waiver from strict compliance to make a mandatory general offer under Rule 26.1 of the Takeovers Code is obtained in accordance with the requirement of the Takeovers Code; or (b) a general offer is made in accordance with the requirement of the Takeovers Code; (ii) the Company will be unable to meet the public float requirements under the Listing Rules; or (iii) the holder the New Convertible Bond 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.

Assuming full conversion of the maximum principal amount of the New Convertible Bond of HK\$101,912,000 (determined with reference to the maximum aggregate amount of the outstanding principal amount and accrued interest owing by the Company to the Subscriber under the Existing Convertible Bond) at the initial Conversion Price, a maximum of 39,196,923 Consolidated Shares (assuming the Share Consolidation has become effective) with aggregate nominal value of HK\$7,839,384.60 will be issued, representing approximately 320.0% of the total existing number of issued Share (taking into account of the effect of the Share Consolidation) and approximately 76.2% of the total existing number of issued Shares as enlarged by the issue of the Conversion Shares (taking into account of the effect of the Share Consolidation).

Investors shall note that the conversion of the New Convertible Bond is subject to the conversion restrictions under the New Convertible Bond as set out above.

Conversion Price

The initial Conversion Price, being HK\$2.6 per Consolidated Share (equivalent to HK\$0.13 per Existing Share as adjusted for the effect of the Share Consolidation), represents:

- (i) a premium of approximately 5.7% over the adjusted closing price of HK\$2.46 per Consolidated Share (based on the closing price of HK\$0.123 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation);

- (ii) a premium of approximately 3.3% over the adjusted average closing price of HK\$2.516 per Consolidated Share (based on the average closing price of HK\$0.1258 per Existing Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation); and
- (iii) a premium of approximately 5.9% to the adjusted average closing price of HK\$2.454 per Consolidated Share (based on the average closing price of HK\$0.1227 per Existing Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation).

The Conversion Price was arrived at after arm's length negotiation between the Company and the Subscriber after taking into account of the prevailing market price of the Shares, the recent operation and financial performance of the Group, the current market conditions and trends of the property market which the Group is principally engaging in.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

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

As stated in the interim report of the Company for the six months ended 30 June 2023 (the “**2023 Interim Report**”), although the Group has recorded an increase in revenue from approximately HK\$74.2 million for the first half of 2022 to approximately HK\$110.3 million for the first half of 2023, with significant reductions in fair value loss on investment properties, impairment loss of properties for sale under development and impairment loss of property, plant and equipment, the Group still recorded a net loss of approximately HK\$49.3 million in the first half of 2023. Further, as stated in the profit alert announcement of the Company dated 20 February 2024, the Group still expected to record a loss attributable to owners of the Company for the year ended 31 December 2023 ranged from approximately HK\$30.0 million to HK\$70.0 million after taking into account the improvement in considerable improvement in revenue, reduction in administrative expenses, recognition of one-off fair value gain on investment properties, absence of one-off impairment losses on properties for sale under development and goodwill, and significant reduction in provision in relation to litigation of the Group. Meanwhile, according to the 2023 Interim Report, the Group still recorded a relatively high net debt position (calculated based on the aggregated borrowings of the Company less cash) of approximately HK\$699.7 million, of which HK\$317.3 million were included as current liabilities as at 30 June 2023 and the cash and cash equivalents of the Group as at 30 June 2023 was approximately HK\$66.5 million.

According to the National Bureau of Statistics, the total gross floor area of residential buildings sold recorded a drop of approximately 26.8% in 2022 as compared to 2021, which dropped further by approximately 8.2% in 2023. On the other hand, the operating profit of property developers in the PRC recorded considerable drop over the past five years from approximately RMB1,854.4 million in 2018 to approximately RMB926.3 million in 2022. Meanwhile, the real estate development prosperity index (also known as the national real estate climate index and, according to the National Bureau of Statistics, the most appropriate level of national real estate climate index is 100, the moderate level is between 95 and 105, the lower level is below 95, and the higher level is above 105) during each of the twelve months in 2023 was below 95, and the index reached 93.36 in December 2023, being the lowest point in 2023. Taking into account the current market sentiment and based on the development and selling progress of the projects, the expected tax and construction fees to be paid and loan repayment, it is currently expected that no significant net operating cash inflow would be generated from the existing projects of the Group in the coming twelve months.

Taking into account of, among other things, the financial position and expected operating cash flow to be generated by the Group, and given the prevailing market prices and trading volume of the Shares may not be favourable to a fund raising exercise for substantial amount by way of issue of very substantial amount of new Shares (which may represent over 300% of the total existing number of issued Shares based on recent market prices of the Share) to independent third party(ies) or to existing Shareholders on a pro rata basis (e.g. rights issue and open offer) where considerable discount to the market prices of the Shares may be required, the Company has decided to negotiate with the Subscriber on the proposed settlement plan of the Existing Convertible Bond. As a result of the negotiations, the Company and the Subscriber agreed to settle the amount to be due under the Existing Convertible Bond principally through the entering into the Subscription Agreement.

The subscription price of the New Convertible Bond will be fully settled on a dollar-for-dollar basis, by way of set-off of the outstanding principal amount of the Existing Convertible Bond together with all accrued and unpaid interest (including the interest accrued under the Standstill Agreement, if entered into) which shall be paid by the Company to the Subscriber of the Existing Convertible Bond as at the Completion Date. Accordingly, no immediate cash outflow will be incurred in the settlement of the principal amount of the Existing Convertible Bond.

After taking into account that: (i) the full settlement of the outstanding principal amount of, and the outstanding interest attributable to, the Existing Convertible Bond will not exert immediate cash outflow burden on the Group; (ii) the New Convertible Bond bears the interest rate of 6% per annum which was within the range of interest rates of the secured borrowings of the Group as at 30 June 2023 (which ranged from 5.15% to 12% per annum based on the 2023 Interim Report); (iii) the Subscription will secure the continuing financial support from the Subscriber to the Group's business development and operation; and (iv) upon conversion of the New Convertible Bond, the financial position of the Group would be improved, the executive Directors consider that the issue of the New Convertible Bond is an appropriate debt financing plan for the Company.

In view of the above, the Board (excluding the independent non-executive Directors whose views will be included in the Company's circular to be despatched to the Shareholders in connection with, among other things, the Subscription and excluding Mr. Kwok Siu Bun and Ms. Kwok Siu Wa Alison who had abstained from voting at the Board resolutions approving the Subscription Agreement and the transactions contemplated thereunder) considers that the terms of the Subscription Agreement and the transaction contemplated thereunder are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

SHAREHOLDING STRUCTURE OF THE COMPANY

Save as the Existing Convertible Bond, as at the date of this announcement, there are no other outstanding options, warrants, derivatives, or other securities which carry rights to subscribe for or be converted into Shares.

The table below illustrates the shareholding structures of the Company as at the date of this announcement and immediately upon the Share Consolidation becoming effective and full conversion of (i) the minimum principal amount of the New Convertible Bond of HK\$100,869,000 and (ii) the maximum principal amount of the New Convertible Bond of HK\$101,912,000 at the initial Conversion Price only (assuming there is no other change in the issued share capital and shareholding structure of the Company from the date of this announcement and up to the occurrence of the relevant events mentioned below) under (A) Scenario A – the Partial Offer is lapsed; (B) Scenario B – the Partial Offer becomes unconditional in all respects and 49,765,454 Shares are being purchased by Rhenfield from the public Shareholders, being the minimum number of Shares to be purchased by Rhenfield under the Partial Offer; and (C) Scenario C – the Partial Offer becomes unconditional in all respects and 110,809,306 Shares are being purchased by Rhenfield from the public Shareholder, being the maximum number of Shares to be purchased by Rhenfield under the Partial Offer:

	Under Scenario A						
	Assuming Share Consolidation becoming effective and						
	As at the date of this announcement			(i) full conversion of the minimum principal amount of the New Convertible Bond (being HK\$100,869,000)		(ii) full conversion of the maximum principal amount of the New Convertible Bond (being HK\$101,912,000)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	
			(Note 3)		(Note 3)		
Rhenfield (Note 1)	70,366,823	28.73	3,518,341	6.89	3,518,341	6.84	
Ms. Tsang (Note 2)	474,530	0.19	38,819,495	76.05	39,220,649	76.24	
Mr. Tsang (Note 2)	76,950	0.03	3,847	0.01	3,847	0.01	
Ms. Kwok Wai Man Nancy (Note 2)	1,343,950	0.55	67,197	0.13	67,197	0.13	
Sub-total	72,262,253	29.50	42,408,880	83.08	42,810,034	83.22	
Directors:							
Mr. Kwok Siu Bun	150,000	0.06	7,500	0.01	7,500	0.01	
Ms. Kwok Siu Wa Alison	300,000	0.12	15,000	0.03	15,000	0.03	
Ms. Chow Kwai Wa Charmaine	195,000	0.08	9,750	0.02	9,750	0.02	
Public Shareholders	172,048,160	70.24	8,602,409	16.86	8,602,409	16.72	
Total	244,955,413	100.00	51,043,539	100.00	51,444,693	100.00	

	Under Scenario B				Under Scenario C			
	Assuming Share Consolidation becoming effective and				Assuming Share Consolidation becoming effective and			
	(i) full conversion of the minimum principal amount of the New Convertible Bond (being HK\$100,869,000)		(ii) full conversion of the maximum principal amount of the New Convertible Bond (being HK\$101,912,000)		(i) full conversion of the minimum principal amount of the New Convertible Bond (being HK\$100,869,000)		(ii) full conversion of the maximum principal amount of the New Convertible Bond (being HK\$101,912,000)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
	(Note 3)		(Note 3)		(Note 3)		(Note 3)	
Rhenfield (Note 1)	6,006,613	11.77	6,006,613	11.68	9,058,806	17.75	9,058,806	17.61
Ms. Tsang (Note 2)	38,819,495	76.05	39,220,649	76.24	38,819,495	76.05	39,220,649	76.24
Mr. Tsang (Note 2)	3,847	0.01	3,847	0.01	3,847	0.01	3,847	0.01
Ms. Kwok Wai Man Nancy (Note 2)	67,197	0.13	67,197	0.13	67,197	0.13	67,197	0.13
Sub-total	44,897,152	87.96	45,298,306	88.06	47,949,345	93.94	48,350,499	93.99
Directors:								
Mr. Kwok Siu Bun	7,500	0.01	7,500	0.01	7,500	0.01	7,500	0.01
Ms. Kwok Siu Wa Alison	15,000	0.03	15,000	0.03	15,000	0.03	15,000	0.03
Ms. Chow Kwai Wa Charmaine	9,750	0.02	9,750	0.02	9,750	0.02	9,750	0.02
Public Shareholders	6,114,137	11.98	6,114,137	11.88	3,061,944	6.00	3,061,944	5.95
Total	51,043,539	100.00	51,444,693	100.00	51,043,539	100.00	51,444,693	100.00

Notes:

1. Rhenfield is owned as to 50% by Mr. Tsang Yee and 50% by Ms. Tsang, who are deemed to be interested in 70,366,823 Shares as at the date of this announcement pursuant to the Part XV of the SFO.
2. Mr. Tsang and Ms. Kwok Wai Man Nancy are parents of Mr. Tsang Yee and Ms. Tsang.
3. Pursuant to the terms of the New Convertible Bond, the Subscriber has agreed and undertaken to the Company that it shall not exercise any of the Conversion Rights if the Company will be unable to meet the public float requirements under the Listing Rules. Accordingly, scenarios above are shown for illustrative purpose only.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company has not conducted any fund raising activities in the 12 months prior to the date of this announcement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Subscriber and her close associates in aggregate holds 70,841,353 Existing Shares, representing approximately 28.9% of the total existing number of issued Shares. As a substantial Shareholder, the Subscriber is a connected person of the Company and the Subscription constitutes a connected transaction of the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The Conversion Shares to be allotted and issued pursuant to the New Convertible Bond are proposed to be issued pursuant to a specific mandate to be granted by the Independent Shareholders by way of poll at the SGM.

An application will be made to the Listing Committee for the listing of, and permission to deal in, the Consolidated Shares and the Conversion Shares. Upon completion of the Subscription Agreement, an announcement regarding the principal amount of the New Convertible Bond and the number of Conversion Shares (based on the initial Conversion Price) issuable thereunder will be made by the Company.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Red Sun Capital Limited has been appointed as the Independent Financial Adviser to make recommendation to the Independent Shareholders and the Independent Board Committee which comprises all independent non-executive Directors, namely Mr. Hui Pui Wai Kimber, Mr. Liu Chaodong and Mr. Tsui Matthew Mo Kan, as to whether the Subscription is fair and reasonable and to advise the Independent Shareholders on how to vote on the proposed resolutions in respect thereof at the SGM, and such appointment has been approved by the Independent Board Committee.

EXPECTED TIMETABLE

2024

Despatch of circular with notice and proxy form of the SGM Tuesday, 9 April

Latest time for lodging transfer documents and
relevant share certificates to be eligible to
attend and vote at the SGM 4:30 p.m. on Thursday, 18 April

Record date and time for the purpose of ascertaining Shareholders’
eligibility to attend and vote at the SGM (*Note*). 7:00 p.m. on Thursday, 18 April

Latest time for lodging the proxy form of the SGM 10:30 a.m. on
Monday, 22 April

Expected date and time of the SGM 10:30 a.m. on Wednesday, 24 April

Announcement of the results of the SGM Wednesday, 24 April

The following events are conditional on the fulfilment of the conditions for the implementation of the Share Consolidation:

Expected effective date of the Share Consolidation Friday, 26 April

First day for free exchange of existing share
certificates for new share certificates Friday, 26 April

Commencement of dealings in Consolidated Shares 9:00 a.m. on Friday, 26 April

- Original counter for trading in Existing Shares in board lots of 10,000 Existing Shares (in the form of existing share certificates) temporarily closes 9:00 a.m. on Friday, 26 April
- Temporary counter for trading in Consolidated Shares in board lots of 500 Consolidated Shares (in the form of existing share certificates) opens 9:00 a.m. on Friday, 26 April
- Original counter for trading in Consolidated Shares in board lots of 2,000 Consolidated Shares (in the form of new share certificates) re-opens 9:00 a.m. on Monday, 13 May
- Parallel trading in Consolidated Shares (in the form of new share certificates and existing share certificates) commences 9:00 a.m. on Monday, 13 May
- Designated broker starts to provide matching services for odd lots of Consolidated Shares Monday, 13 May
- Designated broker ceases to provide matching services for odd lots of Consolidated Shares 4:00 p.m. on Monday, 3 June
- Temporary counter for trading in Consolidated Shares in board lots of 500 Consolidated Shares (in the form of existing share certificates) closes 4:10 p.m. on Monday, 3 June
- Parallel trading in Consolidated Shares (in the form of new share certificates and existing share certificates) ends 4:10 p.m. on Monday, 3 June
- Last day for free exchange of existing share certificates for new share certificates Wednesday, 5 June

Note: For the avoidance of doubt, Shareholders whose names appear on the Company's register of members only after such record date and time (but did not appear on the Company's register of members on the record date and time) will not be eligible to attend or vote at the SGM.

This timetable is indicative only and any subsequent changes to the expected timetable will be announced by the Company as and when appropriate.

GENERAL

The SGM will be convened by the Company at which resolutions will be proposed to seek approval of the Shareholders in respect of (i) Share Consolidation; and (ii) the Subscription Agreement and the transactions contemplated thereunder (including but not limited to the issue of the New Convertible Bond and the issue and allotment of the Conversion Shares upon exercise of the Conversion Rights).

A circular containing, among other things, (i) details of the Subscription, the New Convertible Bond and Share Consolidation; (ii) recommendations from the Independent Board Committee in respect of the Subscription; (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription; and (iv) the notice of the SGM, is expected to be despatched to the Shareholders on or around 9 April 2024, taking into account of the time required for the preparation of the abovementioned information.

Only Shareholders whose names appear in the register of members of the Company on the Record Date are entitled to attend and vote at the SGM. In order to qualify for the entitlement to attend and vote at the SGM, unregistered holders of Shares will ensure that all transfer documents and relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 pm on Thursday, 18 April 2024.

Shareholders and potential investors should note that the completion of the Subscription Agreement is conditional upon the satisfaction of the respective conditions as set out in this announcement and therefore, the Subscription may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

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

“acting in concert” has the meaning ascribed thereto under the Takeovers Code

“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of the Directors
“Business Day”	a day (excluding Saturday, Sunday, any public holiday and any day on which a tropical cyclone warning no.8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“Bye-Laws”	the bye-laws of the Company as amended from time to time
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size for trading of the Shares from 10,000 Existing Shares to 2,000 Consolidated Shares
“Company”	Grand Field Group Holdings Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the Stock Exchange
“Completion Date”	being 30 April 2024, or such other date as may be agreed between the parties to the Subscription Agreement in writing
“Consolidated Share(s)”	the ordinary share(s) of par value of HK\$0.20 each in the capital of the Company immediately after the Share Consolidation
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules

“Conversion Price”	the initial conversion price of HK\$2.6 per Consolidated Share (subject to adjustment as set out in the New Convertible Bond, from time to time, if any)
“Conversion Right(s)”	the right(s) attaching to the New Convertible Bond to convert in whole or in part (in an integral multiple of HK\$1,000,000) the respective outstanding principal amounts into the Conversion Share(s)
“Conversion Share(s)”	the Share(s) to be issued by the Company as a result of the exercise of the Conversion Rights attaching to the New Convertible Bond
“Director(s)”	the director(s) of the Company
“Existing Convertible Bond”	6% convertible bond due on 30 April 2024 issued by the Company to the Subscriber, the outstanding principal amount of which is HK\$95,896,475.43 as at the date of this announcement
“Existing Share(s)”	the ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company
“Group”	the Company and its subsidiaries
“HK” or “Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. Hui Pui Wai Kimber, Mr. Liu Chaodong and Mr. Tsui Matthew Mo Kan, established for the purpose of advising the independent Shareholders in relation to the Subscription

“Independent Shareholders”	Shareholders other than the Subscriber and her associates, and those who are interested in the Subscription
“Independent Financial Adviser”	Red Sun Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription
“Last Trading Day”	6 March 2024, being the last full trading day prior to the publication of this announcement
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Tsang”	Mr. Tsang Wai Lun, Wayland, father of Ms. Tsang and Mr. Tsang Yee
“New Convertible Bond”	the 6% convertible bond to be subscribed by the Subscriber under the Subscription Agreement
“Partial Offer”	the voluntary conditional cash partial offer being made by Halcyon Securities Limited for and on behalf of Rhenfield to acquire a maximum of 110,809,306 Shares in the Company (other than those already owned by Rhenfield and parties acting in concert with it)
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Record Date”	being 18 April 2024, for the purpose of ascertaining Shareholders’ eligibility to attend and vote at the SGM

“Rhenfield”	Rhenfield Development Corp., a substantial Shareholder and owned as to 50% by Ms. Tsang and 50% by Mr. Tsang Yee
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation, the Subscription Agreement and the transactions contemplated thereunder
“Share(s)”	the Existing Share(s) or the Consolidated Share(s), as the case may be
“Shareholder(s)”	holder(s) of the Share(s)
“Share Consolidation”	the proposed consolidation of every twenty (20) Existing Shares of par value of HK\$0.01 each into one (1) Consolidated Share of par value of HK\$0.20 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the New Convertible Bond by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 6 March 2024 entered into between the Company and the Subscriber pursuant to which the Company has agreed to issue, and the Subscriber has agreed to subscribe for, the New Convertible Bond
“Subscriber” or “Ms. Tsang”	Ms. Tsang Tsz Nok, Aleen, a substantial Shareholder

“Takeovers Code” the Hong Kong Code on Takeovers and Mergers

“%” per cent.

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

Hong Kong, 6 March 2024

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Ma Xuemian, Mr. Kwok Siu Bun, Ms. Chow Kwai Wa Charmaine and Ms. Kwok Siu Wa Alison; and three independent non-executive Directors, namely Mr. Hui Pui Wai Kimber, Mr. Liu Chaodong and Mr. Tsui Matthew Mo Kan.

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