

10 February 2025

To: *Independent Board Committee of  
Get Nice Financial Group Limited*

Dear Sir or Madam,

**(I) PROPOSED GROUP REORGANIZATION OF GNF BY  
GNH INVOLVING A SHARE  
EXCHANGE OFFER TO THE SCHEME SHAREHOLDERS FOR THE  
CANCELLATION AND EXTINGUISHMENT OF ALL THE SCHEME SHARES  
BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 86 OF THE  
COMPANIES ACT OF THE CAYMAN ISLANDS;  
(II) PROPOSED DECLARATION OF SCHEME DIVIDEND; AND  
(III) PROPOSED WITHDRAWAL OF LISTING OF THE GNF SHARES**

**INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal and the Scheme. Details of the Proposal and the Scheme are set out in the "Part III – Letter from the GNF Board" (the "**Board Letter**") and "Part VI – Explanatory Memorandum" contained in the Scheme Document dated 10 February 2025, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Scheme Document unless the context otherwise requires.

**The Proposal and the Scheme**

The GNH Board and the GNF Board jointly announced that on 5 November 2024, the GNH Board requested the GNF Board to put forward the Proposed Group Reorganization to the Scheme Shareholders.

The Proposal will be implemented by way of the Scheme. Under the Proposal, upon fulfilment of the Scheme Conditions and the Scheme becoming effective, all the Scheme Shares will be cancelled and the Scheme Shareholders, whose names appear on the register of members of GNF at the Scheme Record Time, will be entitled to receive (i) from GNH the Scheme Consideration in the form of the new GNH Shares and (ii) from GNF the Scheme Dividend:

**For every 1 Scheme Share cancelled ..... 4 new GNH Shares and  
the Scheme Dividend of HK\$0.50**

**The Total Consideration, including the Scheme Consideration from GNH in the form of new GNH Shares and the Scheme Dividend from GNF will be issued and paid to the Scheme Shareholders only if the Scheme becomes effective.**

By way of Waiver, GNH has irrevocably and unconditionally agreed to waive and surrender their entitlements to the Scheme Dividend and accordingly no Scheme Dividend will be paid or payable to GNH.

Subject to the satisfaction or waiver (as applicable) of the Scheme Conditions, GNF will become a non-listed company and a direct wholly-owned subsidiary of GNH upon the Scheme becoming effective and the listing of the GNF Shares will be withdrawn from the Main Board of the Stock Exchange.

However, the Scheme will lapse if it does not become effective on or before the Long Stop Date, and the Scheme Shareholders will be notified by way of announcement accordingly. In the event that the Proposal is withdrawn, not approved or lapsed, the listing of the GNF Shares will not be withdrawn.

#### **THE INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee comprises three independent non-executive directors of GNF, namely, Mr. Cheung Chi Kong Ronald, Mr. Chan Ka Kit and Ms. Ng Yau Kuen Carmen. The Independent Board Committee was established by the GNF Board to make recommendations to the Scheme Shareholders in connection with the Proposal, and in particular as to (i) whether the Proposal is fair and reasonable; and (ii) voting in respect of the Scheme at the Court Meeting and the GNF EGM.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee comprises only non-executive directors of GNF who have no direct or indirect interest in the Proposal other than as holders of the GNF Shares. Mr. Hung Hon Man, the non-executive director and chairman of GNF, is also an executive director and the chairman of GNH and the beneficial owner of the entire issued share capital of Honeylink Agents Limited which is the controlling shareholder of GNH, and as such one of GNH Concert Parties. Accordingly, he is deemed to be interested in the Proposal for the purpose of Rule 2.8 of the Takeovers Code and is therefore not a member of the Independent Board Committee.

#### **THE INDEPENDENT FINANCIAL ADVISER**

Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee as set out in the Joint Announcement.

As the Independent Financial Adviser with respect to the Proposal and the Scheme, our role is to advise the Independent Board Committee as to (i) whether the terms of the Proposal are fair and reasonable; and (ii) whether the Independent Board Committee should or should not advise the Scheme Shareholders and the Disinterested Shareholders to vote in favour of the Scheme at the Court Meeting and the resolution(s) to be approved in the GNF EGM.

As at the Latest Practicable Date, we are not associated or connected with GNF, GNH or its respective directors, controlling shareholders or any party acting, or presumed to be acting, in concert with any of them and accordingly, we are considered eligible to give independent advices on the Proposal and the Scheme.

During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, save for this appointment as the Independent Financial Adviser, there were no other engagements between us and GNF or the GNH or its respective directors, controlling shareholders or any party acting, or presumed to be acting, in concert with any of them. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from GNF or GNH or its respective directors, controlling shareholders or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we considered that we are independent pursuant to Rule 2 of the Takeovers Code to act as the Independent Financial Adviser to give independent advices on the Proposal and the Scheme.

### **BASIS OF OUR ADVICE**

In formulating our opinion, we have relied on the statements, information, opinions and representations contained or referred to in the Scheme Document and the representations made to us by the directors and/or the representatives of GNF (collectively, the “**Management**”).

We have assumed that all statements, information and representations provided by the Management, 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 and the Scheme Shareholders and the Disinterested Shareholders will be notified by GNF of any material changes to such statements, information, opinions and/or representations as soon as possible in accordance with Rule 9.1 of the Takeovers Code, in which case we will consider whether it is necessary to revise our opinion accordingly.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management (as the case may be) in the Scheme Document were reasonably made after due enquiries and careful consideration. We have no reason to suspect any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Scheme Document, which would make any statements therein misleading. In rendering our opinion in the Scheme Document, we have researched, analyzed and relied on (i) information in relation to the GNF Group and the GNH Group, including but not limited to, the financial reports published by GNF and GNH respectively; (ii) information provided by GNF; (iii) the Scheme Document; and (iv) market information obtained from the websites of the Stock Exchange and ([www.hkeconomy.gov.hk](http://www.hkeconomy.gov.hk)) for the latest market information and economy reports in Hong Kong.

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Scheme Document, save and except for this letter. We consider that we have been provided with sufficient information and have taken sufficient and necessary steps on which to form a reasonable basis and an informed view 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 GNF Group, the GNH Group, companies involved or any of their respective associates or any party acting, or presumed to acting, in concert with any of them.

We also have not considered the tax and regulatory implications as regard to the Proposal and the Scheme since these depend on individual circumstances. In particular, the Scheme Shareholders and the Disinterested Shareholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, should consult their own professional advisers.

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

## **PRINCIPAL FACTORS AND REASONS CONSIDERED**

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

### **1. Business and financial information of the GNF Group**

#### ***1.1 Background of the GNF Group***

The GNF Group's principal activities are the provision of financial services in Hong Kong, including securities trading and brokerage services, futures and options brokerage services, underwriting and placing, securities margin financing, corporate finance and asset management services, and property investment (collectively, the "GNF Businesses").

As at the Latest Practicable Date, the issued share capital of GNF comprises 2,500,000,000 GNF Shares, among which 675,309,829 GNF Shares will constitute as the Scheme Shares.

#### ***1.2 Historical financial performance of the GNF Group***

The following table summarizes the financial information of the GNF Group (i) for the six months ended 30 September 2023 and 2024 as extracted from the interim report of GNF for the six months ended 30 September 2024 ("IR2024"); and (ii) for each of the years ended 31 March 2022 ("FY2022"), 2023 ("FY2023") and 2024 ("FY2024") as extracted from the annual reports of GNF for the years ended 31 March 2023 ("AR2023") and 2024 ("AR2024") respectively.

(i) For the six months ended 30 September 2023 and 2024

	For the six months ended	
	30 September	
	2023	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Revenue</b>	<b>168,244</b>	<b>167,906</b>
– Securities margin financing	100,617	105,762
– Broking	66,125	60,862
– Corporate finance	1,205	985
– Asset managements	297	297
<b>Profit for the period</b>	<b>85,957</b>	<b>71,814</b>
	As at	As at
	31 March	30 September
	2024	2024
	HK\$'000	HK\$'000
	(audited)	(unaudited)
<b>Non-current assets</b>	<b>68,393</b>	<b>225,323</b>
– Investment properties	–	158,310
– Property and equipment	30,649	25,212
– Intangible assets	7,964	7,964
– Other assets	3,745	6,145
– Investments	17,890	19,547
– Deferred tax assets	6,145	6,145
– Goodwill	2,000	2,000
<b>Current assets</b>	<b>4,545,373</b>	<b>4,480,774</b>
– Accounts receivable	1,864,483	1,715,847
– Prepayments, deposits and other receivables	3,549	3,572
– Tax recoverable	10,055	1,897
– Investments	193	155
– Bank balances – client accounts	233,058	279,191
– Bank balances – general accounts and cash	2,434,035	2,480,112
<b>Total assets</b>	<b>4,613,766</b>	<b>4,706,097</b>
<b>Non-current liabilities</b>	<b>12,574</b>	<b>9,593</b>
– Lease liabilities	12,444	9,458
– Deferred tax liabilities	130	135
<b>Current liabilities</b>	<b>260,522</b>	<b>356,911</b>
– Accounts payable	251,527	346,809
– Accrued charges and other payables	3,843	4,132
– Lease liabilities	5,152	5,896
– Tay payable	–	74
<b>Total liabilities</b>	<b>273,096</b>	<b>366,504</b>
<b>Net assets</b>	<b>4,340,670</b>	<b>4,339,593</b>

*For the six months ended 30 September 2023 and 2024*

The GNF Group recorded a revenue in the amount of approximately HK\$167.91 million for the six months ended 30 September 2024 and in the amount of approximately HK\$168.24 million for the six months ended 30 September 2023. As illustrated in the table above, there were no notable changes for each of the business segments of the GNF Group and most of its revenues continued to be generated from its securities margin financing business and followed by its broking segment.

The GNF Group recorded a net profit in the amount of approximately HK\$71.81 million for the six months ended 30 September 2024, representing a decrease of approximately 16.45% as compared to that in the amount of approximately HK\$85.96 million for the six months ended 30 September 2023. The decrease in profit was mainly attributable to (i) the decrease in underwriting and placing commission income and proof of fund commission income affected by the silent local stock market and negative global investment atmosphere that led to less market activities; and (ii) the increase in net impairment loss on accounts receivable by approximately HK\$13.3 million that due to an increase in specific provision for clients which resulted in the value of their respective collateral decreased.

The GNF Group's total assets changed from approximately HK\$4,613.77 million as 31 March 2024 to approximately HK\$4,706.10 million as at 30 September 2024 as it had acquired twelve investment properties in London during the period and the investment properties have a total fair value of approximately HK\$158.3 million as at 30 September 2024 recorded as non-current assets. Most of the GNF Group's assets (approximately 89.16% of the total assets as at 30 September 2024) were bank balance and cash and current accounts receivables.

The GNF Group's total liabilities increased from approximately HK\$333.86 million as 30 September 2023 to approximately HK\$366.50 million as at 30 September 2024 primarily due to the increase in current accounts payable to its clients arising from the business of dealing in securities and futures contracts.

There was no notable change in the GNF Group's net asset values from approximately HK\$4,340.67 million as at 31 March 2024 to approximately HK\$4,339.59 million as at 30 September 2024.

(ii) For the FY2022, FY2023 and FY2024

	<b>FY2022</b> <i>HK\$'000</i> <i>(audited)</i>	<b>FY2023</b> <i>HK\$'000</i> <i>(audited)</i>	<b>FY2024</b> <i>HK\$'000</i> <i>(audited)</i>
<b>Revenue</b>	<b>354,827</b>	<b>337,012</b>	<b>334,947</b>
– Securities margin financing	287,051	263,411	204,969
– Broking	62,721	70,479	127,272
– Corporate finance	2,672	1,256	2,112
– Asset managements	2,383	1,866	594
<b>Profit for the year</b>	<b>466,867</b>	<b>149,831</b>	<b>152,696</b>
	<b>As at 31 March</b>		
	<b>2022</b> <i>HK\$'000</i> <i>(audited)</i>	<b>2023</b> <i>HK\$'000</i> <i>(audited)</i>	<b>2024</b> <i>HK\$'000</i> <i>(audited)</i>
<b>Non-current assets</b>	<b>326,000</b>	<b>56,729</b>	<b>68,393</b>
– Property and equipment	32,881	23,023	30,649
– Intangible assets	8,512	8,514	7,964
– Other assets	5,401	4,486	3,745
– Promissory note receivable from the immediate holding company	218,913	–	–
– Investments	58,034	18,447	17,890
– Deferred tax assets	259	259	6,145
– Goodwill	2,000	2,000	2,000
<b>Current assets</b>	<b>4,550,902</b>	<b>4,645,512</b>	<b>4,545,373</b>
– Accounts receivable	2,826,396	2,079,209	1,864,483
– Prepayments, deposits and other receivables	7,350	3,581	3,549
– Tax recoverable	9,523	8,673	10,055
– Investments	163	157	193
– Bank balances – client accounts	480,897	318,857	233,058
– Bank balances – general accounts and cash	1,226,573	2,235,035	2,434,035
<b>Total assets</b>	<b>4,876,902</b>	<b>4,702,241</b>	<b>4,613,766</b>
<b>Non-current liabilities</b>	<b>7,211</b>	<b>120</b>	<b>12,574</b>
– Lease liabilities	7,117	–	12,444
– Deferred tax liabilities	94	120	130
<b>Current liabilities</b>	<b>531,729</b>	<b>364,199</b>	<b>260,522</b>
– Accounts payable	517,124	349,235	251,527
– Accrued charges and other payables	6,277	7,701	3,843
– Lease liabilities	7,798	7,117	5,152
– Tay payable	530	146	–
<b>Total liabilities</b>	<b>538,940</b>	<b>364,319</b>	<b>273,096</b>
<b>Net assets</b>	<b>4,337,962</b>	<b>4,337,922</b>	<b>4,340,670</b>

*FY2023 as compared to FY2024*

As mentioned in the AR2024, Hong Kong's stock market was under pressure during most of 2023 and has fallen visibly in the second half of 2023 with extremely quiet trading and fund raising activities. The GNF Board was of the view that the external environment, among other factors, the tightening of the United States monetary policy and epidemic situations, remains complicated and the management of the GNF Group remained cautiously optimistic about the business development and overall performance of the GNF Group in 2024.

Despite of the above economic settings, the GNF Group maintained a similar level of revenue for the FY2024 in the amount of approximately HK\$334.95 million as compared to that of the FY2023 in the amount of approximately HK\$337.01 million. As set out in the table above, the GNF Group's revenues over the years were mainly contributed from its securities margin financing and broking segments and the slight decrease in revenue was attributable to the decrease in interest income generated from margin financing due to decreased repayment from margin clients and the decreased in turnover from the stock market.

The GNF Group recorded a net profit for the FY2024 in the amount of approximately HK\$152.70 million, representing an increase of approximately 1.91% as compared to that of the FY2023 in the amount of approximately HK\$149.83 million. The increase in profit was mainly attributable to the recognition of a one-off gain to the GNF Group on the disposal of property and equipment and intangible assets at a total of approximately HK\$9.10 million in the FY2024, decrease in income tax expenses but netting off the increase in provision for impairment losses on accounts receivable of the GNF Group.

The GNF Group's total assets changed from approximately HK\$4,702.24 million as 31 March 2023 to approximately HK\$4,613.77 million as at 31 March 2024. Most of the GNF Group's assets (approximately 93.17% of the total assets as at 31 March 2024) were bank balance and cash and current accounts receivables. As advised by the Management, the GNF Group increased its bank balance and cash as at 31 March 2024 due to cash inflows from the repayment of accounts receivable.

The GNF Group's total liabilities dropped from approximately HK\$364.32 million as 31 March 2023 to approximately HK\$273.10 million as at 31 March 2024 and its liabilities were mostly current accounts payable to its clients arising from the business of dealing in securities and futures contracts.

There was no notable change in the GNF Group's net asset values from approximately HK\$4,337.92 million as at 31 March 2023 to approximately HK\$4,340.67 million as at 31 March 2024.

The GNF Group paid total dividends of HK6 cents per GNF Share during the FY2024.



*FY2022 as compared to FY2023*

As mentioned in the AR2023, Hong Kong's stock market exhibited substantial volatility in 2022 being affected by, among other matters, impending tightening of the United States monetary policy and epidemic situations but had shown signs of recovery in the first quarter of 2023. As the global economic recovery remains uneven, the management of the GNF Group remained cautiously optimistic about its business development and overall performance.

The GNF Group recorded a revenue for the FY2023 in the amount of approximately HK\$337.01 million, representing a decrease of approximately 5.02% as compared to that of the FY2022 in the amount of approximately HK\$354.83 million. As advised by the Management, the decrease in revenue was mainly attributable to the decrease in brokerage commission and interest income generated from margin financing due to the decrease in turnover from the stock market and the decrease in average level of securities margin lending.

The GNF Group recorded a net profit for the FY2023 in the amount of approximately HK\$149.83 million, representing a decrease of approximately 67.91% as compared to that of the FY2022 in the amount of approximately HK\$466.87 million. The decrease in profit was due to a one-off gain on the disposal of subsidiaries at approximately HK\$338.82 million that was recognized during the FY2022.

The GNF Group's total assets changed from approximately HK\$4,876.90 million as 31 March 2022 to approximately HK\$4,702.24 million as at 31 March 2023. Most of the GNF Group's assets (approximately 91.75% of the total assets as at 31 March 2023) were bank balance and cash and current accounts receivable. As advised by the Management, the GNF Group increased its bank balance and cash as at 31 March 2024 due to cash inflows from the repayment of accounts receivable.

The GNF Group's total liabilities dropped from approximately HK\$538.94 million as 31 March 2022 to approximately HK\$364.32 million as at 31 March 2023 and are mostly current accounts payable to its clients arising from the business of dealing in securities and futures contracts.

There was no notable change in the GNF Group's net asset values from approximately HK\$4,337.96 million as at 31 March 2022 to approximately HK\$4,337.92 million as at 31 March 2023.

The GNF Group paid total dividends of HK6 cents per GNF Share during the FY2023.

### **1.3 The GNF Group's historical dividends**

Dividends per GNF Share distributed by the GNF Group are set out as below:

<b>Period</b>	<b>Dividend per GNF Share (HK\$)</b>
For the six months ended 30 September 2024	nil
For the FY2024 (interim + final)	0.060
For the FY2023 (interim + final)	0.060
For the FY2022 (interim + final)	0.060
For the financial year ended 31 March 2021 (interim + final)	0.060
For the financial year ended 31 March 2020 (interim + final)	0.050
For the financial year ended 31 March 2019 (interim + final)	0.070
For the financial year ended 31 March 2018 (interim + final)	0.055
For the financial year ended 31 March 2017 (interim + final)	0.050
<b>Total</b>	<b>0.465</b>

The aggregate dividend per GNF Share for the eight financial years ended 31 March 2024 was HK\$0.465 per GNF Share.

## **2. Business and financial information of the GNH Group**

### **2.1 Background of the GNH Group**

GNH is a limited liability company incorporated in the Cayman Islands whose shares are listed on the Stock Exchange (stock code: 64).

The GNH Group is principally engaged in: (i) money lending; (ii) property development and holding; (iii) investment in financial instruments; (iv) estate agency; (v) auction business; and (vi) through the GNF Group, the provision of financial services, including securities trading and brokerage services, futures and options brokerage services, securities margin financing, asset management services and corporate finance services.

### **2.2 Historical financial performance of the GNH Group**

GNF is a 72.99% subsidiary of the GNH and its financial results were included in the consolidated financial statements of the GNH Group. The following table summarizes the financial information of the GNH Group (i) for the six months ended 30 September 2023 and 2024 as extracted from the interim report of GNH for the six months ended 30 September 2024 (“GNH IR2024/25”); and (ii) for each of the FY2022, FY2023 and FY2024 as extracted from the annual reports of GNH for the FY2023 (“GNH AR2023”) and FY2024 (“GNH AR2024”) respectively.

(i) For the six months ended 30 September 2023 and 2024

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	<b>2024</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
<b>Revenue</b>	<b>207,731</b>	<b>217,328</b>
– Securities margin financing	100,617	105,761
– Broking	66,125	60,863
– Money Lending	16,939	19,957
– Corporate finance	1,205	985
– Asset managements	297	297
– Investments	21,638	28,839
– Auction business	910	626
<b>Profit attributable to owners of the GNH</b>	<b>77,042</b>	<b>31,418</b>
	<b>As at</b>	<b>As at</b>
	<b>31 March</b>	<b>30 September</b>
	<b>2024</b>	<b>2024</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(unaudited)</i>
<b>Non-current assets</b>	<b>1,782,522</b>	<b>1,853,051</b>
– Property and equipment	485,850	476,488
– Investment properties	1,105,544	1,260,605
– Intangible assets	7,964	7,964
– Other assets	3,965	6,365
– Investments	136,217	57,055
– Loans and advances	2,341	4,725
– Deferred tax assets	23,200	22,408
– Goodwill	17,441	17,441
<b>Current assets</b>	<b>5,449,218</b>	<b>5,492,295</b>
– Accounts receivable	1,864,483	1,715,847
– Loans and advances	388,311	502,065
– Prepayments, deposits and other receivables	13,561	12,846
– Tax recoverable	11,362	1,902
– Investments	167,525	267,386
– Bank balances – client accounts	233,058	279,191
– Bank balances – general accounts and cash	2,770,918	2,713,058
<b>Total assets</b>	<b>7,231,740</b>	<b>7,345,346</b>
<b>Non-current liabilities</b>	<b>4,100</b>	<b>4,105</b>
Deferred tax liabilities	4,100	4,105
<b>Current liabilities</b>	<b>285,692</b>	<b>383,982</b>
Accounts payable	251,527	346,809
Accrued charges and other payables	8,539	8,563
Tax payable	25,626	28,610
<b>Total liabilities</b>	<b>289,792</b>	<b>388,087</b>
<b>Net assets attributable to owners of the company</b>	<b>5,768,756</b>	<b>5,784,344</b>
<b>Net assets</b>	<b>6,941,948</b>	<b>6,957,259</b>

*For the six months ended 30 September 2023 as compared to the six months ended 30 September 2024*

The GNH Group recorded a revenue in the amount of approximately HK\$217.33 million for the six months ended 30 September 2024, representing an increase of approximately 4.62% as compared to that in the amount of approximately HK\$207.73 million for the six months ended 30 September 2023. As set out in the table above, the GNH Group's revenue was mainly contributed from its securities margin financing and broking segments and the increase in revenue was driven by the increases in interest income from margin financing business and money lending business as well as income from property rental business. As advised by the Company, on a stand-alone basis without taking into account of the results attributed from GNF's accounts, GNH's revenue was mainly generated from the provision of money lending, financial instruments investments, property investments and auction business that give a combined revenue in the amount of approximately HK\$49.42 million for the six months ended 30 September 2024, representing an increase of approximately 25.16% as compared to that in the amount of approximately HK\$39.49 million for the six months ended 30 September 2023.

The GNH Group recorded a profit attributable to its owners in the amount of approximately HK\$31.42 million for the six months ended 30 September 2024, representing a decrease of approximately 59.22% as compared to that in the amount of approximately HK\$77.04 million for the six months ended 30 September 2023. As set out in the GNH IR2024/25, the decrease in profit was mainly attributable to the (i) increase in impairment loss on accounts receivable from margin clients due to an increase in specific provision for clients which resulted in the value of their respective collateral decreased; (ii) increase in fair value losses of investment properties due to underperformance of the Hong Kong's property market; and (iii) increase in impairment loss on loans and advances. As advised by the Company, on a stand-alone basis without taking into account of the results attributed from GNF's accounts, GNH changed from profit making to loss making before taxation in the six months ended 30 September 2024 in the amount of approximately HK\$16.55 million primarily due to the increase in fair value losses of investment properties as mentioned in the above.

It is noted that GNH has underperformed and recorded loss making on a stand-alone basis. However, as mentioned in the sub-section headed "12. GNH'S INTENTION REGARDING GNF" in the Board Letter, GNH intends to continue with the existing business of the GNF Group and to align them more closely with the operations of GNH, so that the GNF Shareholders, through exchanging and becoming GNH Shareholders, may maintain the revenue streams generated from the GNF Businesses as well as reap the benefits of (i) the potential positive synergies effects resulted from the consolidation of the GNF Businesses into the GNH Group as discussed in the sub-section headed "3. Reasons and benefits of the Proposed Group Reorganization" in this letter; (ii) having more assets to secure his/her/its investments; and/or (iii) turnaround of the performances of the properties segment of the GNH as the market in Hong Kong is considered to be in the progress of recovering which may be able to derive more returns to the then GNH Shareholders in the long run.

The GNH Group's total assets in the amount of approximately HK\$7,345.35 million as at 30 September 2024 were, as set out in the table above, mostly current assets in the form of bank balance and cash and accounts receivable.

The GNH Group's total liabilities in the amount of approximately HK\$388.09 million as at 30 September 2024 were, as set out in the table above, principally current liabilities in the form of accounts payable to clients arising from the business of dealing in securities and futures contracts.

The GNH Group recorded net asset values attributable to its owners in the amount of approximately HK\$5,784.34 million as at 30 September 2024, representing a small decrease of approximately 0.95% as compared to that of the amount of approximately HK\$5,768.76 million as at 31 March 2024.

Reference is also made to the property valuation report prepared by Prudential Surveyors (Hong Kong) Limited, the independent valuer (the "Valuer"), as set out in Appendix V to this Scheme Document. For illustration purpose, the net asset value of the GNH Group as at 30 September 2024 (the "Adjusted Unaudited NAV"), taking into account the effect of revaluation arising the valuation of the property interests held by to the GNH Group as at 30 November 2024.

HK\$'

Unaudited consolidated net asset value attributable to GNH Shareholders as at	
30 September 2024	5,784,344,000
Revaluation deficit arising from the valuation (Note 1)	(44,343,200)
Adjusted Unaudited NAV	5,740,000,800
Adjusted Unaudited NAV per GNH Share (Note 2)	0.5940

Notes

1. Represents the revaluation deficit, driven by the decrease in market prices of the Hong Kong properties, arising from the difference between the aggregate market value of the property interests held by GNH in their existing state of approximately HK\$1,638,110,800 (being the aggregate amount of HK\$1,024,030,000 and GBP62,280,000) as at 30 November 2024, as appraised by the Valuer and their corresponding net book value of approximately HK\$1,682,454,000 as at 30 September 2024.
2. Based on 9,662,705,938 GNH Shares in issue as at the Latest Practicable Date.
3. An exchange rate of GBP1.00 to approximately HK\$9.86 with reference to the exchange rate on 28 November 2024 has been applied.

(ii) For the FY2022, FY2023 and FY2024

	<b>FY2022</b> <i>HK\$'000</i> <i>(audited)</i>	<b>FY2023</b> <i>HK\$'000</i> <i>(audited)</i>	<b>FY2024</b> <i>HK\$'000</i> <i>(audited)</i>
<b>Revenue</b>	<b>441,075</b>	<b>422,518</b>	<b>410,015</b>
– Securities margin financing	287,051	263,411	204,969
– Broking	62,721	70,479	127,272
– Money Lending	43,291	45,900	35,244
– Corporate finance	2,672	1,256	2,112
– Asset managements	2,383	1,866	594
– Financial instruments and properties investments	42,957	39,606	37,613
– Auction business	–	–	2,211
<b>Profit attributable to owners of the GNH</b>	<b>60,185</b>	<b>183,700</b>	<b>35,815</b>

	<b>As at 31 March</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
<b>Non-current assets</b>	<b>1,607,031</b>	<b>1,838,705</b>	<b>1,782,522</b>
– Property and equipment	515,173	503,966	485,850
– Investment properties	836,405	1,128,688	1,105,544
– Intangible assets	8,512	8,514	7,964
– Other assets	5,621	4,706	3,965
– Investments	201,512	159,696	136,217
– Loans and advances	9,428	1,270	2,341
– Deferred tax assets	12,939	14,424	23,200
– Goodwill	17,441	17,441	17,441
<b>Current assets</b>	<b>6,264,030</b>	<b>5,651,042</b>	<b>5,449,218</b>
– Accounts receivable	2,826,396	2,079,209	1,864,483
– Loans and advances	387,236	372,205	388,311
– Prepayments, deposits and other receivables	47,725	38,118	13,561
– Tax recoverable	15,123	16,039	11,362
– Investments	238,196	228,265	167,525
– Bank balances – client accounts	480,897	318,857	233,058
– Bank balances – general accounts and cash	1,835,239	2,598,349	2,770,918
– Assets classified as held for sale	433,218	–	–
<b>Total assets</b>	<b>7,871,061</b>	<b>7,489,747</b>	<b>7,231,740</b>
<b>Non-current liabilities</b>	<b>4,010</b>	<b>4,063</b>	<b>4,100</b>
Deferred tax liabilities	4,010	4,063	4,100
<b>Current liabilities</b>	<b>922,298</b>	<b>478,086</b>	<b>285,692</b>
Accounts payable	517,124	349,235	251,527
Accrued charges and other payables	9,019	13,233	8,539
Tax payable	140,753	26,365	25,626
Bank borrowings	94,553	89,263	–
Lease liabilities	377	–	–
Amounts due to non-controlling shareholders	30,257	–	–
Deposits received for disposal of a subsidiary	126,000	–	–
Liabilities associated with assets classified as held for sale	4,215	–	–
<b>Total liabilities</b>	<b>926,308</b>	<b>482,149</b>	<b>289,792</b>
<b>Net assets attributable to owners of the company</b>	<b>5,751,539</b>	<b>5,835,498</b>	<b>5,768,756</b>
<b>Net assets</b>	<b>6,944,753</b>	<b>7,007,598</b>	<b>6,941,948</b>

*FY2023 as compared to FY2024*

The GNH Group recorded a revenue for the FY2024 in the amount of approximately HK\$410.02 million, representing a decrease of approximately 2.96% as compared to that of the FY2023 in the amount of approximately HK\$422.52 million. As set out in the table above, the GNH Group's revenue was mainly contributed from its securities margin financing and broking segments and the decrease in revenue was attributable to the decrease in interest income generated from margin financing due to decrease in average level of securities margin lending despite of improved performance from broking segment.

The GNH Group recorded a profit attributable to its owners for the FY2024 in the amount of approximately HK\$35.82 million, representing a decrease of approximately 80.50% as compared to that of the FY2023 in the amount of approximately HK\$183.70 million. As set out in the GNH AR2024, the decrease in profit was mainly attributable to the (i) increase in fair value losses on financial assets at fair value through profit or loss due to slowdown of the global financial market; (ii) increase in fair value losses of investment properties due to underperformance of the Hong Kong's property market; (iii) increase in impairment loss on accounts receivable from margin clients due to an increase in specific provision for clients which resulted in the value of their respective collateral decreased; and (iv) increase in impairment loss on loans and advances.

The GNH Group's total assets in the amount of approximately HK\$7,231.74 million as at 31 March 2024 were, as set out in the table above, mostly current assets in the form of bank balance and cash and accounts receivable.

The GNH Group's total liabilities in the amount of approximately HK\$289.79 million as at 31 March 2024 were, as set out in the table above, principally current liabilities in the form of accounts payable to clients arising from the business of dealing in securities and futures contracts.

The GNH Group recorded net asset values attributable to its owners in the amount of approximately HK\$5,768.76 million as at 31 March 2024, representing a small decrease of approximately 1.14% as compared to that of the amount of approximately HK\$5,835.50 million as at 31 March 2023.

The GNH Group paid total dividends of HK1 cent per GNH Shares during the FY2024.



*FY2022 as compared to FY2023*

The GNH Group recorded a revenue for the FY2023 in the amount of approximately HK\$422.52 million, representing a decrease of approximately 4.21% as compared to that of the FY2022 in the amount of approximately HK\$441.08 million. As set out in the table above, the GNH Group's revenue was mainly contributed from its securities margin financing, broking segments, money lending and financial instruments and properties investment and the decrease in revenue was attributable to the decrease in interest income generated from margin financing due to decrease in average level of securities margin lending and the decrease in the values of debt securities held by the GNH Group despite of improved performance from broking and money lending segments.

The GNH Group recorded a profit attributable to its owners for the FY2023 in the amount of approximately HK\$183.70 million, representing an increase of approximately HK\$123.52 million as compared to that of the FY2022 in the amount of approximately HK\$60.19 million. As set out in the GNH AR2024, the notably increase in profit was mainly attributable to the (i) increase in fair value losses of investment properties and unlisted equity securities; (ii) decrease in impairment loss on accounts receivable from margin clients due to decrease in specific provision for clients which resulted in the value of their respective collateral increased; (iii) decrease in impairment loss on loans and advances resulted from the written off of loss allowance arisen from disposal of an underperforming loan; and (iv) the reversal of over provision of income tax.

The GNH Group's total assets in the amount of approximately HK\$7,489.75 million as at 31 March 2023 were, as set out in the table above, mostly current assets in the form of bank balance and cash and accounts receivable.

The GNH Group's total liabilities in the amount of approximately HK\$482.15 million as at 31 March 2023 were, as set out in the table above, principally current liabilities in the form of accounts payable to clients arising from the business of dealing in securities and futures contracts.

The GNH Group recorded net asset values attributable to its owners in the amount of approximately HK\$5,835.50 million as at 31 March 2023, representing a small decrease of approximately 1.44% as compared to that of the amount of approximately HK\$5,751.54 million as at 31 March 2022.

The GNH Group paid total dividends of HK1 cent per GNH Shares during the FY2023.

### 2.3 *GNH Group's historical dividends*

Dividends per GNH Share distributed by the GNH Group are set out as below:

<b>Period</b>	<b>Dividend per GNH Share (HK\$)</b>
For the six months ended 30 September 2024	nil
For the FY2024 (interim + final)	0.010
For the FY2023 (interim + final)	0.010
For the FY2022 (interim + final)	0.010
For the financial year ended 31 March 2021 (interim + final)	0.010
For the financial year ended 31 March 2020 (interim + final)	0.0115
For the financial year ended 31 March 2019 (interim + final)	0.020
For the financial year ended 31 March 2018 (interim + final)	0.020
For the financial year ended 31 March 2017 (interim + final)	0.020
<b>Total</b>	<b>0.1115</b>

The aggregate dividend per GNH Share for the eight financial years ended 31 March 2024 was HK\$0.1115 per GNH Share.

### 2.4 *Comparison between dividend payouts of GNH and GNF*

Set out below a comparison between the dividend payouts of GNH with the adjustment of the Share Exchange Ratio and GNF.

<b>Period</b>	<b>Dividend with 4 GNH Shares (HK\$)</b>	<b>Dividend with 1 GNF Share (HK\$)</b>
For the six months ended 30 September 2024	nil	nil
For the FY2024 (interim + final)	0.040	0.060
For the FY2023 (interim + final)	0.040	0.060
For the FY2022 (interim + final)	0.040	0.060
For the financial year ended 31 March 2021 (interim + final)	0.040	0.060
For the financial year ended 31 March 2020 (interim + final)	0.046	0.050
For the financial year ended 31 March 2019 (interim + final)	0.080	0.070
For the financial year ended 31 March 2018 (interim + final)	0.080	0.055
For the financial year ended 31 March 2017 (interim + final)	0.080	0.050
<b>Total</b>	<b>0.460</b>	<b>0.465</b>

As illustrated in the table above, the total dividends for the eight financial years ended 31 March 2024 distributed to the GNH Shareholders with four GNH Shares (having taken into account of the Share Exchange Ratio) were similar to the total dividends distributed to the GNF Shareholders with one GNF Share. Given that GNF's accounts will also be included into the Reorganization GNH Group upon Completion and based on the historical dividend payout records set out in the above, we consider that the Proposal shall not affect the GNH Shareholders or the GNF Shareholders.

## ***2.5 Prospects of the Reorganized GNH Group and the Hong Kong's financial services market***

As noted in the sections above, despite that the GNH Group may comprise of a comparatively more diversified business portfolio, the operations of the GNF Group and the GNH Group were principally well focused on the provision of the financial services in Hong Kong. Upon completion of the Proposal, GNF will become a part of the Reorganized GNH Group as a direct wholly-owned subsidiary of GNH where the Reorganized GNH Group will carry on the provision of the financial services in Hong Kong. We consider that the prospects of the business of the Reorganized GNH Group may particularly be affected by, among other factors, the outlook and development of the global economies and the performances of the financial market in Hong Kong.

As set out in the 2023 Economic Background and 2024 Prospects (the "**HK 2024 Prospect**") issued by the Government of the Hong Kong Special Administrative Region (the "**HKGov**") in February 2024, the Hong Kong economy had staged a recovery in 2023 in the aftermath of the pandemic. However, the challenging external environment tightened financial conditions continued to dampened the local economic sentiments. The Hong Kong stock market was under pressure during most of 2023 and trading activities rebounded in the first quarter of 2023 but quietened visibly in the subsequent quarters. The HK 2024 Prospect suggested that economic confidence is expected to gradually improve over time and the economy is forecasted to grow by 3.2% per annum from 2025 to 2028. It is also mentioned that in the 2024 Third Quarter Economic Report issued by the HKGov published in November 2024, Hong Kong's economy had continued to expand at a moderated pace in the third quarter of 2024 over a year earlier and trading activities turned more active towards the quarter-end. The report also suggested that the United States' rates cut and the PRC's announcement of a package of supportive measures in the third quarter of 2024 had reinforced Hong Kong's capital markets and improve the market sentiment visibly.

The announcement of the reduction of the rate of stamp duty chargeable on Hong Kong's stock transactions in late 2023 is expected to encourage more trading activities in the Hong Kong's stock market. Meanwhile, in terms of the outlook of the global economy, the interest rate cuts announced by the Federal Reserve of the United States in the second half of 2024 fueled the investors and traders to increase their investing and trading activities that support the pace of recovery of the global economy.

In the beginning of 2024, the Hang Seng Index was at around 15,000 to 17,000 points and subsequently, towards the ending of 2024, the index illustrated a recovery and upward movement fluctuating at around 19,000 to 23,500 points. According to the information from "HKEX Monthly Market Highlights" for October 2024, obtained from the website of the Stock Exchange, among other matters, in the Hong Kong's securities market (i) the average daily turnover for the first ten months of 2024 set an increase of 5% when compared to that with the same period of 2023; and (ii) the total funds raised for the first ten months of 2024 set an increase of 37% when compared to that with the same period of 2023.

The business and prospect of the Reorganized GNH Group are not expected to have substantial differences as compared to the GNF Group's considering that they are basically engaged in the provision of the financial services in the Hong Kong financial market. However, upon Completion, the integration of, for instance, the management, assets, financial resources and market shares etc, will unlock the advantages of resources centralization (as further elaborated in the next section) and create positive synergies that empower the Reorganized GNH Group to be better positioned in a recovering market and better prepared for potential adverse impacts from economic downturns, if any.

Considering that (i) the Hang Seng Index is showing upward momentum and the recovery of the global economy shall continue to encourage investors to maintain and increase their investments and trading activities; and (ii) there are more turnovers and the amount of funds raised in the Hong Kong securities market have increased in 2024, we are of the opinion that the Hong Kong financial market is gradually recovering in the recent years and may continue to improve in the foreseeable future which can benefit the prospects of the business of the Reorganized GNH Group. Moreover, regardless of the likelihood that the market is expected to recover, the integration of the GNF Group into the Reorganized GNH Group is considered to be prudent and reasonable as the market undergoes a potential recovery.

### 3. Reasons and benefits of the Proposed Group Reorganization

As set out in the Scheme Document, the reasons and benefits of the Proposed Group Reorganization as extracted from the Board Letter are set out as follows:

#### (a) *For Scheme Shareholders*

##### *I. The Scheme Dividend*

The Proposal offers Scheme Shareholders a unique opportunity to receive a substantial cash return by way of Scheme Dividend. The Scheme Dividend of HK\$0.50 per Scheme Share is a special dividend to be declared and paid out of the distributable reserve of GNF, which is distinctive to and not part of the Scheme Consideration that would be payable by GNH.

The Scheme Dividend of HK\$0.50 for every Scheme Share held represents an amount more than the aggregate dividend per GNF Share of HK\$0.465 distributed by GNF in the past eight financial years ended 31 March 2024, and enables the Scheme Shareholders to capitalize a part of their investment in GNF.

##### *II. Preserving investment value*

By retaining an equity exposure to and participating in the ownership in GNH under the Proposal, together with the Scheme Dividend, Scheme Shareholders can largely retain the value of their investments in both market and net asset value.

In market terms, under the Proposal, Scheme Shareholders will receive 4 new GNH Shares and a Scheme Dividend of HK\$0.50 for every Scheme Share held. The total value of the Total Consideration, comprising the Scheme Consideration and the Scheme Dividend, of approximately HK\$1.116 and HK\$0.996 for every Scheme Share based on the closing price of GNH Share price as at the Last Trading Day and the Latest Practicable Date respectively, represents a premium of approximately 39.50% over the closing price of HK\$0.80 for each GNF Share and a premium of approximately 7.10% over the closing price of HK\$0.930 for each GNF Share as quoted on the Stock Exchange on the Latest Practicable Date.

##### *III. Continual investment in GNF while being more directly supported by the stronger balance sheet and listing vehicle of GNH*

The Proposal will allow the Scheme Shareholders, as new shareholders of the Reorganized GNH Group, to remain invested in and continue to participate in the business and performance of GNF indirectly, where its operations will be supported by GNH more directly both from a financial and operational standpoint. In this regard, as GNF will be able to draw upon the full financial resources of the Reorganized GNH Group, this will help GNF in financing its operations.

*IV. Larger public float of GNH and its trading liquidity*

As at the Latest Practicable Date, the public float of GNF was approximately 27.01%. Upon Completion, Scheme Shareholders will hold approximately 21.85% of GNH Shares, and together with current public GNH Shareholders, will hold approximately 48.33% of GNH Shares. Therefore, Scheme Shareholders are expected to benefit from the resulting larger public float of GNH Shares.

The average daily trading volume of the GNF Shares on the Stock Exchange for (i) the previous 12 months from 5 November 2023 up to and including the Last Trading Day was approximately 346,339 GNF Shares per trading day; and (ii) the period after the Last Trading Day up to and including the Latest Practicable Date was approximately 581,642 GNF Shares per trading day, representing approximately 0.051% and approximately 0.086% respectively of the public float of GNF Shares as at the Latest Practicable Date.

The average daily trading volume of the GNH Shares on the Stock Exchange for (i) the previous 12 months from 5 November 2023 up to and including the Last Trading Day was approximately 1,461,306 GNH Shares per trading day; and (ii) the period after the Last Trading Day up to and including the Latest Practicable Date was approximately 1,159,804 GNH Shares per trading day, representing approximately 0.045% and approximately 0.035% respectively of the public float of GNH Shares as at the Latest Practicable Date.

Following the completion of the Proposal, the current average daily trading volume of 346,339 GNF Shares for the previous 12 months from 5 November 2023 up to and including the Last Trading Day are expected to convert into 1,385,356 GNH Shares that are expected to fuel the trading volume of GNH Shares. The aggregate average daily trading volume of the GNH Shares is expected to reach approximately 2,846,662 GNH Shares, representing approximately 0.048% of the public float of GNH Shares taking into account the issue of Consideration Shares pursuant to the Scheme. It is expected that the newly issued 2,701,239,316 GNH Shares in public float available to public GNH Shareholders (including the Scheme Shareholders) may positively affect the trading liquidity of GNH Shares.

**(b) For the Reorganized GNH Group**

Upon Completion, current GNH Shareholders and Scheme Shareholders will have an interest in the Reorganized GNH Group.

Compared to GNH and GNF under the current corporate structure, a larger asset portfolio, balance sheet and potential market capitalization with the Reorganized GNH Group can be leveraged to facilitate (a) strategic investments, growth initiatives and fundraising with enhanced operational agility when complying with Listing Rule requirements on notifiable transactions and connected transactions such as reporting and shareholders' approval requirements, and (b) streamlining of the management hierarchy and achieving cost-savings through the reduction of administrative and financial costs for GNF as a separately listed company. The resulting larger public float of GNH Shares, as supported by a larger GNH Group, is expected to enhance the trading liquidity of the Reorganized GNH Group's shares. The above synergies are expected to benefit both the GNH Shareholders and Scheme Shareholders.

**Section conclusion**

Scheme Shareholders evaluating the Proposal should consider several pivotal factors regarding their investment in GNF and the potential outcomes of the Proposal.

On one hand, the Proposal represents a strategic initiative aimed at enhancing operational efficiency and financial strength within the Reorganized GNH Group. By integrating GNH (excluding GNF) and GNF into a unified listed entity, the reorganization aims to streamline management, reduce administrative costs, and improve strategic alignment across diversified business segments.

Although the GNH Group was loss-making on a stand-alone basis without the GNF's accounts as mentioned in the sub-section above headed "2.2 Historical financial performance of the GNH Group" in this letter, leveraging on the potential recovery of the market in Hong Kong, the Reorganized GNH Group is poised to benefit from greater flexibility to develop and grow its business through acquisition of GNF and the more diversified business portfolio of the GNH Group, spanning property development and holding and auction business in the PRC and Hong Kong as noted from the GNH IR2024/25 that the GNH Group recorded total segment revenues of approximately HK\$22.59 million from its property investment and auction businesses for the six months ended 30 September 2024, offers broader revenue streams, mitigates risks of investments and potential more returns on a longer term basis.

On the other hand, the Proposal offers Scheme Shareholders with a monetization opportunity whilst maintaining their value of investment. Under the Proposal, Scheme Shareholders stand to receive the Scheme Dividend exceeding cumulative dividends distributed by the GNF Group over the past eight financial years which presents a good opportunity for value realization given the GNF Group's dividend pay-out history.

Through retaining equity exposure in the Reorganized Group, Scheme Shareholders can potentially benefit from a more diversified business portfolio with stronger asset backing than what they currently hold. Furthermore, should the Scheme become effective, Scheme Shareholders are expected to benefit from the advantages of the business and operation integrations between the GNF Group and the GNH Group as well as the resulting larger public float of the Reorganized GNH Group in terms of percentage, number and value of shares with enhanced trading liquidity. Accordingly, the Proposal in effect not only preserves existing investment value in the GNF Group's business but also positions shareholders to capitalize on future growth prospects across the GNH Group's broader business segments.

Scheme Shareholders should be aware that unlike a general offer to acquire all or part of a listed company's shares, the Proposal is conducted by way of a Scheme. Scheme Shareholders will not have the opportunities to partially tender their shareholding in GNF. If the Scheme is not effective or the Proposal otherwise lapses, there are restrictions under the Takeovers Code preventing subsequent offers. Specifically, neither the GNH Group nor any parties acting in concert with it may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for GNF, except with the consent of the Executive. In this regard, Scheme Shareholders should note that the GNH Group and its concert parties held approximately 72.99% of the issued share capital of GNF as at the Latest Practicable Date. Unless GNH agrees to a sale of its stake, it is unlikely that general offers or privatization offers by other parties, if any, will be successful.



#### 4. The Proposal and the Scheme

##### 4.1 Market value of the Total Consideration against the market price of the Scheme Share

Based on the closing price of HK\$0.154 for each GNH Share as quoted on the Stock Exchange on the Last Trading Day, the value of Total Consideration is equivalent to an uplift of HK\$0.316 for the Scheme Shareholders as set out in the illustration below:

Market prices for four GNH Shares	+Scheme Dividend	Total Consideration (value for one Scheme Share)	Market prices for one GNF Share (as at the Last Trading Day)
4x HK\$0.154	+HK\$0.50	= HK\$1.116 per Scheme Share	HK\$0.800
		=	<b>Uplift of HK\$0.316 per Scheme Share</b>

Based on the closing price of HK\$0.124 for each GNH Share as quoted on the Stock Exchange on the Latest Practicable Date, the value of Total Consideration is equivalent to an uplift of HK\$0.066 for the Scheme Shareholders as set out in the illustration below:

Market prices for four GNH Shares	+Scheme Dividend	Total Consideration (value for one Scheme Share)	Market prices for one GNF Share (as at the Latest Practicable Date)
4x HK\$0.124	+HK\$0.50	= HK\$0.996 per Scheme Share	HK\$0.930
		=	<b>Uplift of HK\$0.066 per Scheme Share</b>

Based on the closing price of HK\$0.124 for each GNH Share on the Latest Practicable Date, HK\$0.996 for each Scheme Share represents:

- a premium of approximately 7.10% over the closing price of HK\$0.93 for each Scheme Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 24.50% over the closing price of HK\$0.800 for each Scheme Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 25.76% over the average closing price of approximately HK\$0.792 for each Scheme Share as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;

- (d) a premium of approximately 25.28% over the average closing price of approximately HK\$0.795 for each Scheme Share as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- (e) a premium of approximately 26.40% over the average closing price of approximately HK\$0.788 for each Scheme Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (f) a premium of approximately 39.70% over the average closing price of approximately HK\$0.713 for each Scheme Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- (g) a premium of approximately 47.01% over the average closing price of approximately HK\$0.6775 for each Scheme Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- (h) a discount of approximately 42.63% to the audited consolidated net asset value of approximately HK\$1.736 per GNF Share as at 31 March 2024, calculated based on the audited consolidated net asset value of GNF of HK\$4,340,670,000 as at 31 March 2024 divided by the total number of 2,500,000,000 GNF Shares in issue as at the Latest Practicable Date;
- (i) a discount of approximately 42.63% to the unaudited consolidated net asset value of approximately HK\$1.736 per GNF Share as at 30 September 2024, calculated based on the unaudited consolidated net asset value of GNF of HK\$4,339,593,000 as at 30 September 2024 divided by the total number of 2,500,000,000 GNF Shares in issue as at the Latest Practicable Date; and
- (j) a discount of approximately 42.63% over the adjusted unaudited consolidated net asset value of approximately HK\$1.736 per GNF Share as at 30 November 2024, calculated based on the adjusted unaudited consolidated net asset value of GNF taking into account the effect of revaluation arising from the valuation of the property interests held by the GNF Group as at 30 November 2024, of HK\$4,339,048,000, divided by the total number of 2,500,000,000 GNF Shares in issue as at the Latest Practicable Date.

Based on the closing price of HK\$0.154 for each GNH Share on Last Trading Day, HK\$1.116 for each Scheme Share represents:

- (a) a premium of approximately 39.50% over the closing price of HK\$0.800 for each Scheme Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 40.91% over the average closing price of approximately HK\$0.792 for each Scheme Share as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- (c) a premium of approximately 40.38% over the average closing price of approximately HK\$0.795 for each Scheme Share as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- (d) a premium of approximately 41.62% over the average closing price of approximately HK\$0.788 for each Scheme Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (e) a premium of approximately 56.52% over the average closing price of approximately HK\$0.713 for each Scheme Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- (f) a premium of approximately 64.72% over the average closing price of approximately HK\$0.6775 for each Scheme Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- (g) a discount of approximately 35.71% over the audited consolidated net asset value of approximately HK\$1.736 per GNF Share as at 31 March 2024, calculated based on the audited consolidated net asset value of GNF of HK\$4,340,670,000 as at 31 March 2024 divided by the total number of 2,500,000,000 GNF Shares in issue as at the Latest Practicable Date;
- (h) a discount of approximately 35.71% over the unaudited consolidated net asset value of approximately HK\$1.736 per GNF Share as at 30 September 2024, calculated based on the unaudited consolidated net asset value of GNF of HK\$4,339,593,000 as at 30 September 2024 divided by the total number of 2,500,000,000 GNF Shares in issue as at the Latest Practicable Date; and
- (i) a discount of approximately 35.71% over the adjusted unaudited consolidated net asset value of approximately HK\$1.736 per GNF Share as at 30 November 2024, calculated based on the unaudited consolidated net asset value of GNF taking into account the effect of revaluation arising from the valuation of the property interests held by the GNF Group as at 30 November 2024, of HK\$4,339,048,000, divided by the total number of 2,500,000,000 GNF Shares in issue as at the Latest Practicable Date.

#### **4.2 Market value of the Scheme Consideration against the market price of the Scheme Share**

Based on the closing price of HK\$0.124 for each GNH Share on the Latest Practicable Date, the value of the Scheme Consideration is equivalent to approximately HK\$0.496 for each Scheme Share, which represents:

- (a) a discount of approximately 46.67% to the closing price of HK\$0.930 for each Scheme Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 38.00% to the closing price of HK\$0.800 for each Scheme Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 37.37% to the average closing price of approximately HK\$0.792 for each Scheme Share as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- (d) a discount of approximately 37.61% to the average closing price of approximately HK\$0.795 for each Scheme Share as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- (e) a discount of approximately 37.06% to the average closing price of approximately HK\$0.788 for each Scheme Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (f) a discount of approximately 30.43% to the average closing price of approximately HK\$0.713 for each Scheme Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- (g) a discount of approximately 26.79% to the average closing price of approximately HK\$0.6775 for each Scheme Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- (h) a discount of approximately 71.43% to the audited consolidated net asset value of approximately HK\$1.736 per GNF Share as at 31 March 2024, calculated based on the audited consolidated net asset value of GNF of HK\$4,340,670,000 as at 31 March 2024 divided by the total number of 2,500,000,000 GNF Shares in issue as at the Latest Practicable Date;
- (i) a discount of approximately 71.43% to the unaudited consolidated net asset value of approximately HK\$1.736 per GNF Share as at 30 September 2024, calculated based on the unaudited consolidated net asset value of GNF of HK\$4,339,593,000 as at 30 September 2024 divided by the total number of 2,500,000,000 GNF Shares in issue as at the Latest Practicable Date; and

- (j) a discount of approximately 71.43% to the adjusted unaudited consolidated net asset value of approximately HK\$1.736 per GNF Share as at 30 November 2024, calculated based on the adjusted unaudited consolidated net asset value of GNF taking into account the effect of revaluation arising from the valuation of the property interests held by the GNF Group as at 30 November 2024, of HK\$4,339,048,000, divided by the total number of 2,500,000,000 GNF Shares in issue as at the Latest Practicable Date.

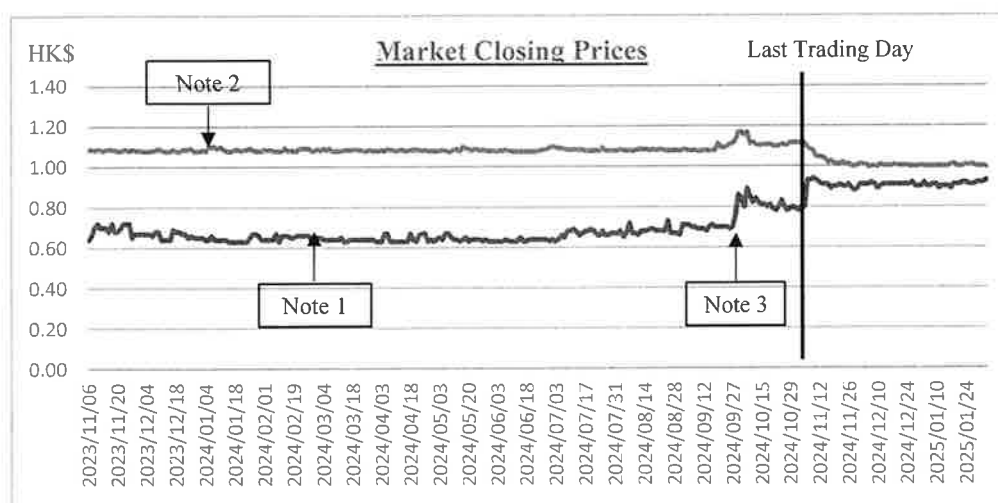
Based on the closing price of HK\$0.154 for each GNH Share on the Last Trading Day, the value of the Scheme Consideration is equivalent to approximately HK\$0.616 for each Scheme Share, which represents:

- (a) a discount of approximately 23.0% to the closing price of HK\$0.800 for each Scheme Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 22.22% to the average closing price of approximately HK\$0.792 for each Scheme Share as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- (c) a discount of approximately 22.52% to the average closing price of approximately HK\$0.795 for each Scheme Share as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- (d) a discount of approximately 21.83% to the average closing price of approximately HK\$0.788 for each Scheme Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (e) a discount of approximately 13.60% to the average closing price of approximately HK\$0.713 for each Scheme Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- (f) a discount of approximately 9.08% to the average closing price of approximately HK\$0.6775 for each Scheme Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- (g) a discount of approximately 64.52% to the audited consolidated net asset value of approximately HK\$1.736 per GNF Share as at 31 March 2024, calculated based on the audited consolidated net asset value of GNF of HK\$4,340,670,000 as at 31 March 2024 divided by the total number of 2,500,000,000 GNF Shares in issue as at the Latest Practicable Date;
- (h) a discount of approximately 64.52% to the unaudited consolidated net asset value of approximately HK\$1.736 per GNF Share as at 30 September 2024, calculated based on the unaudited consolidated net asset value of GNF of HK\$4,339,593,000 as at 30 September 2024 divided by the total number of 2,500,000,000 GNF Shares in issue as at the Latest Practicable Date; and

- (i) a discount of approximately 64.52% to the adjusted unaudited consolidated net asset value of approximately HK\$1.736 per GNF Share as at 30 November 2024, calculated based on the adjusted unaudited consolidated net asset value of GNF taking into account the effect of revaluation arising from the valuation of the property interests held by the GNF Group as at 30 November 2024, of HK\$4,339,048,000, divided by the total number of 2,500,000,000 GNF Shares in issue as at the Latest Practicable Date.

### 4.3 Historical price performances of the GNF Shares

The following chart illustrates the historical closing prices of the GNF Shares as quoted on the Hong Kong Stock Exchange during the period commencing from 5 November 2023 to the Last Trading Day (the “Pre-Announcement Period”), and subsequently up to and including the Latest Practicable Date (the “Post-Announcement Period”) (collectively, the “Review Period”). We consider a period of approximate and more than one year is adequate and representative to illustrate the recent price movements of the GNF Shares which reflect (i) market and investors’ reaction towards the latest developments of the GNF Group, including its financial performance and position, outlook and prospects; and (ii) prevailing market sentiment. We are of the view that this allows us to conduct a meaningful comparison between these closing prices of the GNF Share and the market value of the Scheme Share.



Source: the website of the Stock Exchange

#### Notes

1. This line represents the historical market closing prices of a GNF Share.
2. This line represents the historical market value of a Scheme Share (i.e. 4 times market closing prices on each trading day of one GNF Share + HK\$0.50 dividend)
3. The increase in the closing prices of GNF Share in late September 2024 and early October 2024 may be driven by the supportive announcement of economic stimulus measures by the government of the PRC and the monetary easing policies adopted by major central banks that resulted in positive impacts on the GNF Businesses and the closing prices of GNF Share.

As shown on the chart above, the market values of Scheme Share remained at premiums over the closing prices of a GNF Share throughout the Review Period. After the announcement of the Proposal, the market values of Scheme Share experienced a slight decrease whereas the closing prices of a GNF Share experienced a notably increase. Save for an increase of the closing prices of the GNF Share after the Last Trading Day, the price trends of the Scheme Share and the GNF Share were basically aligned during the Review Period. Except for the issue of the Joint Announcement, the Management confirmed that they are not aware of any other reason that had caused the changes in the closing prices of the GNF Shares as mentioned.

During the Review Period, the lowest closing price of the GNF Share was HK\$0.630 per GNF Share recorded on (i) 16 – 24 January 2024; (ii) 8 February 2024; (iii) 13, 14 and 28 March 2024; (iv) 2, 3, 9 – 17, 22, 26 and 30 April 2024; (v) 14, 20, 27 and 29 – 31 May 2024; (vi) 3 – 5, 7 – 13, 17, 18 and 28 June 2024; and (vii) 3 July 2024 and the highest closing price of the GNF Share was HK\$0.940 per GNF Share recorded on 8 November 2024. The average daily closing price per GNF Share over the Review Period was approximately HK\$0.721 per GNF Share. The market values of (i) HK\$1.116 per Scheme Share (based on the closing price of HK\$0.154 for each GNH Share) as at the Last Trading Day represents a premium of approximately 54.73%; and (ii) HK\$0.996 per Scheme Share (based on the closing price of HK\$0.124 for each GNH Share) as at the Latest Practicable Date represents a premium of approximately 38.09% over such average of closing prices over the Review Period.

For the Scheme Shares, during the Review Period, the lowest market value of a Scheme Share was HK\$0.996 per Scheme Share recorded on (i) 5 and 10 December 2024; and (ii) 7 February 2025 and the highest market value of a Scheme Share was HK\$1.172 per Scheme Share recorded on 3 October 2024. The average market value per Scheme Share over the Review Period was approximately HK\$1.072 per Scheme Share. The market values of (i) HK\$1.116 per Scheme Share (based on the closing price of HK\$0.154 for each GNH Share) as at the Last Trading Day represents a premium of approximately 4.11%; and (ii) HK\$0.996 per Scheme Share (based on the closing price of HK\$0.124 for each GNH Share) as at the Latest Practicable Date represents a discount of approximately 7.08% to such average of market prices over the Review Period.

We noted that there were notable closing price/value differences between the Scheme Share and the GNF Shares, in particular in the Pre-Announcement Period. Subsequently after the Last Trading Day, with the market values per Scheme Share began to decrease and the closing prices per GNF Share started to increase, the differences between the prices shrank in the Post-Announcement Period. Nevertheless, the market values per Scheme Share remained to be above the closing prices per GNF Share throughout the Review Period.

Having considered the above, with the market values per Scheme Share maintained premiums over closing prices per GNF Share in the Review Period, we are of the view that the Total Consideration and the Proposal is fair and reasonable.



#### 4.4 Trading liquidities of the GNF Shares and the GNH Shares

The following table sets out the average daily trading volume of the GNF Shares (the “GNF Average Daily Volume”) on a monthly basis and the respective percentage of the GNF Average Daily Volume as compared to the total number of issued GNF Shares and GNF Shares held by the public GNF Shareholders during the Review Period.

Month/Period	Number of trading days <i>Days</i>	GNF Average Daily Volume <i>Shares (note 1)</i>	GNF Average Daily Volume during the period as a % of the total number of GNF Shares issued <i>(%) (note 2)</i>	GNF Average Daily Volume during the period as a % of the GNF Shares held by public GNF Shareholders <i>(%) (note 3)</i>
<i>2023</i>				
5-30 Nov	19	23,103	0.0009	0.0034
December	19	145,006	0.0058	0.0215
<i>2024</i>				
January	22	70,161	0.0028	0.0104
February	19	35,599	0.0014	0.0053
March	20	39,208	0.0016	0.0058
April	20	183,869	0.0074	0.0272
May	21	63,939	0.0026	0.0095
June	19	32,901	0.0013	0.0049
July	22	2,425,568	0.0970	0.3592
August	22	64,700	0.0026	0.0096
September	19	157,169	0.0063	0.0233
October	21	718,321	0.0287	0.1064
November	21	872,837	0.0349	0.1292
December	20	195,694	0.0078	0.0290
<i>2025</i>				
January	19	736,392	0.0295	0.1090
February (up to the Latest Practicable Date)	5	112,280	0.0045	0.0166

*Source: the website of the Stock Exchange*

*Notes:*

1. the calculation is based on the total trading volume for month/period divided by the number of trading days during the month.
2. the calculation is based on the GNF Average Daily Volume divided by the GNF Shares issued in total at the end of each month or period.
3. the calculation is based on the GNF Average Daily Volume divided by the GNF Shares held by the public GNF Shareholders (i.e. 675,309,829 GNF Shares) at the end of each month or period.

As illustrated in the table above, the GNF Average Daily Volume of GNF Shares in July 2024 was exceptionally higher than the other months during the Review Period that was primarily resulted from the disposal of approximately 44 million GNF Shares by Honeylink Agents Limited that represented approximately 1.76% of the total issued GNF Shares.

The GNF Average Daily Volume of GNF Shares during the Review Period (excluding July 2024 due to irregular results) ranged from approximately 23,103 GNF Shares in 5 – 30 November 2023 to approximately 872,837 GNF Shares in November 2024, representing approximately 0.0009% to approximately 0.0349% of the total number of GNF Shares in issue as at the end of the respective month, and ranged from approximately 0.0034% to approximately 0.1292% (the “**GNF Shares Average Trading Volume Range**”) of the total number of GNF Shares in issue and held by the public GNF Shareholders.

The following table sets out the average daily trading volume of the GNH Shares (the “GNH Average Daily Volume”) on a monthly basis and the respective percentage of the GNH Average Daily Volume as compared to the total number of issued GNH Shares and GNH Shares held by the public GNH Shareholders during the Review Period.

Month/Period	Number of trading days Days	GNH Average Daily Volume Shares (note 1)	GNH Average Daily Volume during the period as a % of the total number of GNH Shares issued (%) (note 2)	GNH Average Daily Volume during the period as a % of the GNH Shares held by public GNH Shareholders (%) (note 3)
<i>2023</i>				
5-30 Nov	19	588,783	0.0061	0.0180
December	19	820,211	0.0085	0.0250
<i>2024</i>				
January	22	913,781	0.0095	0.0279
February	19	475,503	0.0049	0.0145
March	20	2,724,250	0.0282	0.0832
April	20	1,418,100	0.0147	0.0433
May	21	1,334,377	0.0138	0.0408
June	19	948,463	0.0098	0.0290
July	22	572,273	0.0059	0.0175
August	22	631,787	0.0065	0.0193
September	19	1,512,516	0.0157	0.0462
October	21	5,489,835	0.0568	0.1677
November	21	2,397,115	0.0248	0.0732
December	20	676,412	0.0070	0.0207
<i>2025</i>				
January	19	586,211	0.0061	0.0179
February (up to the Latest Practicable Date)	5	154,000	0.0016	0.0047

Source: the website of the Stock Exchange

Notes:

1. the calculation is based on the total trading volume for month/period divided by the number of trading days during the month.
2. the calculation is based on the GNH Average Daily Volume divided by the GNH Shares issued in total at the end of each month or period.

3. the calculation is based on the GNH Average Daily Volume divided by the GNH Shares held by the public GNH Shareholders (i.e. 3,274,340,066 GNH Shares) at the end of each month or period.

As illustrated in the table above, the GNH Average Daily Volume of Shares during the Review Period ranged from approximately 154,000 GNH Shares in February 2025 (up to the Latest Practicable Date) to approximately 5,489,835 GNH Shares in October 2024, representing approximately 0.0016% to approximately 0.0568% of the total number of GNH Shares in issue as at the end of the respective month, and also representing approximately 0.0047% to approximately 0.1677% (the “**GNH Shares Average Trading Volume Range**”) of the total number of GNH Shares in issue and held by the public GNH Shareholders as at the end of the respective month. Since both the GNF Shares and the GNH Shares have thin trading volumes during the Review Period, we consider their trading liquidities to be comparable and the exchange of GNF Shares and GNH Shares, save for resulting of a larger public float of GNH Shares, shall not have any adverse impact on the GNF Shareholders under the arrangement of the Proposal.

Upon the Proposal having become effective, the GNF Shareholders will be given with the new GNH Shares according to the payout ratio of 4 new GNH Shares for every Scheme Share cancelled under the Proposal. During the Review Period, save for the periods during July 2024 and November 2024, we noted that the number of the GNH Shares traded are 4 times more than the number of GNF Shares traded, which is more than the payout/exchange ratio offered to the GNF Shareholders under the Proposal (as well as the GNH Shares Average Trading Volume Range higher than the GNF Shares Average Trading Volume Range), and based on these historical records, we consider that the trading liquidities of the GNH Shares upon the Proposal having become effective for the GNH Shareholders (including the GNF Shareholders who will then be holding GNH Shares) to be sufficient.

In light of the above results, we are of the view that the trading activities of the GNF Shares and the GNH Shares were in general comparable during the Review Period.

#### **4.5 Comparable analysis**

In assessing the fairness and reasonableness of the value of the Total Consideration at HK\$1.116 per Scheme Share (based on the closing price of HK\$0.154 per GNH Share as quote on the Stock Exchange on the Last Trading Day), we have performed analysis on the price-to-earnings ratio (the “**PE Ratio(s)**”) and the price-to-book ratio (the “**PB Ratio(s)**”), being common parameters in assessing the values of the companies which are listed on the Stock Exchange and are engaged in similar business of the GNF Group for comparison purpose (the “**Comparable(s)**”).

Given that (i) GNF is a listed company of the Stock Exchange; and (ii) the revenue of the GNF Group is mainly derived from providing the comprehensive financial services relating to the capital market, we have set the following selection criteria for the purpose of identifying Comparables:

- company whose shares are listed on the Stock Exchange and were not being suspended from trading for over 6 months as at the Latest Practicable Date;
- over 80% of its latest financial year revenue was derived from providing multiple comprehensive financial services (i.e. margin financing, broking, advisory and asset management); and

- comparable market capitalizations with GNH (ranging from approximately HK\$1,198 million to approximately HK\$1,623 million during the Review Period) and GNF (ranging from HK\$1,575 million to HK\$2,350 million during the Review Period) from HK\$1,000 million to HK\$3,000 million.

Based on the above selection criteria, we have identified 6 Comparables.

Scheme Shareholders and Disinterested Shareholders should note that despite the aforesaid selection criteria, (i) the Comparables are not subject to privatization proposals as at the Latest Practicable Date; and (ii) the business, scale of operations, trading prospects, location of projects and capital structure of the GNF Group are not exactly the same as those of the Comparables, and we have not conducted any in-depth investigation into the business and operations of the Comparables. Notwithstanding the above, we consider that a comparable analysis of the PE Ratios and PB Ratios can serve as a meaningful market reference for us to assess the fairness and reasonableness of the value of the Total Consideration since such ratios indicate market value of businesses of similar nature with GNF based on the selection criteria we adopted and that we consider the list of Comparables to be exhaustive and sufficient to help us to form our view. Details of the Comparables are summarized below:

#	Comparables	Principal Business	Market Capitalization HK\$'million	Net profit HK\$'million	Net assets value HK\$'million	PE Ratio Times (note 1)	PB Ratio Times (note 2)
1	Shenwan Hongyuan (H.K.) Limited (218)	Provision of financial related services, including, brokerage, finance advisory, security underwriting, asset management and financing and loans services.	2,653.94	Net loss	2,782.48	-	0.95
2	Guolian Securities Co., Ltd. (1456)	Provision of financial related services, including, agency trading of securities, sales of financial products, futures intermediary introduction broker, investment consulting, asset management and securities margin trading and other services.	1,814.82	4,788.82	19,942.99	0.38	0.09
3	Upbest Group Limited (335)	Provision of financial related services, including, securities margin financing and loan financing, securities and futures brokerage, finance advisory and asset management services.	1,877.62	85.73	2,766.86	21.90	0.68
4	Central China Securities Co., Ltd. (1375)	Provision of financial related services, including, securities and futures trading and brokering, margin trading and securities lending business and advisory services.	1,996.26	231.06	15,340.79	8.64	0.13
5	China Vered Financial Holding Corporation Limited (245)	Provision of financial related services, including, propriety trading and strategic investment, securities brokerage and advisory, asset management, financial consultancy and liquidity management services.	1,784.73	Net loss	3,997.21	-	0.45

#	Comparables	Principal Business	Market Capitalization HK\$'million	Net profit HK\$'million	Net assets value HK\$'million	PE Ratio Times (note 1)	PB Ratio Times (note 2)
6	Quam Plus International Financial Limited (952)	Provision of financial related services, including, discretionary and non-discretionary dealing services for securities, futures, options, margin financing, insurance broking and wealth management as well as finance advisory, fund management and money lending services.	1,264.20	119.54	2,075.45	10.58	0.61
					Min	0.38	0.09
					Max	21.90	0.95
					Average	10.37	0.48
					Median	9.61	0.53
	The Proposal	Provision of the GNF Business	2,790.00			18.27	0.64

Source: the website of the Stock Exchange

Notes:

1. The PE Ratios of the Comparables are calculated by dividing their respective market capitalization as at the Latest Practicable Date by their respective net profit/loss attributable to shareholders of the companies according to their latest annual reports. Since the financial years of the Comparables ended either on 31 December 2023 or 31 March 2024, the PE of the Proposal is calculated by dividing the market capitalization of GNF at HK\$1.116 per Scheme Share by GNF's net profit attributable to GNF Shareholders as at 31 March 2024 sets out in the AR2024.
2. The PB Ratios of the Comparables are calculated by dividing their respective market capitalization as at the Latest Practicable Date by their respective equity attributable to shareholders of the companies according to their latest interim/annual reports. While the PB of the Proposal is calculated by dividing the market capitalization of GNF at HK\$1.116 per Scheme Share by GNF's equity attributable to GNF Shareholders as at 30 September 2024 sets out in the IR2024.
3. Exchange rate of RMB1 = HK\$1.09195 with reference to the exchange rate on the Last Trading Day was applied in the above analysis.

As illustrated from the table above that the PE Ratios of the Comparables ranged from approximately 0.38 times to approximately 21.90 times (the “**PE Range**”). Excluding the 2 Comparables that recorded net losses, the mean of the Comparables were approximately 10.37 times. The implied PE Ratio of GNF of approximately 18.27 times falls within the PE Range of the Comparables and is above the mean of the Comparables.

As illustrated from the table above that the PB Ratios of the Comparables ranged from approximately 0.09 times to approximately 0.95 times (the “**PB Range**”), with the mean being approximately 0.48 times. The implied PB Ratio of GNF of approximately 0.64 times falls within the PB Range of the Comparables and is above the mean of the Comparables.

Based on the above, we are of the view that, having included the Scheme Dividend of HK\$0.50, the market value of the Total Consideration is fair and reasonable.

#### **4.6 Privatization precedents**

We have identified successful and completed privatization precedents (delisted from the Stock Exchange) of other listed companies that engaged in similar business as to the GNF Group’s provision of the financial services that issued their respective scheme document during the period from 5 November 2021 up to the Latest Practicable Date. We are of the view that the period of approximate three year is adequate and that conducting comparisons with other successful privatization precedents can provide us meaningful market information and as one of the factors to assess the fairness and reasonableness of the market value of the Total Consideration since such comparison illustrates the market values of companies conducting similar business of GNF.

Based on the above, we have identified 5 privatization precedents (the “**Privatization Precedents**”) as summarized below:

#	Privatization Precedents	Principal Business	Dates of scheme document	Premium/(discount) of the offer/cancellation price over/to the				respective audited net assets value per share (%)
				closing price per share on respective last trading day prior to announcement (%)	average of the closing price per share for the last 5 trading days (%)	average of the closing price per share for the last 30 trading days (%)	average of the closing price per share for the last 180 trading days (%)	
1	Doyen International Holdings Limited (668)	Principally engaged in, among others, loan financing, properties investment and rental activities	20 December 2024	78.57	81.35	81.35	92.31	(41.57)
2	Haitong International Securities Group Limited (665)	Principally engaged in, among others, wealth management, corporate finance, asset management, global markets investments	22 November 2023	114.08	111.11	126.53	110.53	(51.20)
3	Mason Group Holdings Limited (273)	Principally engaged in, among others, wealth and asset management, financial brokerage, trading of securities and financing services	8 September 2023	20.70	20.70	19.00	19.00	(60.80)
4	Kingston Financial Group Limited (1031)	Principally engaged in, among others, securities brokerage, underwriting and placements, margin and initial public offering financing, financial advisory and futures brokerage services	17 January 2023	47.78	48.37	39.41	10.99	(80.22)
5	China Binary new Fintech Group (8255)	Principally engaged in, among others, financial services (main revenue contributor for its latest financial year) and software technology services	14 October 2022	28.20	34.40	28.50	(6.90)	(35.80)
			Minimum premium/(discount)	20.70	20.70	19.00	(6.90)	(35.80)
			Maximum premium/(discount)	114.08	111.11	126.53	110.53	(80.22)
			Average premium/(discount)	57.87	59.19	58.96	45.19	(53.92)
			Median premium/(discount)	47.78	48.37	39.41	19.00	(51.20)
	The Proposal	Provision of the GNF Business		39.50	40.91	41.62	64.72	(35.71)

Source: the website of the Stock Exchange



As illustrated in the above,

- (a) the premiums of the offer/cancellation price over closing price per share on their respective last trading days ranged from approximately 20.70% to approximately 114.08% (the “**LTD Range**”) with an average of a premium of approximately 57.87% (the “**LTD Average**”). The premium of approximately 39.50% is close to the LTD Average and falls within the LTD Range.
- (b) the discounts of the offer/cancellation price to their respective audited net assets value per share ranged from approximately 35.80% to approximately 80.22% (the “**NAV Range**”) with an average of a discount of approximately 53.92%. The discount of approximately 35.71% over the audited consolidated to the net asset value as at 31 March 2024 of GNF Share is lower than the NAV Range.

We also considered the results of the more recent Privatization Precedents (i.e. since the last quarter of 2023 and up to the Latest Practicable Date, namely #1 Doyen International Holdings Limited, #2 Haitong International Securities Group Limited and #3 Mason Group Holdings Limited in the table above) to further compare with the recent market trends.

#	Privatization Precedents	Premium/ (discount) of the offer/ cancellation price over/ to closing price per share on respective last trading day prior to announcement (%)	Premium/ (discount) of the offer/ cancellation price over/to the respective audited net assets value per share (%)
1	Doyen International Holdings Limited (668)	78.57	(41.57)
2	Haitong International Securities Group Limited (665)	114.08	(51.20)
3	Mason Group Holdings Limited (273)	20.70	(60.80)
	<b>Average premium/(discount)</b>	<b>71.12</b>	<b>(51.19)</b>
	<b>The Proposal</b>	<b>39.50</b>	<b>(35.71)</b>

It is noted that (i) the premium of approximately 39.50% of the offer/cancellation price over closing price per GNF Share on last trading day prior to Joint Announcement is higher than that of Mason Group's Holdings Limited's with approximately 20.70%; and (ii) the discount of approximately 35.71% of the offer/cancellation price to the audited net assets value per GNF Share is the smaller than the three recent Privatization Precedents. We are of the view that smaller premium and discount as compared to recent Privatization Precedents are acceptable and justifiable after considering that the GNF Shareholders will be receiving the GNH Shares that allow them, through holding GNH Shares, to participate in the development of the businesses of the Reorganized GNH Group which also included the GNF Business, maintain their investment value and also have the opportunities to enjoy dividends distribution from GNH.

Having considered the above, we are of the view that the market value of the Total Consideration is fair and reasonable.

## RECOMMENDATION

In summary, we have considered the below factors and reasons in reaching our conclusion and recommendations regarding the Proposal and the Scheme:

- the reasons and benefits to the Scheme Shareholders as set out under the section headed “3. Reasons and benefits of the Proposed Group Reorganization” in this letter, including but not limited to, preserving investment values, continual investment in GNF with the Reorganized GNH Group, enhancement of trading liquidity, stronger asset portfolio, more revenue streams, streamlining management hierarchy as well as reduction of administrative and financial costs of GNF may achieve cost-saving and the synergies created from the Proposal are expected to benefit both the GNH Shareholders and the Scheme Shareholders;
- the Scheme Dividend of HK\$0.50 per Scheme Share exceeds the cumulative dividends distributed by the GNF Group over the past eight financial years that also allows the Scheme Shareholders to capitalize a part of their investment;
- the prospect of the Reorganization GNH Group considering that the Hong Kong's stock market may continue to improve and recover with the increased market activities in Hong Kong;
- the premiums represented by the value of the Total Consideration as compared to the closing price for each Scheme Share as illustrated under the section headed “4.1 Market value of the Total Consideration against the market price of the Scheme Share” in this letter, in particular that the values of Total Consideration (a) is equivalent to an uplift of HK\$0.316 on the Last Trading Day; and (b) is equivalent to an uplift of HK\$0.066 on the Latest Practicable Date for the Scheme Shareholder
- our analysis sets out in the section headed “4.3 Historical price performances of the GNF Shares” in this letter, which illustrated that the market values per Scheme Share are consistently above the closing prices per Share throughout the Review Period up to the Latest Practicable Date;

- our analysis sets out in the section headed “4.3 Trading liquidity of the GNF Shares and the GNH Shares” in this letter, which illustrated that the trading liquidity of the GNH Shares was not less liquid than, and comparable to, that of the GNF Shares such that the Scheme Shareholders are not expected to encounter more difficulties in realizing their investment upon Completion as far as the Scheme Shareholders are concerned; and
- as illustrated in our comparables analysis in sections “4.4 Comparable Analysis” and “4.5 Privatization Precedents” in this letter, that indicated that we are of the view that that the market value of the Total Consideration is fair and reasonable.

In accordance to the above, we (i) are of the opinion that the Proposal and the Scheme are fair and reasonable so far as the Scheme Shareholders and the Disinterested Shareholders are concerned; and (ii) recommend the Independent Board Committee to advise the Disinterested Shareholders to vote in favour of the resolutions in connection with the implementation of the Proposal at the GNF EGM.

*As different Scheme Shareholders would have different investment criteria, objectives or risk appetite and profiles, we recommend any Scheme Shareholders and Disinterested Shareholders who may require advice in relation to any aspect of the Scheme Document, or as to the action to be taken, to also consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.*

*Scheme Shareholders are reminded that they should make their decisions to dispose of or retain their investments or exercise their rights in the GNF Shares, having regard to their own circumstances and investment objectives and are reminded to closely monitor the market price and liquidity of the GNF Shares and the GNH Shares during the Offer Period, and they may consider selling their GNF Shares in the open market, where possible, if the net proceeds (after deducting all transaction costs) exceed the net amount to be received under the Proposal.*

Yours Faithfully,  
For and on behalf of  
**Veda Capital Limited**



**Julisa Fong**  
Managing Director

*Ms. Julisa Fong is a licensed person registered with the SFC and a responsible officer of Veda Capital Limited which is licensed under the SFO to carry out type 6 (advising on corporate finance) regulated activity and has over 28 years of experience in corporate finance industry.*