

---

## 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 you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Grand Field Group Holdings Limited (the “Company”), you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



鈞濠集團

鈞濠集團有限公司\*

**GRAND FIELD GROUP HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 115)

**(1) SHARE CONSOLIDATION;  
(2) CHANGE IN BOARD LOT SIZE;  
(3) CONNECTED TRANSACTION  
IN RELATION TO SUBSCRIPTION OF THE NEW CONVERTIBLE BOND;  
AND  
(4) NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders of the Company**



紅日資本有限公司

**RED SUN CAPITAL LIMITED**

---

A letter from the Board is set out on pages 7 to 27 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 28 to 29 of this circular. A letter from Red Sun Capital Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 30 to 53 of this circular.

A notice convening a special general meeting (the “SGM”) of the Company to be held at Suites 2701-08, 27/F., Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong, on Friday, 26 April 2024 at 10:30 a.m. is set out on pages SGM-1 to SGM-4 of this circular. Whether or not you intend to attend the SGM, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return the same to 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 as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish and in such event the instrument appointing a proxy shall be deemed to be revoked.

10 April 2024

\* For identification purposes only

---

## CONTENTS

---

	<i>Pages</i>
<b>DEFINITIONS</b> .....	1
<b>EXPECTED TIMETABLE</b> .....	5
<b>LETTER FROM THE BOARD</b> .....	7
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	28
<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b> .....	30
<b>APPENDIX – GENERAL INFORMATION</b> .....	I-1
<b>NOTICE OF THE SGM</b> .....	SGM-1

---

## DEFINITIONS

---

*In this circular (including the cover page), unless the context otherwise requires, the following expressions shall have the following meanings:*

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Announcement”	the announcement of the Company dated 6 March 2024 in relation to, among other things, the Subscription, the Share Consolidation and the Change in Board Lot Size
“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
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules

---

## DEFINITIONS

---

“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
“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 Latest Practicable Date
“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

---

## DEFINITIONS

---

“Independent Financial Adviser” or “Red Sun Capital”	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
“Independent Shareholders”	Shareholders other than the Subscriber and her associates, and those who are interested in the Subscription
“Last Trading Day”	6 March 2024, being the last full trading day prior to the publication of the Announcement
“Latest Practicable Date”	5 April 2024, the latest practicable date for ascertaining certain information referred to in this circular prior to the printing of this circular
“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 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) and closed on 3 April 2024
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Record Date”	being 23 April 2024, for the purpose of ascertaining Shareholders’ eligibility to attend and vote at the SGM

---

## DEFINITIONS

---

“Rhenfield”	Rhenfield Development Corp., a substantial Shareholder and owned as to 50% by Ms. Tsang and 50% by Mr. Tsang Yee
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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.

---

## EXPECTED TIMETABLE

---

The expected timetable for the Share Consolidation is set out below. The timetable is subject to the results of the SGM and is therefore for indicative purpose only. An announcement will be made by the Company regarding any changes to the expected timetable as and when appropriate. All times and dates in this circular refer to Hong Kong local times and dates.

**2024**

Despatch of circular with notice and proxy form of the SGM . . . . . Wednesday, 10 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 Tuesday, 23 April

Record date and time for the purpose of ascertaining Shareholders' eligibility to attend and vote at the SGM (*Note 1*). . . . . 7:00 p.m. on Tuesday, 23 April

Latest time for lodging the proxy form of the SGM . . . . . 10:30 a.m. on Wednesday, 24 April

Expected date and time of the SGM . . . . . 10:30 a.m. on Friday, 26 April

Announcement of the results of the SGM . . . . . Friday, 26 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 . . . . . Tuesday, 30 April

First day for free exchange of existing share certificates for new share certificates . . . . . Tuesday, 30 April

Commencement of dealings in Consolidated Shares . . . . . 9:00 a.m. on Tuesday, 30 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 Tuesday, 30 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 Tuesday, 30 April

---

## EXPECTED TIMETABLE

---

2024

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 Thursday, 16 May
Parallel trading in Consolidated Shares (in the form of new share certificates and existing share certificates) commences . . . . .	9:00 a.m. on Thursday, 16 May
Designated broker starts to provide matching services for odd lots of Consolidated Shares ( <i>Note 2</i> ) . . . . .	9:00 a.m. on Thursday, 16 May
Designated broker ceases to provide matching services for odd lots of Consolidated Shares . . . . .	4:00 p.m. on Wednesday, 5 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 Wednesday, 5 June
Parallel trading in Consolidated Shares (in the form of new share certificates and existing share certificates) ends . . . . .	4:10 p.m. on Wednesday, 5 June
Last day for free exchange of existing share certificates for new share certificates . . . . .	Friday, 7 June

*Notes:*

1. 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.
2. Subsequent to the close of the Partial Offer, an odd lot agent has been appointed by Rhenfield to match sales and purchases of odd lot holdings of Shares in the market for a period of six weeks following the closing of the Partial Offer (i.e. from 9:00 a.m. on Friday, 5 April 2024 to 4:00 p.m. on Friday, 17 May 2024).

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

---

LETTER FROM THE BOARD

---



鈞濠集團

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

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 115)

***Executive Directors:***

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

***Independent Non-executive Directors:***

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

***Head Office and Principal***

***Place of Business:***

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

***Registered Office in Bermuda:***

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

10 April 2024

*To the Shareholders*

Dear Sir or Madam,

**(1) SHARE CONSOLIDATION;  
(2) CHANGE IN BOARD LOT SIZE;  
(3) CONNECTED TRANSACTION  
IN RELATION TO SUBSCRIPTION OF THE NEW CONVERTIBLE BOND;  
AND  
(4) NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 6 March 2024 in relation to, among other things, the Share Consolidation, Change in Board Lot Size and the Subscription.

\* *For identification purposes only*

---

## LETTER FROM THE BOARD

---

On 3 April 2024, the Partial Offer was closed and, upon settlement of the Partial Offer, Rhenfield will acquire a further 64,501,856 Existing Shares at HK\$0.13 each under the Partial Offer.

The purpose of this circular is to provide you with information in respect of, among other things, (i) details of the Share Consolidation, the Change in Board Lot Size, the Subscription and the New Convertible Bond; (ii) recommendation 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 Shareholder in respect of the Subscription; and (iv) the notice of the SGM.

### 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 Latest Practicable Date, the authorised share capital of the Company was HK\$500,000,000 divided into 50,000,000,000 Existing Shares, of which 244,955,413 Existing Shares were issued and credited as fully paid. Assuming there will be no change in the issued share capital of the Company from the Latest Practicable Date 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 Latest Practicable Date until the effective date of the Share Consolidation.

---

## LETTER FROM THE BOARD

---

	<b>As at the Latest Practicable Date</b>	<b>Immediately after the Share Consolidation becoming effective</b>
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 Latest Practicable Date 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.

---

## LETTER FROM THE BOARD

---

### **Listing and dealings**

Application has been 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 under the Existing Convertible Bond and 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. None of the debt securities of the Company is listed or dealt in on any stock exchanges or on which 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 Latest Practicable Date, the Existing Shares were 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\$0.129 per Existing Share (equivalent to the theoretical closing price of HK\$2.58 per Consolidated Share) as at the Latest Practicable Date, (i) the value per board lot of 10,000 Existing Shares was HK\$1,290; (ii) the value of each board lot of 10,000 Consolidated Shares would be HK\$25,800 assuming the Share Consolidation becoming effective; and (iii) the estimated value per board lot of 2,000 Consolidated Shares would be HK\$5,160 on the assumption that the Change in Board Lot Size had also become effective.

---

## LETTER FROM THE BOARD

---

### 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 Latest Practicable Date, other than the Subscription, the Company had 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.

---

## LETTER FROM THE BOARD

---

### **Free exchange of share certificates**

Subject to the Share Consolidation becoming effective, Shareholders may from Tuesday, 30 April 2024 to Friday, 7 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 Wednesday, 5 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, the Company has appointed Supreme China Securities Limited as an agent 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 during the period from 9:00 a.m. on Thursday, 16 May 2024 to 4:00 p.m. on Wednesday, 5 June 2024 (both days inclusive). Shareholders who wish to take advantage of this facility either to dispose of their odd lots of the Consolidated Shares or to top up their odd lots of the Consolidated Shares to a full new board lot may directly or through their broker contact Supreme China Securities Limited at Room 2506, 25/F., Tai Tung Building, 8 Fleming Road, Wanchai Hong Kong (telephone: (852) 3898 1863, office hours: 9:00 a.m. to 5:30 p.m.) during the aforesaid period.

### **Adjustment in relation to other securities of the Company**

As at the Latest Practicable Date, the Company had the Existing Convertible Bond in issue, which will be fully settled in the manner as set out in this circular 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.

---

## LETTER FROM THE BOARD

---

Save as aforesaid, as at the Latest Practicable Date, the Company had 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 Latest Practicable Date, the Subscriber and her controlled corporation namely, Rhenfield, subject to the due registration of the transfer of offer Shares in respect of which valid acceptances were received under the Partial Offer that became unconditional in all respects and subsequently closed on 3 April 2024, should together held 135,343,209 Existing Shares in aggregate, representing approximately 55.3% 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.

---

## LETTER FROM THE BOARD

---

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 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).

---

## LETTER FROM THE BOARD

---

All conditions above are non-waivable except that conditions (a) and (b) above are waivable at the discretion of the Subscriber. As at the Latest Practicable Date, none of the above conditions precedent had been fulfilled or waived, as the case may be.

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 have agreed 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 have agreed 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.

### **Interest rate**

The interest rate of the New Convertible Bond was arrived after arm’s length negotiation between the Company and the Subscriber after taking into account the interest rate of the Existing Convertible Bond, the interest rate of the borrowings of the Group as at 31 December 2023 (which ranged from 5.15% to 12% per annum for all borrowings as at 31 December 2023 and ranged from 9% to 12% for unsecured borrowing as at 31 December 2023) and the market sentiment of the property development industry in the PRC. Please refer to the section headed “Reasons for the Subscription and Use of Proceeds” in this circular for the basis of determining the interest rate of the New 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).

---

## LETTER FROM THE BOARD

---

### PRINCIPAL TERMS OF THE NEW CONVERTIBLE BOND

<b>Principal amount</b>	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)
<b>Maturity</b>	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
<b>Interest rate</b>	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
<b>Denomination for conversion</b>	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).
<b>Conversion rights</b>	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.
<b>Conversion price</b>	<p>Initially, HK\$2.6 per Consolidated Share (equivalent to HK\$0.13 per Existing Share), subject to adjustments.</p> <p>The Conversion Price shall be adjusted as provided in the New Convertible Bond instrument in each of the following cases:</p> <p>(i) the Shares by reason of any consolidation or sub-division become of a different nominal amount;</p>

---

## LETTER FROM THE BOARD

---

- (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 or grant, being made by the Company, to holders of Shares by way of rights or of 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.

---

## LETTER FROM 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 has been 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 *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 (except for any right excluded by mandatory provisions of applicable law).
- Voting** 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** 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.
- 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.
- 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 *pari passu* 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.

---

## LETTER FROM THE BOARD

---

**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 of 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 of 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 of 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.

**Interest rate**

The interest rate of the New Convertible Bond was arrived after arm's length negotiation between the Company and the Subscriber after taking into account the interest rate of the Existing Convertible Bond, the interest rate of the borrowings of the Group (which ranged from 5.15% to 12% per annum for all borrowings as at 31 December 2023 and ranged from 9% to 12% for unsecured borrowing as at 31 December 2023), the factors set forth in the paragraph below and the market sentiment of the property development industry in the PRC.

---

## LETTER FROM THE BOARD

---

Taking into account that (i) the New Convertible Bond bears the same interest rate of 6% per annum as that of the Existing Convertible Bond and is slightly above the low-end, while represented a discount of approximately 50% to the high-end, of the range of interest rates of both secured and unsecured borrowings of the Group as at 31 December 2023; (ii) the New Convertible Bond bears interest rate of 6% per annum which is below the range of interest rate of unsecured borrowings of the Group as at 31 December 2023; and (iii) the existing cash level of the Group; the Directors consider that the interest rate of the New Convertible Bond is fair and reasonable, and further taking into account that the New Convertible Bond is unsecured in nature, the Directors consider that the interest rate of the New Convertible Bond is not less favourable than the interest rate charged by the independent third parties.

### 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 0.8% over the adjusted closing price of HK\$2.58 per Consolidated Share (based on the closing price of HK\$0.129 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date and adjusted for the effect of the Share Consolidation);
- (ii) 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);
- (iii) 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);
- (iv) 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); and
- (v) a discount of approximately 93.7% to the net assets attributable to owners of the Company of approximately HK\$2.07 per Share as at 31 December 2023 (calculated by dividing the net assets attributable to owners of the Company as at 31 December 2023, based on the results announcement of the Company dated 27 March 2024 for the year ended 31 December 2023 (the “**2023 Results Announcement**”), by the number of Shares in issued as at 31 December 2023).

---

## LETTER FROM THE BOARD

---

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.

Nevertheless, the net assets per Share has not been taken into account in determining the initial Conversion Price given: (i) the Shares had been consistently traded at a substantial discount to the consolidated net assets attributable to owners of the Company per Share over the past two years immediately preceding the date of the Subscription Agreement; (ii) it is not uncommon for the shares of property development companies to trade at a considerable discount to their respective net assets value per share (for illustration purpose only, according to Bloomberg, an exhaustive list of 15 out of 22 property development companies with focus in the PRC market and similar revenue scale of the Group (being companies (i) listed on the Stock Exchange; (ii) recorded a revenue ranging from HK\$100 million to HK\$400 million as real estate developer and owner in its latest financial year; and (iii) with not less than 90% of its revenue generated from the PRC in its latest financial year) had a price-to-book ratio of less than 0.3 as at the Latest Practicable Date); (iii) significant portion of assets of the Group as at 31 December 2023 were investment properties which were illiquid in nature; and (iv) the real estate development prosperity index (also known as the national real estate climate index) in the PRC, according to the National Bureau of Statistics, was relatively low during 2023 such that the net assets per Share may not be an appropriate indicator of the valuation of the Group taking into account such market sentiment.

Having considered the above, the Directors are of the view that the Conversion Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

### **REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS**

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

---

## LETTER FROM THE BOARD

---

According to the 2023 Results Announcement, there was a significant increase in revenue from 2022 of approximately HK\$139.3 million to approximately HK\$264.5 million, while the Group still recorded a net loss of approximately HK\$73.2 million for the year ended 31 December 2023. Based on the 2023 Results Announcement, such net loss had already taken into account (i) the increase in revenue and gross profit of the Group; (ii) the reduction in administrative expenses of the Group; (iii) the recognition of one-off fair value gain on investment properties as compared to one-off fair value loss on investment properties of the Group in 2022; (iv) the absence of one-off impairment loss on properties for sale under development and goodwill of the Group; and (v) a significant reduction in provision in relation to litigation of the Group. Meanwhile, according to the 2023 Results Announcement, the Group still recorded a relatively high net debt position (calculated based on the aggregated borrowings of the Company less cash) of approximately HK\$692.8 million, of which HK\$273.1 million were included as current liabilities as at 31 December 2023 and the cash and cash equivalents of the Group as at 31 December 2023 was approximately HK\$40.9 million. The Group also recorded net current liabilities position of approximately HK\$12.9 million as at 31 December 2023.

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.

Meanwhile, the Company had been in preliminary discussion with potential purchaser for possible assets realisation to generate proceeds that may, among other things, settle the outstanding principal of the Existing Convertible Bond. However, taking into account the uncertainties of completion of such possible asset realisation as caused by the recent market sentiment, the fact that the asking price proposed by the potential purchaser was significantly lower than the target selling price of the relevant properties of the Group; and some of the properties now being held by the Group are subject to a charge or pledge, the Company considers that assets realisation at such asking price is currently not an attractive option nor is it in the best interests to the Company and the Shareholders as a whole.

---

## LETTER FROM THE BOARD

---

Taking into account, among other things, the financial position and expected operating cash flow to be generated by the Group, and given that 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, while further taking into account the facts that (i) the aggregated number of Existing Shares traded on the Stock Exchange for the entire year ended 31 December 2023 only represented approximately 7.7% of the then total issued Shares; and (ii) the closing price of the Existing Shares had decreased by approximately 64.9% during such period, the Company considered that there may not be sufficient demand from the existing Shareholders for a relatively large scale of rights issue or open offer to raise funds to repay the outstanding principal and interest of the Existing Convertible Bond when due, and, therefore, 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.

The Group would have to incur further interest expenses under the New Convertible Bond, and the issuance of the New Convertible Bond, as compared to the seeking of equity financing, to settle the Existing Convertible Bond will result in a higher gearing ratio for the Group, and the potential conversion of the New Convertible Bond upon exercise of the Conversion Rights by the holder(s) of the New Convertible Bond would bring dilution to the current shareholding interests of the Shareholders, while further 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 below the range of interest rates of the unsecured borrowings of the Group as at 31 December 2023 (which ranged from 9% to 12% per annum based on the 2023 Results Announcement); (iii) the Subscription will secure the continuing financial support from the Subscriber to the Group's business development and operation; (iv) the practical difficulty in obtaining the required amount of fund through equity financing as stated above; and (v) 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.

---

## LETTER FROM THE BOARD

---

In view of the above, the Board (including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee contained in this circular and excluding Mr. Kwok Siu Bun and Ms. Kwok Siu Wa Alison who, being an uncle and an aunt, respectively, of the Subscriber, 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, including the issuance of the New Convertible Bond, 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 Latest Practicable Date, there were 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 Latest Practicable Date (assuming the due registration of the transfer of offer Shares in respect of which valid acceptances were received under the Partial Offer has been completed) 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 shall be no other change in the issued share capital and shareholding structure of the Company from the Latest Practicable Date and up to the occurrence of the relevant events mentioned below):

	As at the Latest Practicable Date (Note 1)		Assuming Share Consolidation becoming effective and upon			
			(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 % (Note 3)	Number of Shares	Approximate % (Note 3)
Rhenfield (Note 2)	134,868,679	55.07	6,743,433	13.21	6,743,433	13.11
Ms. Tsang (Note 3)	474,530	0.19	38,819,495	76.05	39,220,649	76.24
Mr. Tsang (Note 3)	76,950	0.03	3,847	0.01	3,847	0.01
Ms. Kwok Wai Man Nancy (Note 3)	<u>1,343,950</u>	<u>0.55</u>	<u>67,197</u>	<u>0.13</u>	<u>67,197</u>	<u>0.13</u>
<b>Sub-total</b>	136,764,109	55.84	45,633,972	89.40	46,035,126	89.49
<b>Directors:</b>						
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	<u>107,546,304</u>	<u>43.90</u>	<u>5,377,317</u>	<u>10.54</u>	<u>5,377,317</u>	<u>10.45</u>
<b>Total</b>	<u>244,955,413</u>	<u>100.00</u>	<u>51,043,539</u>	<u>100.00</u>	<u>51,444,693</u>	<u>100.00</u>

---

## LETTER FROM THE BOARD

---

*Notes:*

1. Assuming the due registration of the transfer of offer Shares in respect of which valid acceptances were received under the Partial Offer has been completed.
2. Rhenfield is owned as to 50% by Mr. Tsang Yee and 50% by Ms. Tsang.
3. Mr. Tsang and Ms. Kwok Wai Man Nancy are parents of Mr. Tsang Yee and Ms. Tsang.
4. 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 the Announcement and up to the Latest Practicable Date.

### **LISTING RULES IMPLICATIONS**

As at the Latest Practicable Date, the Subscriber and her close associates, subject to the due registration of the transfer of offer Shares in respect of which valid acceptances were received under the Partial Offer that became unconditional in all respects and subsequently closed on 3 April 2024, in aggregate held 135,343,209 Existing Shares, representing approximately 55.3% 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 Subscriber, being a Shareholder with material interest in the Subscription, and her close associates will abstain from voting on the proposed resolution to approve the Subscription at the SGM.

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 has been 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.

---

## LETTER FROM THE BOARD

---

### SGM

Set out on pages SGM-1 to SGM-4 is a notice convening the SGM to be held at Suites 2701-08, 27/F., Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong, on Friday, 26 April 2024 at 10:30 a.m. at which resolutions will be proposed to consider and, if thought fit, to approve the Share Consolidation, the Subscription Agreement and the respective transactions contemplated thereunder.

Only Shareholders whose names appear on 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 p.m. on Tuesday, 23 April 2024.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return the same to 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 as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders on the resolutions to be proposed at the SGM will be taken by way of poll. An announcement on the poll results will be made by the Company after the SGM in manner prescribed under Rule 13.39(5) of the Listing Rules.

**As completion of the Subscription Agreement is conditional upon satisfaction of the respective conditions set out in the Subscription Agreement, 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.**

### RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on pages 28 to 29 of this circular and the letter from the Independent Financial Adviser on pages 30 to 53 of this circular which contain their advice to the Independent Board Committee and the Independent Shareholders regarding the Subscription Agreement and the transactions contemplated thereunder as well as the principal factors and reasons taken into consideration in arriving at their advice.

---

## LETTER FROM THE BOARD

---

The Directors, including the independent non-executive Directors, consider that the terms of the Subscription Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors, including the independent non-executive Directors, recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Subscription Agreement and the transactions contemplated thereunder. You are advised to read the letter from the Independent Board Committee and the letter from the Independent Financial Adviser mentioned above before deciding how to vote at the SGM.

The Directors also consider that the Share Consolidation is in the interest of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the proposed resolution approving the Share Consolidation at the SGM.

### ADDITIONAL INFORMATION

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

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

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---

*The following is the full text of the letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Subscription which has been prepared for the purpose of inclusion in this circular.*



鈞濠集團

鈞濠集團有限公司\*

**GRAND FIELD GROUP HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 115)

10 April 2024

*To the Independent Shareholders*

Dear Sir or Madam,

### **CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF THE NEW CONVERTIBLE BOND**

We refer to the circular of the Company dated 10 April 2024 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to advise you on the terms of the Subscription Agreement and the transactions contemplated thereunder. Red Sun Capital has been appointed as the Independent Financial Adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving such advice, are set out on pages 30 to 53 of the Circular.

Your attention is also drawn to the “Letter from the Board” in the Circular and the additional information set out in the appendix thereto.

\* *For identification purposes only*

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---

Having considered the terms of the Subscription Agreement and the transactions contemplated thereunder and taking into account the independent advice of Red Sun Capital, in particular the principal factors, reasons and recommendation as set out in their letter, we consider that although the entering into of the Subscription Agreement is not in the ordinary and usual course of business of the Group, the terms of the Subscription Agreement and the transactions contemplated thereunder are on normal commercial terms, the terms of the Subscription Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, and the entering into of the Subscription Agreement and the transactions contemplated thereunder are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend you to vote in favour of the ordinary resolution to be proposed at the SGM to approve the entering into of the Subscription Agreement by the Company and the transactions contemplated thereunder.

Yours faithfully,

Independent Board Committee

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

*Independent non-executive Directors*

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

*The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders regarding the Subscription Agreement for the purpose of inclusion in this circular.*



紅日資本有限公司  
RED SUN CAPITAL LIMITED

Room 310, 3/F.,  
China Insurance Group Building,  
141 Des Voeux Road Central,  
Hong Kong  
Tel: (852) 2857 9208  
Fax: (852) 2857 9100

10 April 2024

*To: The Independent Board Committee and the Independent Shareholders of  
Grand Field Group Holdings Limited*

Dear Sirs,

### CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF THE NEW CONVERTIBLE BOND

#### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription (together with the transactions contemplated therein, including the issue of the New Convertible Bond under specific mandate), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 10 April 2024 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Reference is made to the announcement of the Company dated 6 March 2024 in relation to, among other things, the Subscription.

On 31 October 2022, the Existing Convertible Bond was issued to the Subscriber at a principal amount of HK\$95,896,475.43 with an interest rate of 6% per annum and a maturity date of 18 months from the date of issue (i.e. 30 April 2024).

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

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. 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.

Completion of the Subscription Agreement shall take place on the Completion Date (or such other date as may be agreed between the respective parties) and completion of the Subscription Agreement is conditional upon the satisfaction (or waiver in accordance with the terms of the Subscription Agreement) of the conditions precedent to the Subscription, details of which please refer to the section headed “THE SUBSCRIPTION – Conditions precedent” set out in the Letter from the Board.

The initial Conversion Price of the New Convertible Bond is HK\$2.60 per Consolidated Share (equivalent to HK\$0.13 per Existing Share as adjusted for the effect of the Share Consolidation) and the New Convertible Bond will carry an interest of 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. The New Convertible Bond will mature at the end of the 36 months from the issue date of issue.

### LISTING RULES IMPLICATIONS

As set out in the Letter from the Board, as at the Latest Practicable Date, the Subscriber and her close associate, subject to the due registration of the transfer of offer Shares in respect of which valid acceptances were received under the Partial Offer that became unconditional in all respects and subsequently closed on 3 April 2024, in aggregate held 135,343,209 Existing Shares, representing approximately 55.3% 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 Subscriber, being a Shareholder with material interest in the Subscription, and her close associates will abstain from voting on the proposed resolution to approve the Subscription at the SGM. Each of Mr. Kwok Siu Bun and Ms. Kwok Siu Wa Alison, being an uncle and an aunt, respectively, of the Subscriber and the Directors, had abstained from voting on the Board resolutions for approving the Subscription Agreement and the transactions contemplated thereunder.

---

## **LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

---

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 has been made to the Listing Committee for the listing of, and permission to deal in, 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.

### **THE INDEPENDENT BOARD COMMITTEE**

An Independent Board Committee comprising all independent non-executive Directors, namely, Mr. Hui Pui Wai Kimber, Mr. Liu Chaodong and Mr. Tsui Matthew Mo Kan, has been formed to advise the Independent Shareholders in relation to the Subscription. All members of the Independent Board Committee have confirmed to the Company that they are independent with respect to the Subscription and are thus suitable to give advice and recommendation to the Independent Shareholders.

Our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders has been approved by the Independent Board Committee. We do not by this letter warrant the merits of the above transaction other than to form an opinion for the purpose of the Listing Rules. Our role as the Independent Financial Adviser is to give our recommendation to the Independent Board Committee and the Independent Shareholders as to (i) whether or not the Subscription is on normal commercial terms and fair and reasonable and the transactions contemplated under the Subscription Agreement are in the interests of the Company and the Shareholders as a whole; and (ii) advise the Independent Shareholders on how to vote on the proposed resolutions in respect thereof at the SGM.

### **BASIS OF OUR OPINION AND RECOMMENDATION**

In formulating our opinion 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 representations made to us by the Directors and the management of the Company. We have assumed that all statements, information and representations provided by the Directors and the management of the Company, for which they are solely responsible, are true and accurate at the time when they were provided and continue to be so as at 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 enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules, which

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

included, among others, (i) obtained the Subscription Agreement and reviewed the terms thereunder; (ii) reviewed the Announcement; (iii) reviewed the contents as set out in the Letter from the Board, including the reasons for the Subscription and use of proceeds; (iv) reviewed the information as set out in the announcement of the Company dated 27 March 2024 (the “**2023 Results Announcement**”) for our analysis on the background and historical financial performance of the Group; (v) conducted market research on the share price performance against the initial Conversion Price from 7 March 2023 up to and including the Latest Practicable Date (the “**Review Period**”) and the trading liquidity of the Shares, respectively; (vi) obtained sampled transactions for the purpose of our fairness and reasonableness analysis of the terms of the New Convertible Bond; and (vii) conducted our analysis on the initial Conversion Price, the interest rate and the maturity period of the New Convertible Bond.

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

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not be used out of context.

### OUR INDEPENDENCE

As at the Latest Practicable Date, we are independent from and not connected with the Company nor any other parties that could reasonably be regarded as relevant to our independence, and accordingly, are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the proposed issue of the New Convertible Bond under specific mandate and transactions contemplated under it.

Save for our appointments (the “**Previous Engagements**”) as the independent financial adviser for (i) the connected transaction in relation to the subscription of new convertible bond, the circular of which was dated 10 October 2022; and (ii) the Partial Offer by Halcyon Securities Limited for and on behalf of Rhenfield to acquire a maximum of 110,809,306 shares in the

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

Company, the composite offer and response document of which was dated 29 February 2024 (the “**Composite Document**”), there was no engagement between the Company and Red Sun Capital Limited in the last two years.

Having considered that (a) the remuneration for our engagement to opine on the Subscription Agreement and the transactions contemplated thereunder and the Previous Engagements are (i) determined at market level and (ii) not conditional upon successful passing of the resolutions to be proposed at the relevant special general meeting; and (b) our engagements are on normal commercial terms, we consider ourselves independent and eligible to give independent advice in respect of the Subscription.

Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED FOR THE SUBSCRIPTION AGREEMENT**

In arriving at our opinion in respect of the Subscription Agreement, we have taken into consideration the following principal factors and reasons:

#### **(1) Principal business and financial information of the Group**

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

Set out below are the summarised consolidated income statements of the Group for the years ended 31 December 2022 and 2023 as extracted from the 2023 Results Announcement.

---

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

---

(i) *Summary of consolidated statement of profit or loss*

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2023</b>	<b>2022</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
<b>Revenue</b>	264,515	139,285
Property development	185,076	108,941
Property investment	29,305	24,115
Hotel operation	7,710	2,353
General trading	37,506	3,501
Others	4,918	375
<b>Gross profit</b>	59,924	18,999
<b>Loss before tax</b>	(14,640)	(683,939)
<b>Loss for the year</b>	(73,220)	(593,714)
<b>Loss for the year attributable to:</b>		
Owners of the Company	(47,026)	(392,648)
Non-controlling interests	(26,194)	(201,066)

*Financial performance for the year ended 31 December 2022 (the “FY2022”) and the year ended 31 December 2023 (the “FY2023”)*

As set out in 2023 Results Announcement, the Group recorded revenue of approximately HK\$264.5 million for FY2023, representing an increase of approximately 89.9% from approximately HK\$139.3 million for FY2022, while the Group’s gross profit amounted to approximately HK\$59.9 million for FY2023 compared to approximately HK\$19.0 million for FY2022, representing an increase of approximately 215.4%.

Loss for the year attributable to the owners of the Company amounted to approximately HK\$47.0 million for FY2023 compared to approximately HK\$392.6 million for FY2022. The year-on-year decrease in loss for the year attributable to the owners of the Company was primarily due to (i) the increase in revenue and gross profit of the Group from approximately HK\$139.3 million and HK\$19.0 million respectively for FY2022 to approximately HK\$264.5 million and HK\$59.9 million respectively for FY2023; (ii) the reduction in administrative expenses of the Group from approximately HK\$61.6 million for FY2022 to approximately HK\$49.1 million for FY2023; (iii) the recognition of one-off fair value gain on investment properties of the Group amounted to HK\$42.4 million for FY2023 as opposed to the one-off fair value loss on investment properties of the Group of approximately HK\$380.5 million for FY2022; (iv) the absence of one-off impairment loss on properties for sale under development and goodwill of the Group for FY2023; and (v) a significant reduction in provision in relation to litigation of the Group from approximately HK\$49.2 million for FY2022 to approximately HK\$0.7 million for FY2023.

---

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

---

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

	<b>As at 31 December 2023</b>	<b>As at 31 December 2022</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Non-current assets	1,916,501	1,980,193
Current assets	715,847	841,066
<b>Total assets</b>	<b>2,632,348</b>	<b>2,821,259</b>
Non-current liabilities	751,347	816,818
Current liabilities	728,705	745,285
<b>Total liabilities</b>	<b>1,480,052</b>	<b>1,562,103</b>
Net assets	1,152,296	1,259,156
Net assets attributable to:		
Owners of the Company	506,710	569,143
Non-controlling interests	645,586	690,013

We noted from the 2023 Results Announcement that the Group recorded net asset attributable to owners of the Company of approximately HK\$506.7 million as at 31 December 2023 compared to approximately HK\$569.1 million as at 31 December 2022.

Total assets of the Group amounted to approximately HK\$2,632.3 million as at 31 December 2023 and approximately HK\$2,821.3 million as at 31 December 2022, respectively. As at 31 December 2023, total assets of the Group mainly comprised of (i) investment properties of approximately HK\$1,718.9 million as at 31 December 2023 compared to approximately HK\$1,765.7 million as at 31 December 2022; (ii) properties for sales under development of approximately HK\$430.0 million as at 31 December 2023 compared to approximately HK\$544.3 million as at 31 December 2022; (iii) properties for sale of approximately HK\$190.9 million as at 31 December 2023 compared to approximately HK\$204.5 million as at 31 December 2022; and (iv) property, plant and equipment of approximately HK\$177.6 million as at 31 December 2023 compared to approximately HK\$194.6 million as at 31 December 2022.

Total liabilities of the Group amounted to approximately HK\$1,480.1 million as at 31 December 2023 and approximately HK\$1,562.1 million as at 31 December 2022, respectively. As at 31 December 2023, total liabilities of the Group mainly comprised of (i) interest-bearing borrowings of approximately HK\$641.3 million as at 31 December 2023 compared to approximately HK\$648.5 million as at 31 December 2022; (ii) trade and other payables of approximately HK\$293.6 million as at 31 December 2023 compared to approximately HK\$412.3 million as at 31 December 2022; (iii) deferred tax liabilities of approximately HK\$290.0 million as at 31 December 2023 compared to approximately

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

HK\$287.8 million as at 31 December 2022; and (iv) tax payable of approximately HK\$159.9 million as at 31 December 2023 compared to approximately HK\$122.4 million as at 31 December 2022.

**(2) Reasons for and benefits of the Subscription and use of proceeds**

**(a) Group overview**

As set out in the Letter from the Board, as stated in the 2023 Results Announcement, there was a significant increase in revenue from 2022 of approximately HK\$139.3 million to approximately HK\$264.5 million, while the Group still recorded a net loss of approximately HK\$73.2 million for FY2023. Based on the 2023 Results Announcement, such net loss had already taken into account (i) the increase in revenue and gross profit of the Group; (ii) the reduction in administrative expenses of the Group; (iii) the recognition of one-off fair value gain on investment properties as compared to one-off fair value loss on investment properties of the Group in FY2022; (iv) the absence of one-off impairment loss on properties for sale under development and goodwill of the Group; and (v) a significant reduction in provision in relation to litigation of the Group. Meanwhile, according to the 2023 Results Announcement, the Group still recorded a relatively high net debt position (calculated based on the aggregated borrowings of the Company less cash) of approximately HK\$692.8 million, of which HK\$273.1 million were included as current liabilities as at 31 December 2023 and the cash and cash equivalents of the Group as at 31 December 2023 was approximately HK\$40.9 million. The Group also recorded net current liabilities position of approximately HK\$12.9 million as at 31 December 2023.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

According to the National Bureau of Statistics set out in the Letter from the Board, 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.

Meanwhile, the Company had been in preliminary discussion with potential purchaser for possible assets realisation to generate proceeds that may, among other things, settle the outstanding principal of the Existing Convertible Bond. However, taking into account the uncertainties of completion of such possible asset realisation as caused by the recent market sentiment, the fact that the asking price proposed by the potential purchaser was significantly lower than the target selling price of the relevant properties of the Group; and some of the properties now being held by the Group are subject to a charge or pledge, the Company considers that assets realisation at such asking price is currently not an attractive option nor is it in the best interests to the Company and the Shareholders as a whole.

As set out in the Letter from the Board, taking into account of the financial position and expected operating cash flow to be generated by the Group, and given that 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 Share 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, while further taking into account the facts that (i) the aggregated number of Existing Shares traded on the Stock Exchange for the entire year ended 31 December 2023 only represented approximately 7.7% of the then total issued Shares; and (ii) the closing price of the Existing Shares had decreased by approximately 64.9% during such period, the Company considered that there may not be sufficient demand from the existing Shareholders for a relatively large scale of rights issue or open offer to raise funds to repay the outstanding principal and interest of the Existing Convertible Bond when due, and, therefore, has decided to negotiate with the Subscriber on the proposed settlement plan of the Existing Convertible Bond and both 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.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

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.

As regards bank borrowings exercises, the ability for a company to obtain bank borrowings with favourable terms generally and largely depends on, among others, the company's profitability, financial position and may be subject to lengthy due diligence and internal risk assessment by and negotiations with bank and usually requires pledge of assets by the borrower. Taking into account that (i) the Group is at a loss-making position for FY2023 and FY2022 with loss for the year of approximately HK\$73.2 million and approximately HK\$593.7 million, respectively; (ii) the Group recorded net current liabilities of approximately HK\$12.9 million as at 31 December 2023; (iii) the Group recorded gearing ratio, which was defined to be interest-bearing borrowings over shareholders' equity, of approximately 127% as at 31 December 2023, it is less likely for the Group to obtain additional mid-term or long-term sizeable bank loans timely with favourable terms due to the reasons as discussed above.

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 below the range of interest rates of the unsecured borrowings of the Group as at 31 December 2023 (which ranged from 9% to 12% per annum as at 31 December 2023); (iii) the Subscription will secure the continuing financial support from the Subscriber to the Group's business development and operation; (iv) upon conversion of the New Convertible Bond, the financial position of the Group would be improved; (v) a fund raising exercise for substantial amount by way of issue of very substantial amount of new Shares to independent third party(ies) or to existing Shareholders on a pro rata basis where considerable discount to the market prices of the Shares would be required; and (vi) equity fund raising alternatives such as placing or rights issue or open offer of new Shares is subject to underwriting uncertainty and may incur a higher transaction cost such as underwriting and other fees, the Board considers and we concur that the terms of the Subscription Agreement and the transaction contemplated thereunder, including the issuance of the New Convertible Bond, are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **(3) Financial 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 the Announcement.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### (4) Principal terms of the Subscription Agreement

#### *Key terms of the Subscription Agreement and background of the Subscriber*

As set out in the Letter from the Board, 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. 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. Please refer to the Letter from the Board in relation to other principal terms of the Subscription Agreement.

The initial Conversion Price of the New Convertible Bond is HK\$2.60 per Consolidated Share (equivalent to HK\$0.13 per Existing Share as adjusted for the effect of the Share Consolidation), subject to adjustments as provided in the New Convertible Bond instrument in each of cases stated in the Letter from the Board, and the New Convertible Bond will carry an interest of 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. The New Convertible Bond will mature at the end of the 36 months from the date of issue of the New Convertible Bond. Further details of the Subscription Agreements are set out in the Letter from the Board.

Assuming full conversion of the maximum principal amount of the New Convertible Bond of HK\$101,912,000 million at the initial Conversion Price, a maximum of 39,196,923 Consolidated Shares with aggregate nominal value of HK\$7,839,384.60 will be issued, representing approximately 320.0% of the total existing number of issued Shares and approximately 76.2% of the total existing number of issued Shares as enlarged by the issue of the Conversion Shares. 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 as below.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

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.

### ***Maturity***

The New Convertible Bond has a maturity of 36 months from the date of issue, if that is not a Business Day, the first Business Day thereafter.

### ***Interest rate***

The interest rate of the New Convertible Bond is 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. The interest rate of the New Convertible Bond was arrived after arm's length negotiation between the Company and the Subscriber after taking into account the interest rate of the Existing Convertible Bond, the interest rate of the borrowings of the Group (which ranged from 5.15% to 12.00% per annum for all borrowings as at 31 December 2023 and ranged from 9% to 12% for unsecured borrowing as at 31 December 2023), the factors set for the in the paragraph below and the market sentiment of the property development industry in the PRC.

Taking into account that (i) the New Convertible Bond bears the same interest rate of 6% per annum as that of the Existing Convertible Bond and is slightly above the low-end, while represented a discount of approximately 50% to the high-end of the range of interest rates of both secured and unsecured borrowings of the Group as at 31 December 2023; (ii) the New Convertible Bond bears interest rate of 6% per annum which is below the range of interest rate of unsecured borrowings of the Group as at 31 December 2023 from 9% to 12%; and (iii) the existing cash level of the Group, the Directors consider that the interest rate of the New Convertible Bond is fair and reasonable, and further taking into account that the New Convertible Bond is unsecured in nature, the Directors consider that the interest rate of the New Convertible Bond is not less favourable than the interest rate charged by the independent third parties.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### (5) Evaluation of the initial 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). As stated in the Letter from the Board, the initial 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. In considering the fairness and reasonableness of the initial Conversion Price, we have conducted the following analyses:

We note that the initial Conversion Price of 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 0.8% over the adjusted closing price of HK\$2.58 per Consolidated Share (based on the closing price of HK\$0.129 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date and adjusted for the effect of the Share Consolidation);
- (ii) 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) (the “**Implied Premium – LTD**”);
- (iii) a premium of approximately 3.3% over the adjusted average closing price of approximately HK\$2.516 per Consolidated Share (based on the average closing price of approximately 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) (the “**Implied Premium – Five Days Average**”);
- (iv) 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);
- (v) a premium of approximately 7.1% to the adjusted average closing price of HK\$2.428 per Consolidated Share (based on the average closing price of HK\$0.1214 per Existing Share as quoted on the Stock Exchange for the thirty consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation); and

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

- (vi) a discount of approximately 93.7% to the net assets attributable to owners of the Company of approximately HK\$2.07 per Share as at 31 December 2023 (calculated by dividing the net assets attributable to owners of the Company as at 31 December 2023, based on the 2023 Results Announcement, by the number of Shares in issued as at 31 December 2023).

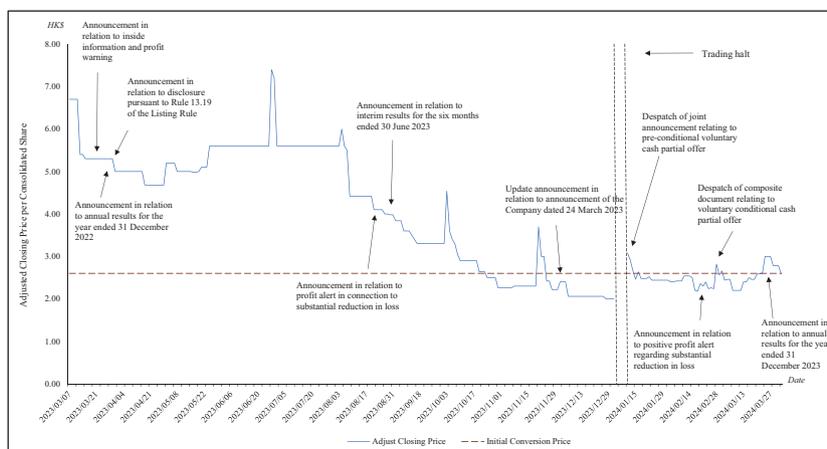
In order to further assess the fairness and reasonableness of terms of the New Convertible Bond, we have performed review on (i) the adjusted daily closing price of the ordinary Shares as quoted on the Stock Exchange during the Review Period, being a period of twelve months prior to the date of the Subscription Agreement up to and including the Latest Practicable Date; (ii) the trading volume of the ordinary Shares during the Review Period; and (iii) the comparison on the issuance of convertible bonds by companies listed on the Stock Exchange.

### ***Share price performance against the initial Conversion Price during the Review Period***

We have reviewed the movements in the adjusted closing price per Consolidated Share (as adjusted for the effect of the Share Consolidation) during the Review Period, being a period of twelve months prior to the date of the Subscription Agreement up to and including the Latest Practicable Date, in order to assess the fairness and reasonableness of the initial Conversion Price. We consider that a period of 12 months is sufficient to illustrate the recent price movements of the Shares for conducting a reasonable comparison between the initial Conversion Price and the theoretical adjusted closing price of the Shares (as adjusted for the effect of the Share Consolidation), calculated by aggregating the relevant closing price of 20 Existing Shares with a view to providing a meaningful comparison to the initial Conversion Price under the Subscription (the “**Adjusted Closing Price**”).

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *Adjusted Closing Price performance against the initial Conversion Price during the Review Period*



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

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

Although there were 164 trading days out of 246 trading days that the Adjusted Closing Price per Consolidated Share was higher than the initial Conversion Price during the Review Period and up to the Last Trading Day, the closing price has been on a decreasing trend in general from the Adjusted Closing Price of HK\$6.70 per Consolidated Share on 7 March 2023 to the Adjusted Closing Price of HK\$2.46 per Consolidated Share on the Last Trading Day as illustrated in the above chart, with the highest and lowest Adjusted Closing Price per Consolidated Share being HK\$7.40 on 28 June 2023 and HK\$2.00 on 28 December 2023, 29 December 2023, 2 January 2024 and 3 January 2024, respectively.

Since the commencement of the Review Period and up to the trading day immediately before the date of announcement in relation to profit alert in connection to substantial reduction in loss attributable to owners of the Company for the six months ended 30 June 2023 dated 23 August 2023, the Adjusted Closing Price per Consolidated Share has been fluctuated in the range of HK\$4.10 (22 August 2023) and HK\$7.40 (28 June 2023). Subsequently, from 23 August 2023 to the Last Trading Day, the closing price generally experienced a downward trend and the Adjusted Closing Price per Consolidated Share has been decreased from HK\$4.10 on 23 August 2023 to HK\$2.46 on the Last Trading Day.

As depicted in the above chart, we noted the sudden surge in closing price occurred on 28 June 2023, taking the Adjusted Closing Price per Consolidated Share to HK\$7.40. We have made enquired with the Management and were advised that save for the publication of announcements of the Company as described above chart, the Directors were not aware of any specific reasons which may have an impact of the fluctuations of Share prices during the Review Period.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

On 20 February 2024 (after trading hours of the Stock Exchange), the Company announced a positive profit alert in relation to the expected substantial reduction in loss for FY2023 and the Adjusted Closing Price were then decreased from HK\$2.36 per Share on 20 February 2024 to HK\$2.30 per Consolidated Share on 21 February 2024 and fluctuated between HK\$2.20 per Consolidated Share and HK\$3.00 per Consolidated Share until the Latest Practicable Date.

Having considered that the initial 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, the Directors are of the view and we concur that the initial Conversion Price determined with reference to the prevailing market prices of the Shares is fair and reasonable and in the interests of the Company and the Shareholders.

### ***Historical share price performance against the net asset value per Consolidated Share***

The initial Conversion Price represents a discount of approximately 93.7% to the net assets attributable to owners of the Company as at 31 December 2023 of approximately HK\$41.4 per Consolidated Share (the “NAV per Consolidated Share”) (based on the net assets attributable to owners of the Company of approximately HK\$506,710,000 as at 31 December 2023 and Consolidated Shares in issue as at the Latest Practicable Date and adjusted for the effect of the Share Consolidation). As set out in the Letter from the Board, while it was also noted that (i) the Shares had been consistently traded at a substantial discount to the consolidated net assets attributable to owners of the Company per Share over the past two years immediately preceding the date of the Subscription Agreement calculated based on the latest available consolidated net assets attributable to owners of the Company during the respective periods with a discount ranged from approximately 84.1% to 95.2%; (ii) it is not uncommon for the shares of property development companies to trade at a considerable discount to their respective net assets value per share (for illustration purpose only, according to Bloomberg, an exhaustive list of 15 out of 22 property development companies with focus in the PRC market and similar revenue scale of the Group (being companies (i) listed on the Stock Exchange; (ii) recorded a revenue ranging from HK\$100 million to HK\$400 million as real estate developer and owner in its latest financial year; and (iii) with not less than 90% of its revenue generated from the PRC in its latest financial year) had a price-to-book ratio of less than 0.3 as at the Latest Practicable Date); (iii) over 85% of the total assets of the Group as at 31 December 2023 were investment properties which was illiquid in nature, and (iv) the real estate development prosperity index (also known as the national real estate climate index) in the PRC, according to the National Bureau of Statistics, was relatively low during 2023, the Directors considered and we concur that the net assets per Share may not be an appropriate indicator of the valuation of the Group taking into account such market sentiment.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### *Trading liquidity of Shares*

We have conducted analysis on the historical trading volume and liquidity of the Shares, together with a summary of number of days with trading in the month/period, average daily trading volume of the Shares in the month/period and the percentages of average daily trading volume of the Shares as compared to the total number of issued Shares and the Shares held by the public during the Review Period, are set out in the table below.

Month/period	Number of days with trading of Shares in the month/period	Average daily number of Shares traded per trading days in the month/period	% of average daily number of Shares traded to the total number of Shares in issue <i>(Note 1)</i>
<b>2023</b>			
March <i>(from 7 March 2023)</i>	5	139,789	0.06%
April	2	3,682	< 0.01%
May	4	11,000	< 0.01%
June	5	19,086	0.01%
July	3	930	< 0.01%
August	5	9,652	< 0.01%
September	5	7,642	< 0.01%
October	10	158,600	0.06%
November	4	34,545	0.01%
December	4	27,363	0.01%
<b>2024</b>			
January	9	376,806	0.15%
February	14	192,947	0.08%
March	17	243,055	0.10%
April <i>(up to and including the Latest Practicable Date)</i>	1	137,667	0.06%
<b>Minium</b>			< 0.01%
<b>Maximum</b>			0.15%
<b>Average</b>			0.04%

*Source: The website of the Stock Exchange (www.hkex.com.hk)*

*Notes:*

1. Calculated based on the total number of the Shares in issue at the end of month/period, where applicable.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

As set out in the table above, during the Review Period, the percentage of average daily trading volume of the Shares by month/period were in the range of less than 0.01% to approximately 0.15% with an average of approximately 0.04% as to the total number of issued Shares. We also note that no trading activity of the Shares was recorded in 173 out of 261 trading days during the Review Period. As such, the thin trading liquidity may hinder third parties underwriter to participate when the Company try to pursue fund raising exercise by way of placement, rights issue or open offer of new Shares.

### *Market comparable analysis*

In order to assess the fairness and reasonableness of the terms of the New Convertible Bond, we have, on a best effort basis, conducted a search of all recent issues of convertible bond(s) or convertible note(s) under specific mandate by companies listed on the Stock Exchange (excluding (i) the issuance for acquisition, and (ii) those are perpetual in term and have no maturity date, which we considered to be not comparable to the convertible bond(s) or convertible note(s) in terms of the nature as the perpetual convertible bond(s) or convertible note(s) offer a steady stream of interest indefinitely and the principal is generally not redeemable while the convertible bond(s) are redeemable at maturity date) for the period of six-month period prior to the Last Trading Day (the “**Comparable Issues**”) through published information on the Stock Exchange’s website (the “**Criteria**”). We consider that the six-month period is appropriate in providing a general reference for the recent market practice in relation to the key terms of the Comparable Issues under similar market conditions, given that (i) the timeframe is sufficient in generating a reasonable and meaningful amount of samples for the purpose of our analysis; and (ii) the inclusion of all Comparable Issues without any artificial selection or filtering on our part represents a true and fair view of the recent market trends for similar transactions conducted by other listed issuers in Hong Kong. Based on such Criteria, we have identified 17 Comparable Issues on an exhaustive basis.

To the best of our knowledge, effort and endeavour and based on our search conducted according to the Criteria, the Comparable Issues is an exhaustive list of issue of convertible bond(s) and convertible note(s) meeting the Criteria. Shareholders should note that the size, principal business, scale of the market capitalization, profitability and financial positions may be not the same as the Comparable Issues and we have not conducted any in-depth investigation into the size, principal business, scale of the market capitalization, profitability and financial positions of the Comparable Issues. This analysis is aiming in providing a general reference for the recent market practice in relation to the key terms of the Comparable Issues under similar type of transactions, we consider that our comparable analysis on the terms of the convertible bonds without limiting to companies that are with similar size, principal business, scale of the market capitalization, profitability and financial positions as that of the Group is fair and reasonable and useful for Independent Shareholders’ reference.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We set out our findings in the table below:

Date of announcement	Stock code	Company name	Interest rate per annum (%)	Maturity (year)	Premium/(discount) of conversion price over/to the closing price on the last trading day/on the date of the respective announcement/agreement (%)	Premium/(discount) of conversion price over/to the average closing price of five trading days prior to and including the last trading day/on the date of the respective announcement/agreement (%)	Relation between subscriber and company
11 Sep 2023	704	Huscoke Holdings Limited	8.0	2.0	(0.6)	0.0	connected person
12 Sep 2023	1736	China Parenting Network Holdings Limited	8.0	0.5	0.0	2.2	independent third party
22 Sep 2023	1380	China Kingstone Mining Holdings Limited	2.0	3.0	(44.2)	(43.6)	independent third party
28 Sep 2023	707	Asia Television Holdings Limited	8.0	2.0	177.8	122.2	independent third party
29 Sep 2023	496	Kasen International Holdings Limited	5.0	1.5	20.0	32.8	connected person
6 Oct 2023	8365	Hatcher Group Limited	0.0	2.0	9.6	10.8	independent third party
16 Oct 2023	959	Century Entertainment International Holdings Limited	0.0	3.0	13.3	8.5	connected person
16 Nov 2023	310	Prosperity Investment Holdings Limited	8.0	2.0	10.7	10.7	connected person
20 Nov 2023	2772	Zhongliang Holdings Group Company Limited	3.0	3.7	321.1	313.8	independent third party
2 Jan 2024	8613	Oriental Payment Group Holdings Limited	12.0	4.5	0.0	4.0	connected person
3 Jan 2024	8370	Zhi Sheng Group Holdings Limited	0.0	2.0	45.3	45.3	independent third party
15 Jan 2024	8356	CNC Holdings Limited ("CNC Holdings") (Note 3)	0.8	2.0	1,533.3 (Note 1)	1,533.3 (Note 2)	connected person
15 Jan 2024	8356	CNC Holdings (Note 3)	0.8	2.0	1,533.3 (Note 1)	1,533.3 (Note 2)	connected person
23 Jan 2024	616	Eminence Enterprise Limited	5.0	5.0	(4.8)	(5.8)	connected person
26 Jan 2024	1039	Changyou Alliance Group Limited	8.0	3.0	342.0	308.0	connected person
30 Jan 2024	910	China Sandi Holdings Limited	2.0	10.0	4.7	(0.2)	connected person
22 Feb 2024	821	Value Convergence Holdings Limited	0.0	3.0	1.7	2.2	independent third party
		<b>Maximum</b>	12.0	10.0	342.0	313.8	
		<b>Minimum</b>	0.0	0.5	(44.2)	(43.6)	
		<b>Average</b>	4.2	3.0	59.8	54.1	
		<b>Median</b>	3.0	2.0	9.6	8.5	
		<b>The Company</b>	6.0	3.0	5.7	0.5	connected person

Source: The website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and adopted from the relevant announcements.

Note:

- Given the premium of conversion price over the closing price on the last trading day for CNC Holdings of approximately 1,533.3%, is notably higher than other Comparable Issues, with the next closest comparable being at a premium of approximately 342.0%, thus such was considered to be an outlier and excluded from the analysis on the conversion price over the closing price.
- Given the premium of conversion price over the average closing price of five trading days prior to and including the last trading day for CNC Holdings of approximately 1,533.3%, is notably higher than other Comparable Issues, with the next closest comparable being at a premium of approximately 313.8%, thus such was considered to be an outlier and excluded from the analysis on the conversion price over the closing price.
- As set out in the announcement of CNC Holdings dated 15 January 2024, there were two convertible bonds with principal amount of HK\$64,127,855 and HK\$16,240,000, respectively, issued by CNC Holdings, therefore they were separately disclosed in the table above in order not to distort the analysis.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

As shown in the above table, we noted that the conversion prices of the Comparable Issues ranged from (i) a discount of approximately 44.2% to a premium of approximately 342.0% over the respective closing prices of the shares on the last trading day/on the date of the relevant announcement/agreement (the “**LTD Range**”), with a median premium of approximately 9.6% (the “**LTD Median**”) and an average premium of approximately 59.8% (the “**LTD Average**”); and (ii) a discount of approximately 43.6% to a premium of approximately 313.8% over the respective average closing prices of the shares on the last five consecutive trading days prior to and including the last trading day/on the date of the respective announcement/agreement (the “**Five Days Range**”), with a median discount of approximately 8.5% (the “**Five Days Median**”) and an average discount of approximately 54.1% (the “**Five Days Average**”). We noted that the Implied Premium – LTD of approximately 5.7% falls within the LTD Range and represents a lower premium than the LTD Median and the LTD Average. Besides, we also noted that the premium of the initial Conversion Price of approximately 0.5% over the average closing price for last five consecutive trading days up to and including the Last Trading Day falls within the Five Days Range and represents a lower premium than the Five Days Median and the Five Days Average.

Excluding CNC Holdings, being the outlier, we noted from the above table that the LTD Range of the Comparable Issues ranged from a discount of approximately 44.2% to a premium of approximately 342.0%. Among the Comparable Issues, there were seven out of 15 Comparable Issues issued with less than 10% premium/discount of its conversion price over/to closing price per share on the last trading day prior to/on the date of the relevant announcement/agreement, which concluded that it is normal in market issues of convertible bonds/notes based on the then prevailing market share price as determination basis for the conversion price. Therefore, we are of the view that the case of the initial Conversion Price set close to the prevailing closing prices of the Shares on the Last Trading Day is reasonable.

Having considered that (i) the closing price per Share experienced several abrupt movements during the Review Period and there have been following an overall sliding trend since July 2023 and up to the Last Trading Day; (ii) the initial Conversion Price is close to the prevailing adjusted market prices of the Shares, representing (a) the Implied Premium – LTD of approximately 5.7%; and (b) the Implied Premium – Five Days Average of approximately 3.3%, which would give incentive to Subscriber to exercise the conversion rights attaching to the New Convertible Bond upon maturity of the New Convertible Bond and the Company would have no cash pressure on loan repayment to the Subscriber and the gearing position of the Company would be improved through the reduction of interest-bearing liabilities; (iii) the Implied Premium of the initial Conversion Price is within the LTD Range; and (iv) the Implied Premium – Five Days Average of the initial Conversion Price is within the Five Days Range, we are of the view that the initial Conversion Price is fair and reasonable so far as the Independent Shareholders are concerned.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### *Analysis on the interest rate*

We note that the interest rates in respect of the Comparable Issues ranged from nil to 12.0% per annum (the “**Interest Range**”), with an average of approximately 4.2% per annum and a median of approximately 3.0% per annum. The interest rate of the New Convertible Bond therefore falls within the Interest Range of the Comparable Issues and is higher than the average and median interest rate of the Comparable Issues. Notwithstanding that the profitability and financial positions of the Group may not be the same as the Comparable Issues, the analysis of Comparable Issues provides a general reference for the recent market practice in relation to the interest rates of the convertible bonds based on sufficient numbers of sampling transactions. Having considered that the Comparable Issues is an exhaustive list of issue of convertible bond(s) based on our search conducted according to the Criteria, the comparable analysis on the interest rate of the convertible bonds without limiting to companies that are with similar profitability and financial positions as that of the Group is fair and useful for Independent Shareholders’ reference.

As stated in the Letter from the Board, we noted that (i) the interest rate of the New Convertible Bond bears the same interest rate of 6% per annum as that of the Existing Convertible Bond and is slightly above the low-end (i.e. 5.15%), while represented a discount of approximately 50% to the high-end (i.e. 12.00%), of the range of interest rates of both secured and unsecured borrowings of the Group as at 31 December 2023; and (ii) the New Convertible Bond bears interest rate of 6% per annum which is below the range of interest rate of unsecured borrowings of the Group as at 31 December 2023 (i.e. 9% to 12%).

Having considered that (i) the New Convertible Bond bears interest rate of 6% per annum which is below the range of interest rate of unsecured borrowings of the Group as at 31 December 2023 (i.e. 9% to 12%) and the New Convertible Bond is unsecured in nature; and (ii) the interest rate of the New Convertible Bond is within the Interest Range of the Comparable Issues, we are of the view that the interest rate charged under the New Convertible Bond is not less favourable than the interest rate offered by independent third parties and is fair and reasonable.

### *Analysis on the maturity period*

Furthermore, it is also noted that the maturity period of the Comparable Issues ranged from 0.5 year to ten years. The maturity of the New Convertible Bond therefore falls within the range of the maturity of the Comparable Issues. Accordingly, we are of the view that the maturity of the New Convertible Bond to be fair and reasonable.

## **(6) Financial effects of the Subscription**

The financial effects as a result of the Subscription set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after the completion of the Subscription.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### *Effect on net assets value and gearing ratio*

As set out in the Letter from the Board, 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. It is expected that the New Convertible Bond will not have an immediate material impact on the net asset value and gearing ratio of the Group.

### **(7) Dilution effect on the shareholding interests of the existing public Shareholders**

Save as the Existing Convertible Bond, as at the Latest Practicable Date, there were 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 Latest Practicable Date (assuming the due registration of the transfer of offer Shares in respect of which valid acceptances were received under the Partial Offer has been completed) 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 shall be no other change in the issued share capital and shareholding structure of the Company from the Latest Practicable Date and up to the occurrence of the relevant events mentioned below):

	As at the Latest Practicable Date (Note 1)		Assuming Share Consolidation becoming effective and upon			
			(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 % (Note 3)	Number of Shares	Approximate % (Note 3)
Rhenfield (Note 2)	134,868,679	55.07	6,743,433	13.21	6,743,433	13.11
Ms. Tsang (Note 3)	474,530	0.19	38,819,495	76.05	39,220,649	76.24
Mr. Tsang (Note 3)	76,950	0.03	3,847	0.01	3,847	0.01
Ms. Kwok Wai Man Nancy (Note 3)	1,343,950	0.55	67,197	0.13	67,197	0.13
<b>Sub-total</b>	<b>136,764,109</b>	<b>55.84</b>	<b>45,633,972</b>	<b>89.40</b>	<b>46,035,126</b>	<b>89.49</b>
<b>Directors:</b>						
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	107,546,304	43.90	5,377,317	10.54	5,377,317	10.45
<b>Total</b>	<b>244,955,413</b>	<b>100.00</b>	<b>51,043,539</b>	<b>100.00</b>	<b>51,444,693</b>	<b>100.00</b>

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

*Notes:*

1. Assuming the due registration of the transfer of offer Shares in respect of which valid acceptances were received under the Partial Offer has been completed.
2. Rhenfield is owned as to 50% by Mr. Tsang Yee and 50% by Ms. Tsang.
3. Mr. Tsang and Ms. Kwok Wai Man Nancy are parents of Mr. Tsang Yee and Ms. Tsang.
4. 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.

According to the terms of New Convertible Bond, the Subscriber 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 that conversion right of the New Convertible Bond shall not be exercised by the Subscriber 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 Subscriber 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. Therefore, the exercise of New Convertible Bond will subject to the above restrictions and the minimum public shareholding requirement under Listing Rules shall not be affected. Please refer the details of situations when subject to adjustments.

The potential conversion of the New Convertible Bond upon exercise of the Conversion Rights by the holder(s) of the New Convertible Bond would bring dilution to the current shareholding interests of the Shareholder. Having considered that (i) the principal terms of the New Convertible Bond are fair and reasonable as discussed above; (ii) any form of non-pro rata fund raising activities would also have dilution effect to all Shareholders; and (iii) if the Company satisfies future funding needs through the issue of consideration shares and/or other convertible securities, such issue will still have dilution effect to all existing Shareholders, we concur with the Directors' view that the issue of the New Convertible Bond is an appropriate debt financing plan for the Company.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### RECOMMENDATION

Having taken into consideration the factors and reasons stated above, we are of the opinion that although the entering into of the Subscription Agreement is not in the ordinary and usual course of business of the Group, it is on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the SGM to approve the Subscription Agreement.

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

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

## 1. 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. SHARE CAPITAL AND CONVERTIBLE BOND

### (a) Share Capital

Assuming there is no other change in the authorised and issued share capital of the Company since the Latest Practicable Date, the authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately upon the Share Consolidation becoming effective; and (iii) immediately upon full conversion of the New Convertible Bond (based on the maximum principal amount thereof to be issued) at the initial Conversion Price are as follows:

#### (i) As at the Latest Practicable Date

Authorised capital:

	HK\$
<u>50,000,000,000</u> Existing Shares of HK\$0.01 each	<u>500,000,000.00</u>

Issued and fully paid or credited as fully paid:

<u>244,955,413</u>	Existing Shares of HK\$0.01 each as at the Latest Practicable Date	<u>2,449,554.13</u>
--------------------	---	---------------------

#### (ii) Immediately upon the Share Consolidation becoming effective

Authorised capital:

	HK\$
<u>2,500,000,000</u> Consolidated Shares of HK\$0.20 each	<u>500,000,000.00</u>

Issued and fully paid or credited as fully paid:

<u>12,247,770</u>	Consolidated Shares of HK\$0.20 each	<u>2,449,554</u>
-------------------	--------------------------------------	------------------

**(iii) Immediately upon full conversion of the New Convertible Bond (based on the maximum principal amount thereof to be issued) at the initial Conversion Price**

Authorised capital:

HK\$

<u>2,500,000,000</u>	Consolidated Shares of HK\$0.2 each	<u>500,000,000.00</u>
----------------------	-------------------------------------	-----------------------

Issued and fully paid or credited as fully paid:

12,247,770	Consolidated Shares of HK\$0.2 each	2,449,554.00
39,196,923	Maximum number of Conversion Shares to be allotted and issued upon full conversion of the New Convertible Bond	7,839,384.60
<u>51,444,693</u>	Consolidated Shares of HK\$0.2 each	<u>10,288,938.60</u>

All issued Shares rank *pari passu* in all respects with each other, including in particular, as to dividends, voting rights and return of capital.

The Conversion Shares to be issued upon exercise of the Conversion Rights will rank *pari passu* in all respects among themselves and with all Shares in issue as at the date of allotment and issue of the Conversion Shares, including in particular, as to voting rights, return on capital and the right to any dividends or distributions made or declared on or after the date of allotment and issue of the Conversion Shares. The Conversion Shares will be listed and traded on the Stock Exchange.

**(b) Existing Convertible Bond**

The Existing Convertible Bond carries the right to convert into the conversion shares at the conversion price of HK\$0.38 per conversion share (subject to adjustments). Assuming the conversion rights are exercised in full at the conversion price, 252,359,145 Existing Shares will be allotted and issued to the Subscriber.

Save as disclosed in this paragraph above, the Company had no other outstanding convertible securities, options or warrants in issue or similar rights which confer any right to subscribe for, convert or exchange into Shares or any agreement or arrangement other than the Subscription Agreement, particulars of which are disclosed in the letter from the Board contained in this circular, as at the Latest Practicable Date.

### 3. DISCLOSURE OF INTERESTS

#### (a) Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

#### *Long positions in the shares and the underlying shares of the Company*

Name of Directors	Capacity/ Nature of interest	Number of Existing Shares held	Number of underlying Existing Shares held pursuant to share options	Total	Approximate percentage of the total number of issued Existing Shares
Kwok Siu Bun	Beneficial Owner	150,000 (L)	–	150,000 (L)	0.06%
Chow Kwai Wa Charmaine	Beneficial Owner	195,000 (L)	–	195,000 (L)	0.08%
Kwok Siu Wa Alison	Beneficial Owner	300,000 (L)	–	300,000 (L)	0.12%

*(L): Long position*

Save as disclosed above, to the best knowledge of the Directors as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

**(b) Substantial Shareholders' interests in shares and underlying shares of the Company**

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as is known to the Directors, the persons (other than a Director or chief executive of the Company or their respective associates) or entities who had, or were deemed or taken to have, an interest or a short position in the shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital were as follows:

Name of persons/ corporations	Capacity/ Nature of interest	Number of Existing Shares held	Number of underlying Existing Shares held	Approximate percentage of the total number of issued Existing Shares
Rhenfield ( <i>Note 1</i> )	Beneficial Owner	134,868,679	–	55.07%
Tsang Yee	Interest in Controlled Corporation ( <i>Note 1</i> )	134,868,679	–	55.07%
Ms. Tsang	Beneficial Owner	474,530	1,036,297,606 ( <i>Note 2</i> )	423.25%
	Interest in Controlled Corporation ( <i>Note 1</i> )	134,868,679	–	55.07%
Lui Kin Chung ( <i>Note 3</i> )	Interest of spouse	135,343,209	1,036,297,606	478.31%
周偉康	Beneficial Owner	14,869,514	–	6.07%

*Notes:*

- Rhenfield is owned as to 50% by Mr. Tsang Yee and 50% by Ms. Tsang, who are deemed to be interested in 134,868,679 Existing Shares pursuant to Part XV of the SFO.
- Ms. Tsang as beneficial owner is interested in 1,036,772,136 Existing Shares, among which 252,359,145 Existing Shares are underlying shares of the Company which will fall to be issued upon full conversion of the Existing Convertible Bond at the initial conversion price of HK\$0.38 per Existing Share. Details in relation to the Existing Convertible Bond were set out in the announcements of the Company dated 12 August 2022, 5 September 2022, 10 October 2022, 26 October 2022 and 31 October 2022 and the circular of the Company dated 10 October 2022. The 783,938,461 Existing Shares in which Ms. Tsang is interested represent the underlying shares of the Company upon full conversion of the New Convertible Bond with a maximum principal amount of HK\$101,912,000 at the initial conversion price of HK\$0.13 per Existing Share conditionally agreed to be subscribed by Ms. Tsang pursuant to the Subscription Agreement. Details are set out in the announcement of the Company dated 6 March 2024 and this circular.

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

Save as disclosed herein, so far as is known to the Directors, as at the Latest Practicable Date, no person (other than a Director or chief executive of the Company or their respective associates) had, or were deemed or taken to have, an interest or a short position in the shares or the underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 to the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or any options in respect of such share capital.

#### **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 (other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

#### **5. OTHER INTERESTS OF THE DIRECTORS**

- (a) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2023 (the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (b) None of the Directors was materially interested in any contract or arrangement which is significant in relation to the business of the Group subsisted at the Latest Practicable Date.

#### **6. COMPETING INTEREST**

As at the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group, other than those businesses where the directors of the Group were appointed as directors to represent the interests of the Company and/or the Group.

**7. MATERIAL ADVERSE CHANGE**

The Directors were not aware of any material adverse changes in the financial position or trading position of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up.

**8. EXPERT AND CONSENT**

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

<b>Name</b>	<b>Qualifications</b>
Red Sun Capital	a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Red Sun Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Red Sun Capital did not have any shareholding in any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group. As at the Latest Practicable Date, Red Sun Capital did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023 (being the date to which the latest published audited financial statements of the Group were made up).

**9. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.gfghl.com>) for a period of not less than 14 days from the date of this circular up to and including the date of the SGM:

- (a) the letter from the Independent Board Committee, the text of which is set out in the section headed “Letter from the Independent Board Committee” in this circular;
- (b) the letter of advice from Red Sun Capital, the text of which is set out in the section headed “Letter from the Independent Financial Adviser” in this circular;
- (c) the Subscription Agreement;

- (d) the written consent referred to in the paragraph headed “Expert and consent” in this appendix; and
- (e) this circular.

**10. MISCELLANEOUS**

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is at Office A, 19/F., Kings Wing Plaza 1, 3 On Kwan Street, Shek Mun, Shatin, New Territories, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) The English text of this circular and accompanying form of proxy shall prevail over their respective Chinese text in case of inconsistency.

---

## NOTICE OF SGM

---



鈞濠集團

鈞濠集團有限公司\*

### GRAND FIELD GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 115)

#### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**Meeting**”) of Grand Field Group Holdings Limited (the “**Company**”) will be held at Suites 2701-08, 27/F., Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong, on Friday, 26 April 2024 at 10:30 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolutions as ordinary resolutions of the Company:

Unless otherwise defined, capitalised terms used herein shall have the same meanings as ascribed to them in the circular of the Company dated 10 April 2024 (the “**Circular**”).

#### ORDINARY RESOLUTIONS

1. “**THAT**:–
  - (a) subject to and conditional upon the granting of the listing of, and permission to deal in, the Consolidated Shares and 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 Share Consolidation, with effect from the second business day after the date on which this resolution is passed by the shareholders of the Company or the above are fulfilled (whichever is later):
    - i. every twenty (20) issued and unissued Existing Shares of par value of HK\$0.01 each shall be consolidated into one (1) Consolidated Share of par value of HK0.20 each;
    - ii. all Consolidated Shares shall rank *pari passu* in all respects with each other in accordance with the bye-laws of the Company; and

\* For identification purposes only

---

## NOTICE OF SGM

---

- iii. all fractional Consolidated Shares resulting from the Share Consolidation will be disregarded and will not be issued to holders of the same but all such fractional Consolidated Shares will be aggregated and, if possible, sold and retained for the benefits of the Company in such manner and on such terms as the Directors may think fit; and
  - (b) any one Director be and is hereby authorised to do all such acts and things and sign, ratify or execute all such documents and take all such steps as the Director in his/her discretion may consider necessary, appropriate, desirable and expedient to implement, give effect to or in connection with the Share Consolidation.”
2. **“THAT:–**
- (a) the conditional Subscription Agreement (a copy of which has been produced to the Meeting marked **“A”** and initialled by the chairman of the Meeting for the purpose of identification) entered into between the Company, as issuer, and Ms. Tsang, as subscriber, in relation to the subscription of the New Convertible Bond with the principal amount of not less than HK\$100,869,000 and not more than HK\$101,912,000 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 interests thereunder (including the interest accrued under the Standstill Agreement, if entered into) on the Completion Date (details of which were disclosed in the Circular, a copy of which is marked **“B”** and signed by the chairman of the Meeting for identification purpose and has been tabled at the Meeting), and the transactions contemplated thereunder including but not limited to the issue of New Convertible Bond under the Subscription Agreement which are convertible into ordinary shares of the Company at 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) to Ms. Tsang, and the allotment and issue of the Conversion Shares upon conversion of the New Convertible Bond be and are hereby approved, confirmed and ratified;

---

## NOTICE OF SGM

---

- (b) any one Director be and is hereby authorised to do all such acts and things and sign, ratify or execute all such documents and take all such steps as the Director in his/her discretion may consider necessary, appropriate, desirable and expedient to implement, give effect to or in connection with the Subscription Agreement and any of the transactions contemplated thereunder; and
- (c) the Directors be and are hereby granted a specific mandate to exercise the powers of the Company to allot, issue and deal with the Conversion Shares.”

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

Hong Kong, 10 April 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.*

*Notes:*

1. Any member entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint another person as his proxy to attend and vote instead of him, if he is a holder of two or more shares, he may appoint more than one proxy to attend and vote on his behalf. A proxy need not be a member of the Company but he must be present in person at the Meeting to represent the member. If more than one proxy is appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the Meeting is enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at <https://www.hkexnews.hk>. In order to be valid, the form of proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, shall be delivered to the office of the Company's branch share registrar office and transfer office in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. Completion and delivery of a form of proxy will not preclude a member from attending and voting in person at the Meeting or any adjournment thereof and in such event, the form of proxy shall be deemed to be revoked.
3. In the case of joint holders of any share of the Company, if more than one of such joint holders be present at the Meeting either personally or by proxy, the vote of the senior who tenders a vote, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of such joint holding.

---

## NOTICE OF SGM

---

4. The resolutions proposed to be approved at the Meeting will be voted by way of poll.
5. In order to be eligible to attend and vote at the Meeting, all completed transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar office 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 p.m. on Tuesday, 23 April 2024.
6. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 7:00 a.m. on the date of the Meeting, the Meeting will be postponed. The Company will post an announcement on the websites of the Company at <https://www.gfghl.com> and the Stock Exchange at <https://www.hkexnews.hk> to notify members of the date, time and place of the rescheduled meeting.