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**LETTER FROM THE BOARD**

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**Green Economy Development Limited**  
**綠色經濟發展有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1315)**

*Executive Directors:*

Mr. Chau Chit  
Mr. Fung Ka Lun  
Mr. Tang Hongyang  
Mr. Zhu Feng  
Mr. Zhu Xiaodong

*Registered Office:*

Windward 3  
Regatta Office Park  
PO Box 1350  
Grand Cayman  
KY1-1108  
Cayman Islands

*Independent non-executive Directors:*

Dr. Wong Lee Ping  
Mr. Wong Wai Kwan  
Mr. Zhang Shengman

*Headquarters and Principal Place  
of Business in Hong Kong:*

Room 1001, 10/F  
China Huarong Tower  
60 Gloucester Road, Wan Chai  
Hong Kong

20 March 2024

*To the Qualifying Shareholders*

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF  
ONE (1) RIGHTS SHARE FOR EVERY TWO (2) SHARES  
HELD ON THE RECORD DATE  
ON A NON-UNDERWRITTEN BASIS**

**INTRODUCTION**

Reference is made to the Announcement whereby the Board announced that the Company proposed to implement the Rights Issue, on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date at the Subscription Price of HK\$0.161 per Rights Share, to raise up to approximately HK\$36.2 million (before deducting the professional fees and other related expenses) by issuing up to 224,999,972 Rights Shares to the Qualifying Shareholders.

The Rights Issue is not underwritten.

The purpose of this Prospectus is to provide you with, among others, further details of the Rights Issue, including the procedures for acceptance of the Rights Shares provisionally allotted to you, and certain financial information and other general information of the Group.

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### RIGHTS ISSUE

#### Issue Statistics

Basis of the Rights Issue	:	one (1) Rights Share for every two (2) Shares held by the Qualifying Shareholders on the Record Date
Subscription Price	:	HK\$0.161 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue on a per Rights Share basis)	:	Approximately HK\$0.153 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	449,999,944 Shares
Number of Rights Shares to be issued under the Rights Issue	:	Up to 224,999,972 Rights Shares
Aggregate nominal value of the Rights Shares	:	Up to HK\$2,249,999.72
Total number of Shares in issue as enlarged by the allotment and issue of the Rights Shares (assuming that the Rights Issue is fully subscribed)	:	Up to 674,999,916 Shares (assuming no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Maximum funds to be raised (before expenses)	:	Approximately HK\$36.2 million (assuming all the Rights Shares are taken up)
Net proceeds of the Rights Issue	:	Up to approximately HK\$34.5 million
Right of excess applications	:	Qualifying Shareholders (other than the PRC Southbound Trading Investors) may apply for Rights Shares in excess of their provisional entitlements

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As at the Latest Practicable Date, the Company has 7,499,998 outstanding Share Options granted under the Company's Share Option Scheme. Such outstanding Share Options are exercisable into 7,499,998 Shares. On 21 February 2024, each of the holders of the outstanding Share Options has signed the Optionholder's Undertakings to undertake not to exercise the Share Options (or any part thereof) granted to him from the date of the Optionholder's Undertakings to the close of business on the Record Date (both dates inclusive). Save for the foregoing, the Company has no other outstanding derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into or confer any right to subscribe for the Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

The 224,999,972 Rights Shares to be issued pursuant to the terms of the Rights Issue represent (i) 50% of the total number of issued Shares as at the Latest Practicable Date and (ii) approximately 33.33% of the total number of issued Shares of the Company as enlarged by the allotment and issue of the Rights Shares in full.

### **Irrevocable undertakings**

As at the Latest Practicable Date, the Board has not received any information or other undertakings from any Shareholders of their intention to take up or not to take up the securities of the Company to be provisionally allotted to them under the Rights Issue.

### **Optionholder's Undertakings**

On 21 February 2024, each of the holders of the outstanding Share Options has signed the Optionholder's Undertakings to undertake not to exercise the Share Options (or any part thereof) granted to him from the date of the Optionholder's Undertakings to the close of business on the Record Date (both dates inclusive).

### **Subscription Price**

The Subscription Price of HK\$0.161 per Rights Share is payable in full upon acceptance of the relevant provisional allotment of Rights Shares by the Qualifying Shareholders and, where applicable, application for excess Rights Shares under the Rights Issue by the Qualifying Shareholders (other than the PRC Southbound Trading Investors) or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 15.26% to the closing price of HK\$0.190 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 15.71% to the average closing price of approximately HK\$0.191 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;

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- (iii) a discount of approximately 9.55% to the average closing price of approximately HK\$0.178 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 10.56% to the theoretical ex-rights price of approximately HK\$0.180 per Share based on the closing price of HK\$0.190 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a premium of approximately 56.31% over the closing price of HK\$0.103 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vi) a discount of approximately 25.12% to the net asset value of the Company of approximately HK\$0.215 per Share based on the audited consolidated net asset value of the Company of approximately HK\$96,951,000 as at 31 March 2023 and the 449,999,944 Shares in issue as at the Latest Practicable Date; and
- (vii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 5.26% to the theoretical diluted price of approximately HK\$0.180 per Share based on the benchmarked price of approximately HK\$0.190 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.190 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the Last Trading Day of approximately HK\$0.189 per Share).

The Subscription Price was determined with reference to the recent market price of the Shares under the prevailing market conditions, the financial conditions of the Company, current market conditions and the reasons for and benefits of the Rights Issue as discussed in the paragraph headed “Use of proceeds and reasons for and benefits of the Rights Issue” under the section headed “Proposed Rights Issue” in this Prospectus.

The Directors (including the independent non-executive Directors) consider the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account that (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue can sell the nil-paid rights in the market; (ii) the Rights Issue allows the Qualifying Shareholders to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company and the Qualifying Shareholders (other than the PRC Southbound Trading Investors) to apply for excess Rights Shares subject to the level of acceptance; and (iii) the Subscription Price was determined taking into consideration the prevailing market prices of the Shares and the financial position of the Group.

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### Conditions of the Rights Issue

The Rights Issue is conditional upon the fulfillment of each of the following conditions:

- (i) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms);
- (ii) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong);
- (iii) the Prospectus Documents having been made available to the Qualifying Shareholders on the Prospectus Posting Date, and the Prospectus and a letter having been made available to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue within two Business Days after the Prospectus Posting Date; and
- (iv) the filing and registration of all relevant documents with the Registrar of Companies in Hong Kong by no later than the Prospectus Posting Date.

None of the conditions set out above can be waived. If any of the above conditions is not satisfied at or prior to the respective time stipulated therein, the Rights Issue will not proceed.

As the Latest Practicable Date, none of the conditions has been fulfilled.

**The Rights Issue is subject to the fulfilment of conditions including the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. If the conditions to the Rights Issue are not fulfilled, the Rights Issue will not proceed.**

### Basis of provisional allotments

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) Shares in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for

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Acceptance. Any holding (or balance of holdings) of less than two (2) Shares will not entitle the holders to be provisionally allotted a Rights Share. Please refer to the arrangement as referred to in the section headed “Fractional entitlements of the Rights Shares” below.

### Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not being an Excluded Shareholder as at the close of business on the Record Date.

The last day of dealings in the Shares on a cum-rights basis was Friday, 8 March 2024. The Shares have been dealt with on an ex-rights basis from Monday, 11 March 2024.

Qualifying Shareholders who take up their pro rata assured entitlement in full will not suffer any dilution to their interests in the Company. **If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company may be diluted.**

### Rights of Overseas Shareholders

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the applicable securities law of any jurisdiction other than (a) Hong Kong; and (b) the PRC in accordance with the CSRC Notice and, if necessary, the Trial Administrative Measures. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

As at the Latest Practicable Date, there were 12 Overseas Shareholders with registered addresses situated in the PRC, 3 Overseas Shareholders with registered addresses situated in the BVI and 1 Overseas Shareholder with registered addresses situated in the Republic of Seychelles, holding in aggregate 93,981,750 Shares (representing approximately 20.88% of the issued Shares).

The Company has, in compliance with Rule 13.36(2)(a) of the Listing Rules, made necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. Based on legal advice provided by the legal advisers as to PRC law, BVI law and Republic of Seychelles law engaged by the Company respectively as at the Latest Practicable Date and having considered the circumstances, the Board is of the opinion that there is no legal restriction or requirement of any relevant regulatory body or stock exchange in the PRC, BVI and Republic of Seychelles with respect to extending the Rights Issue to the Overseas Shareholders with registered addresses in the PRC, BVI and Republic of Seychelles. Accordingly, the Rights Issue will be offered to the Overseas Shareholders in the PRC, BVI and Republic of Seychelles and they are considered as Qualifying Shareholders.

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If a Shareholder resident in the PRC or in the BVI or in the Republic of Seychelles and/or any other PRC or BVI or Republic of Seychelles resident (including both individuals and companies) wishes to invest in the nil-paid Rights Shares or the fully-paid Rights Shares, he/she/it shall be responsible for complying with the relevant laws of the PRC or of the BVI or of the Republic of Seychelles. The Company will not be responsible for verifying the PRC or BVI or Republic of Seychelles legal qualification of such Shareholder and/or resident and thus, should the Company suffer any losses or damages due to non-compliance with the relevant laws of the PRC or of the BVI or of the Republic of Seychelles by any such Shareholder and/or resident, the Company shall not be obliged to issue the nil-paid Rights Shares or the fully-paid Rights Shares to any such Shareholder and/or resident, if issuing the nil-paid Rights Shares or the fully-paid Rights Shares to them is not compliant with the relevant laws or requirements of the PRC or of the BVI or of the Republic of Seychelles.

As at the Latest Practicable Date, there were no Excluded Shareholders. Since the register of members is closed from Wednesday, 13 March 2024 to Tuesday, 19 March 2024, there will be no Excluded Shareholders as at the Record Date. Accordingly, there will be no Excluded Shareholders for the purpose of the Rights Issue.

The Excluded Shareholders (which are excluded from the Rights Issue) will not have any entitlement under the Rights Issue. However, arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid pro-rata (but rounded down to the nearest cent) to the Excluded Shareholders in Hong Kong dollars, except that the Company will retain individual amounts of less than HK\$100 for its own benefit. Any unsold entitlement of Excluded Shareholder(s) to the Rights Shares, and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by transferees of nil-paid Rights Shares, will be made available for excess applications by the Qualifying Shareholders (other than the PRC Southbound Trading Investors) under the EAF(s).

The Company reserves the right to treat as invalid any acceptance of Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should exercise caution when dealing in the Shares and the nil-paid Rights Shares.

The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. Shareholders and beneficial owners of the Shares (including, without limitation, their respective agents, custodians, nominees and trustees) should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

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### Overseas Shareholders in the BVI

This Prospectus does not constitute and shall not be construed as an offer or solicitation to the public in the BVI to subscribe for the Rights Shares. The Rights Shares shall not be acquired for the account or benefit of any person who is a resident of, or who is domiciled in, the BVI, other than a BVI Business Company (as defined under the BVI Business Companies Act (as amended from time to time)) incorporated in the BVI that is not resident in the BVI, nor carry on any activities which would require it to be licensed under BVI financial services legislation.

### Rights of PRC Southbound Trading Investors

According to the “Stock Connect Southbound Shareholding Search” available on the Stock Exchange’s website, as of the Latest Practicable Date, China Clear held 37,974,845 Shares, representing approximately 8.44% of the total number of Shares in issue.

The PRC Southbound Trading Investors may participate in the Rights Issue through China Clear. China Clear will provide nominee services for the PRC Southbound Trading Investors to (a) sell their nil-paid Rights Shares on the Stock Exchange; and/or (b) subscribe for their provisional allotment in respect of Shares held on the Record Date at the Subscription Price under the Rights Issue in accordance with the relevant laws and regulations. However, China Clear will not support applications by such PRC Southbound Trading Investors for excess Rights Shares under the Rights Issue through the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. In addition, the PRC Southbound Trading Investors (or the relevant China Clear participants as the case may be) whose stock accounts are credited with nil-paid Rights Shares could only sell those nil-paid Rights Shares on the Stock Exchange under Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect but could not purchase any other nil-paid Rights Shares nor transfer any nil-paid Rights Shares to other PRC Southbound Trading Investors.

**The PRC Southbound Trading Investors should consult their intermediaries (including brokers, custodians, nominees or China Clear participants) and/or other professional advisers for details of the logistical arrangements as required by China Clear and provide such intermediary with instructions on the acceptance and/or sale of the nil-paid Rights Shares. Such instructions should be given in advance of the relevant dates stated under the section headed “Expected Timetable” of this Prospectus and otherwise in accordance with the requirements of the intermediary of the PRC Southbound Trading Investors and/or China Clear in order to allow sufficient time to ensure that such instructions are given effect.**

According to the PRC legal adviser of the Company, as the Prospectus Documents are not intended to be filed with or approved by the CSRC other than in accordance with the CSRC Notice and, if necessary, the Trial Administrative Measures, the Rights Shares in nil-paid and fully-paid forms issued to the PRC Southbound Trading Investors may not be offered or sold directly or indirectly in the PRC to any person or entity, unless through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, or such person or entity has otherwise been exempt by or has obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations.



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The Prospectus Documents may not be publicly distributed in or forwarded to the PRC or used in connection with any offer for subscription or sale of the Rights Shares (in nil-paid and fully-paid forms) in the PRC, except that the same may be despatched to China Clear or to the extent in compliance with applicable PRC laws and regulations, and the Prospectus Documents may not be made publicly available in the PRC.

### **Procedures for acceptance and payment and/or transfer**

A PAL and a EAF will be sent to the Qualifying Shareholder(s) by post in printed form which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown therein.

If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar in Hong Kong, Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong by no later than 4:00 p.m. on Monday, 8 April 2024 (or, under bad weather conditions, such later date as mentioned in the paragraph “Effect of bad weather and/or extreme conditions on the latest time for acceptance of and payment for the Rights Shares” in the section headed “Expected Timetable” in this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by banker’s cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to “GREEN ECONOMY DEVELOPMENT LIMITED — RIGHTS ISSUE ACCOUNT” and crossed “Account Payee Only”.

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. on Monday, 8 April 2024, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for excess application under the EAF by other Qualifying Shareholders (other than the PRC Southbound Trading Investors). The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

If the Qualifying Shareholders wish to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the original PAL must be surrendered and lodged for cancellation no later than 4:00 p.m. on Tuesday, 26 March 2024, with the Registrar, who will cancel the original PAL and issue new PAL(s) in the denominations required which will be available for collection from the Registrar, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong, after 9:00 a.m. on the second Business Day after the date of surrender of the original PAL. It should be noted

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that Hong Kong ad valorem stamp duty is payable in connection with the transfer of your rights to subscribe for the relevant Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or banker's cashier orders accompanying completed PALs will be presented for payment immediately upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Completion and lodgement of the PAL with a cheque or a banker's cashier order, whether by a Qualifying Shareholder or by any nominated transferees, will constitute a warranty by the applicant that the cheque or the banker's cashier order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or banker's cashier order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. You must pay the exact amount payable upon application for the Rights Shares, underpaid application will be rejected. In the event of overpaid application, a refund cheque, without interest, will be made out to you if the overpaid amount is at least HK\$100.

No action has been taken by the Company to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory or jurisdiction outside Hong Kong. Accordingly, no person receiving the Prospectus Documents in any territory or jurisdiction outside Hong Kong may treat it as an offer or invitation to apply for Rights Shares, unless in the relevant territory or jurisdiction where such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements. Subject as referred to below, it is the responsibility of anyone outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself/herself/itself, before subscribing for the provisionally allotted Rights Shares, as to the full observance of the laws and regulations of all relevant territories and jurisdictions, including the obtaining of any governmental or other consents and to pay taxes and duties required to be paid in such territory or jurisdiction in connection therewith. Any acceptance of the offer of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been or will be fully complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation or warranty. If you are in doubt as to your position, you should consult your own professional advisers. The Company reserves the right to refuse to accept any application for the Rights Shares where it believes that doing so would violate the applicable securities legislation or other laws and regulations of any territory or jurisdiction.

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If any of the conditions of the Rights Issue as set forth in the paragraphs under “Conditions of the Rights Issue” above is not fulfilled by the latest time for the Rights Issue to become unconditional, the remittance received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in the nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on Tuesday, 16 April 2024.

It should be noted that no receipt will be issued in respect of any PAL and/or remittances received.

### Application for excess Rights Shares

Qualifying Shareholders (other than the PRC Southbound Trading Investors) are entitled to apply for, by way of excess application:

- (i) any unsold Rights Shares created by aggregating fractions of the Rights Shares; and
- (ii) any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by renounees or transferees of nil-paid Rights Shares.

(i) and (ii) are collectively referred to as “Untaken Rights”.

Applications for the excess Rights Shares may be made by completing the EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar on or before 4:00 p.m. on Monday, 8 April 2024. The Directors will, subject to the compliance with the Listing Rules (including but not limited to the public float requirement under Rule 8.08(1)(a) of the Listing Rules), allocate any excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) any excess Rights Shares will be allocated to the Qualifying Shareholders (other than the PRC Southbound Trading Investors) applying such excess Rights Shares on a pro-rata basis by reference to the number of the excess Rights Shares applied for under each application;
- (ii) no reference will be made to the Rights Shares subscribed through applications by PAL(s) or the existing number of Shares held by Qualifying Shareholders;
- (iii) no preference will be given to applications for topping up odd-lot holdings to whole-lot holdings; and
- (iv) pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for the excess Rights Shares made by any Controlling Shareholder or its associates (together, the “**Relevant Shareholders**”), whether in their

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own names or through nominees. The Company shall disregard the Relevant Shareholders' applications for the excess Rights Shares to the extent that the total number of the excess Rights Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their provisional allotment to the Rights Shares.

If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under PAL(s) is greater than the aggregate number of the excess Rights Shares being applied for under EAF(s), the Directors will allocate to each Qualifying Shareholder who is not a PRC Southbound Trading Investor applying for the excess Rights Shares the actual number of the excess Rights Shares being applied for.

Shareholders whose Shares are held by a nominee company (or which are deposited in CCASS) should note that for the purpose of the Rights Issue, the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually.

In the event that the Board notes unusual patterns of excess applications and has reason to believe that any excess applications may have been made with the intention to abuse the mechanism, such application(s) for the excess Rights Shares may be rejected at the sole discretion of the Board.

Qualifying Shareholders (other than the PRC Southbound Trading Investors) who wish to apply for the excess Rights Shares in addition to their provisional allotment must complete and sign an EAF (in accordance with the instructions printed thereon) and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong by no later than 4:00 p.m. on Monday, 8 April 2024. All remittances must be made in Hong Kong dollars by cheques which must be drawn on a bank account with, or by banker's cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to "GREEN ECONOMY DEVELOPMENT LIMITED — EXCESS APPLICATION ACCOUNT" and crossed "Account Payee Only".

An announcement of results of acceptance of and excess applications for the Rights Issue will be published on the websites of the Stock Exchange and the Company on Monday, 15 April 2024. If no excess Rights Shares are allotted to a Qualifying Shareholder who has applied for the excess Rights Shares, the remittance tendered on application is expected to be returned to the Qualifying Shareholder in full without interest by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on Tuesday, 16 April 2024. If the number of the excess Rights Shares allotted to a Qualifying Shareholder is fewer than

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that applied for, the surplus application monies without interest are also expected to be returned by refund cheque to that Qualifying Shareholder by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on Tuesday, 16 April 2024.

### **Fractional entitlements of the Rights Shares**

In any event, fractions of the Rights Shares will not be provisionally allotted to any of the Qualifying Shareholders. Fractional entitlements will be rounded down to the nearest whole number of Rights Shares. All nil-paid Rights Shares created from the aggregation of fractions of the Rights Shares will be provisionally allotted (in nil-paid form) and sold in the market for the benefit of the Company if a premium (net of expenses) can be obtained, and the Company will retain the proceeds from such sale. Any unsold fractions of Rights Shares will be made available for excess application by the Qualifying Shareholders (other than the PRC Southbound Trading Investors) as described in the paragraph headed “Application for excess Rights Shares” above.

### **Arrangement on odd lot trading**

Upon completion of the Rights Issue, the board lots of the Company will remain as 10,000 Shares. In order to facilitate the trading of odd lots of Shares which will arise upon completion of the Rights Issue, the Company has appointed Lego Securities Limited to stand in the market and provide matching services on a best effort basis for the holders of odd lots of Shares during the period from 9:00 a.m. on Wednesday, 17 April 2024 to 4:00 p.m. on Wednesday, 8 May 2024 (both days inclusive).

Shareholders who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full board lot may directly or through their brokers contact Mr. Kelvin Li of Lego Securities Limited at Room 1506, 15/F, Wheelock House, 20 Pedder Street, Central, Hong Kong (telephone: (852) 2128 9433) during office hours (i.e., from 9:00 a.m. to 6:00 p.m.) within such period.

Holders of Shares in odd lots should note that the matching services mentioned above are on a best effort basis only and successful matching of the sale and purchase of odd lots of Shares is not guaranteed and will depend on there being adequate number of odd lots of Shares available for matching. Shareholders are advised to consult their professional advisers if they are in doubt about the above arrangements.

### **Status of the Rights Shares**

The Rights Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid by the Company after the date of allotment and issue of the Rights Shares in their fully-paid form.

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## LETTER FROM THE BOARD

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### **Share certificates and refund cheques for the Rights Issue**

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered addresses, at their own risk, on Tuesday, 16 April 2024.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on Tuesday, 16 April 2024 by ordinary post to the applicants' registered addresses, at their own risk.

### **Application for listing of the Rights Shares**

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms.

The board lot size of the nil-paid Rights Shares will be the same as that of the fully-paid Rights Shares, i.e. 10,000 Shares in one board lot.

### **Rights Shares will be eligible for admission into CCASS**

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

### **Stamp duty and other applicable fees**

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, AFRC transaction levy or any other applicable fees and charges in Hong Kong.

### **Taxation**

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares.

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## LETTER FROM THE BOARD

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### **Non-underwritten basis**

Subject to the fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and the level of subscription of the excess Rights Shares. There is no minimum subscription level and no minimum amount is required to be raised under the Rights Issue. There is also no statutory requirement regarding minimum subscription level in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the PAL or for excess Rights Shares under the EAF (where applicable) can be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules.

Mr. Zhu Feng, an executive Director and a substantial Shareholder, has expressed to the Board his intention to subscribe for, and procure Ensure Prestige Limited to subscribe for, in full the Rights Shares to be provisionally allotted to him and Ensure Prestige Limited, and Mega Start Limited, a Shareholder which is indirectly wholly-owned by Mr. Chan Chit, an executive Director, has expressed to the Board its intention to subscribe for in full the Rights Shares to be provisionally allotted to it. Further, Mr. Zhu Feng has also indicated his intention in applying for excess Rights Shares himself and/or through Ensure Prestige Limited. As at the Latest Practicable Date, save for the above and the Optionholder's Undertakings, the Board has not received any information or other undertakings from any Shareholders of their intention to take up or not to take up the securities of the Company to be offered to them under the Rights Issue.

### **USE OF PROCEEDS AND REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE**

The Group is principally engaged in the provision of building construction services, property maintenance services, alterations, renovation, upgrading and fitting-out works services, trading of materials, and transportation services.

Assuming all Rights Shares to be issued under the Rights Issue have been taken up in full, the gross proceeds from the Rights Issue will be approximately HK\$36.2 million. The net proceeds from the Rights Issue (after deduction of estimated professional fees and other related expenses of approximately HK\$1.7 million) are estimated to be approximately HK\$34.5 million, which are intended to be applied in following manner on or before 31 March 2025:

- (i) as to approximately 35% or HK\$12.1 million for investment in other business opportunities to be identified by the Group from time to time; and

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## LETTER FROM THE BOARD

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- (ii) as to approximately 65% or HK\$22.4 million for general administrative expenses and other general working capital purposes, such as overhead expenses including salary, rental and other expenses of the Company.

As at the Latest Practicable Date, the Company has not identified any particular potential business opportunities and currently does not have any negotiation, agreement, arrangement and understanding (concluded or otherwise) in relation thereof.

In the event that the Rights Issue is not subscribed in full, the net proceeds will be allocated on a pro-rata based on the proposed uses abovementioned. The net proceeds from the Rights Issue are expected to be used to support the on-going business development of the Group and also for the Group's general working capital purpose to enhance the Group's capital base and financial position. Such intended use of proceeds is not expected to change regardless of the subscription level of the Rights Issue.

The Board has considered other fundraising alternatives before resolving to the proposed Rights Issue, including but not limited to debt financing, placing and open offer. As debt financing would result in additional interest burden, particularly given the recent global interest rate hikes, and result in a higher gearing ratio of the Group and subject the Group to repayment obligations, the Board does not consider any debt financing by the Company to be optimal for the Group. In addition, debt financing may not be achievable on favourable terms in a timely manner. As for placing of new Shares, taking into account that (i) a placing is relatively smaller in scale as compared to fund raising through rights issue; and (ii) it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company, it was not considered by the Board to be the most suitable fundraising method for the Company. As for open offer, while it is similar to a rights issue, offering Qualifying Shareholders to participate, it does not allow free trading of rights entitlements in the open market unlike a rights issue, which would allow Shareholders to have more flexibility in dealing with the Shares and the nil-paid rights attaching thereto.

On the other hand, the Directors consider raising funds by way of the Rights Issue is more appropriate as the Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position, while at the same time, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company. The Rights Issue, being pre-emptive in nature, would allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain, increase or decrease their respective pro rata shareholdings in the Company by taking up only their respective rights entitlement, acquiring additional rights entitlement or disposing of their rights entitlements in the open market (subject to availability).



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## LETTER FROM THE BOARD

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The Board considers that the terms of the Rights Issue are fair and reasonable and in the best interest of the Shareholders as a whole as it allows the Qualifying Shareholders to maintain their respective pro rata shareholding interests in the Company and to continue to participate in the future development of the Company and it will improve the capital base and gearing ratio of the Company.

In addition, prior to proceeding with the Rights Issue, the Company had explored the viability of an underwritten rights issue. The Company had consulted multiple securities firms and the substantial Shareholders to arrange underwriting services in respect of the Rights Issue. Unfortunately, the Company had received negative feedback due to the prevailing market conditions. Further, the Board considered that the current state of the Hong Kong capital market is expected to command a high underwriting fee for the Rights Issue. Despite the Rights Issue is not underwritten, the Board took into account the fact that two Shareholders, namely Mr. Zhu Feng and Mega Start Limited, which held approximately 23.86% of the issued share capital of the Company in aggregate as at the Latest Practicable Date, have expressed their intentions to subscribe for in full the Rights Shares to be provisionally allotted to them. Mr. Zhu Feng has also expressed his intention to apply for excess Rights Shares.

Having considered (i) the prospects of other fundraising alternatives; (ii) the expected costs and unfavourable feedback received in connection with underwriting services; (iii) the proposed terms of the Rights Issue (including the Subscription Price); and (iv) the intentions of Mr. Zhu Feng and Mega Start Limited in respect of the Rights Issue, the Board took the view that raising capital through the Rights Issue on a non-underwritten basis is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings will be diluted.**

## LETTER FROM THE BOARD

### EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Rights Issue (assuming all Shareholders have taken up their entitled Rights Shares); and (iii) immediately after completion of the Rights Issue (assuming none of the Shareholders has taken up any entitled Rights Share(s) other than Mr. Zhu Feng, his associate and Mega Start Limited), for illustration purposes only:

Assuming there are no changes in the share capital of the Company on or before the Record Date:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming all Shareholders have taken up their entitled Rights Shares)		Immediately after completion of the Rights Issue (assuming none of the Shareholders has taken up any entitled Rights Share other than Mr. Zhu Feng, his associate and Mega Start Limited) (Note 2)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Mr. Zhu Feng (Note 1)	69,865,100	15.53%	104,797,650	15.53%	170,950,647	29.99%
Mega Start Limited (Note 3)	37,500,000	8.33%	56,250,000	8.33%	56,250,000	9.87%
Fount Holdings Limited (Note 4)	23,750,000	5.28%	35,625,000	5.28%	23,750,000	4.17%
Mr. Wong Wai Kwan (Note 5)	312,500	0.07%	468,750	0.07%	312,500	0.05%
Public Shareholders	<u>318,572,344</u>	<u>70.79%</u>	<u>477,858,816</u>	<u>70.79%</u>	<u>318,572,344</u>	<u>55.91%</u>
Total	<u>449,999,944</u>	<u>100.00%</u>	<u>674,999,916</u>	<u>100.00%</u>	<u>569,835,491</u>	<u>100.00%</u>

*Notes:*

- Mr. Zhu Feng is directly interested in 52,347,300 Shares and is the ultimate beneficial owner of Ensure Prestige Limited. By virtue of the SFO, Mr. Zhu Feng is deemed to be interested in all the 17,517,800 Shares held by Ensure Prestige Limited. Therefore, Mr. Zhu Feng is deemed to be interested in 69,865,100 Shares.
- As at the Latest Practicable Date, (i) Mr. Zhu Feng, an executive Director and a substantial Shareholder, has expressed to the Board his intention to subscribe for and procure Ensure Prestige Limited to subscribe for in full the Rights Shares to be provisionally allotted to him and Ensure Prestige Limited; and (ii) Mega Start Limited, a Shareholder, has expressed to the Board its intention to subscribe for in full the Rights Shares to be provisionally allotted to it. Besides, Mr. Zhu Feng has also indicated his intention in applying for excess Rights Shares himself and/or through Ensure Prestige Limited. This scenario assumed that only Mr. Zhu Feng and Ensure Prestige Limited have taken up in full the Rights Shares to be provisionally allotted to them and excess Rights Shares have been allotted and issued to them to be extend which do not trigger an obligation on part of Mr. Zhu Feng and/or Ensure Prestige Limited to make a general offer under the Takeovers Code.
- Mr. Chau Chit, an executive Director, was the ultimate beneficial owner of Mega Start Limited. By virtue of the SFO, Mr. Chau Chit was deemed to be interested in the 37,500,000 Shares held by Mega Start Limited.
- Mr. Tang Hao owns the entire issued share capital of Fount Holdings Limited. By virtue of the SFO, Mr. Tang Hao is deemed to be interested in the 23,750,000 Shares held by Fount Holdings Limited.
- Mr. Wong Wai Kwan is an independent non-executive Director.

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## LETTER FROM THE BOARD

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### FUNDRAISING EXERCISE OF THE COMPANY DURING THE PAST 12 MONTHS

The Company did not conduct any equity fundraising activities during the 12 months immediately preceding the Latest Practicable Date.

### LISTING RULES IMPLICATIONS

As the Rights Issue will not increase the total number of the issued share capital or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the Latest Practicable Date, and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective close associates), the Rights Issue is not subject to minority Shareholders' approval pursuant to Rule 7.19A of the Listing Rules.

The Company has not conducted any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the Latest Practicable Date, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue does not result in a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of 25% or more on its own.

### WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

**Shareholders and potential investors of the Company should note that the Rights Issue is subject to the fulfilment of conditions set out in the section headed "Conditions of the Rights Issue" in the "Letter from the Board" in this Prospectus. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.**

**Any dealing in the Shares up to the date on which all conditions of the Rights Issue are fulfilled, and any Shareholder dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders or other persons contemplating any dealing in the Shares or Rights Shares in their nil-paid form are recommended to consult their professional advisers.**

**Subject to the fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.**

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.**

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**LETTER FROM THE BOARD**

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**ADDITIONAL INFORMATION**

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

Yours faithfully,  
For and on behalf of the Board  
**Green Economy Development Limited**



**Chau Chit**  
*Chairman and Chief Executive Officer*