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

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

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GREEN INTERNATIONAL
Holdings Limited

格林國際控股有限公司

GREEN INTERNATIONAL HOLDINGS LIMITED

格林國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2700)

**(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING SHARE
HELD ON THE RECORD DATE;**

AND

(II) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser to the Company



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



A letter from the Board is set out on pages 11 to 31 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 32 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 33 to 54 of this circular.

Terms used in this cover shall have the same meanings as defined in this circular.

Subject to the approval by the Independent Shareholders at the EGM, the Shares will be dealt in on an ex-rights basis from Friday, 13 November 2020. Any Shareholder or other person dealing in the Shares from the Latest Practicable Date up to the date on which all conditions of the Rights Issue are fulfilled (which is expected to be at 4:30 p.m. on Wednesday, 9 December 2020), and any dealings in the Rights Shares in their nil-paid form from Thursday, 26 November 2020 to Thursday, 3 December 2020 (both days inclusive), will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating dealings in the securities of the Company are recommended to consult their own professional advisers.

A notice dated 23 October 2020 convening the EGM to be held on Wednesday, 11 November 2020 at 11:00 a.m. at Conference Room, Suite 2102, 21/F., West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong is set out on pages EGM-1 to EGM-3 of this circular. Whether or not you are able to attend the EGM in person, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not later than 48 hours before (i.e. Monday, 9 November 2020 at 11:00 a.m.) the time appointed for the holding of the EGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any adjourned meeting thereof if you so wish and, in such event, the relevant form of proxy shall be deemed to be revoked.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate the obligations of the Underwriter thereunder on the occurrence of certain events including force majeure. These certain events are set out in the section headed “Rescission and Termination of the Underwriting Agreement” on pages 9 to 10 of this circular. **If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Rights Issue will not proceed.**

The Rights Issue is underwritten only on a best effort basis. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares and not subscribed by subscribers procured by the Underwriter will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

23 October 2020

PRECAUTIONARY MEASURES FOR THE EGM

In light of the coronavirus pandemic, and to better protect the safety and health of the Shareholders and other participants attending the EGM, the Company will implement the following precautionary measures at the venue of the EGM (the “Venue”):

1. compulsory body temperature checks will be conducted on all persons attending the EGM at the waiting area outside the Venue before they are admitted to the Venue. Any person with a body temperature of over 37.3 degree celsius, or who has any flu-like symptoms, or is otherwise apparently unwell will not be admitted to the Venue;
2. all attendees must wear face masks at all times inside the Venue or at the waiting area outside the Venue;
3. all attendees of the EGM are required to fill in a travel and health declaration form to confirm that (i) he/she has no flu-like symptoms within 7 days immediately before the EGM; and (ii) within 14 days immediately before the EGM: (a) he/she has not travelled outside of Hong Kong; (b) he/she is/was not under compulsory quarantine or medical surveillance order by the Department of Health of Hong Kong; (c) he/she has not had/has close contact with confirmed case(s) and/or probable case(s) of COVID-19 patient(s); and (d) he/she does/did not live with any person under home quarantine. Any person who fails to provide the required confirmation may be requested to leave or denied entry into the Venue;
4. seating at the Venue will be arranged in a manner to allow for appropriate social distancing. As a result, there may be limited capacity for Shareholders to attend the EGM. The Company may limit the number of attendees at the EGM as may be necessary to avoid over-crowding;
5. any attendee who does not follow any of the abovementioned measures will be refused admission to the Venue or requested to leave the Venue;
6. no refreshments or drinks will be served at the EGM to avoid close contact of attendees; and
7. all attendees are recommended to clean their hands with alcohol-based hand sanitizer before entering the Venue.

Shareholders are reminded that attendance at the EGM in person is not necessary for the purpose of exercising voting rights. The Shareholders may choose to vote by filling in and submitting the relevant proxy form of the EGM, and appointing the chairman of the meeting as a proxy to vote on relevant resolution at the EGM as instructed in accordance with the relevant proxy form instead of attending the EGM in person. For details, please refer to the proxy form of the EGM.

The Company will keep monitoring the evolving COVID-19 situation and may implement additional measures which, if any, will be announced closer to the date of the EGM.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms or expressions shall have the meanings set out below:

“acting in concert”	having the meaning ascribed to it in the Takeovers Code
“Announcement”	the announcement of the Company dated 25 September 2020 in respect of the Rights Issue
“associates”	having the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Committed Shares”	925,179,329 Rights Shares undertaken to be taken up by the Participating Shareholders in the Rights Issue pursuant to the Irrevocable Participation Undertakings dated 25 September 2020
“Companies Law”	the Companies Law (Revised) of the Cayman Islands
“Company”	Green International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange with stock code: 2700
“connected persons”	having the meaning ascribed thereto under the Listing Rules
“controlling shareholders”	having the meaning ascribed thereto under the Listing Rules
“Covenanting Shareholders”	Shareholders who gave the Irrevocable Scale-down Undertakings to the Company, namely, Jumbo Faith, Fluent Robust, Gold Bless and Mr. Liu
“Directors”	the directors of the Company
“EAF(s)”	the excess application form(s) to be issued to the Qualifying Shareholders for their use if they wish to apply for excess Rights Shares

DEFINITIONS

“EGM”	an extraordinary general meeting of the Company to be held for the purpose of considering, and if thought fit, approving, among other things, the Rights Issue and the transactions contemplated thereunder (including the Underwriting Agreement and the issue of the Rights Shares)
“Fluent Robust”	Fluent Robust Limited, a company incorporated in the BVI with limited liability which is indirectly and wholly-owned by Mr. Yu, and the owner of 169,117,647 Shares, representing approximately 10.25% of the existing issued share capital of the Company
“Gold Bless”	Gold Bless International Invest Limited, a company incorporated in the BVI with limited liability which is deemed to be a controlled corporation and associate of Mr. Yu and the owner of 246,924,406 Shares, representing approximately 14.97% of the existing issued share capital of the Company
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee established by the Board comprising all the independent non-executive Directors, namely, Mr. Wu Hong, Mr. David Tsoi and Mr. Wang Chunlin, for the purpose of making recommendation to the Independent Shareholders regarding the terms of the Rights Issue and the Underwriting Agreement and the voting recommendation on the Relevant Resolution
“Independent Financial Adviser”	Red Sun Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders as to the fairness and reasonableness of the Rights Issue

DEFINITIONS

“Independent Shareholders”	Shareholders other than (a) Mr. Yu and his associates including Ms. Zhou, Jumbo Faith, Fluent Robust and Gold Bless; (b) Mr. Liu; and (c) any other Shareholders who have a material interest or are required by the Listing Rules to abstain from voting (or voting in favour) in respect of the Relevant Resolution at the EGM
“Independent Third Parties”	third parties independent of and not connected with the Company and its connected persons
“Irrevocable Participation Undertakings”	the irrevocable undertakings dated 25 September 2020 given by the Participating Shareholders to the Company, whereby the Participating Shareholders undertook to maintain their respective current beneficial shareholding in 925,179,329 Shares up to and including the Record Date and to lodge acceptance for at least 925,179,329 Rights Shares provisionally allotted to them with full payment by the Latest Time for Acceptance
“Irrevocable Scale-down Undertakings”	the irrevocable undertakings dated 25 September 2020 given by the Covenanting Shareholders to the Company, whereby the Covenanting Shareholders undertook to make any application for Rights Shares, whether under PAL(s) or EAF(s), subject to the scale-down mechanisms of the Rights Issue as determined by the Company to levels which do not trigger any MGO Obligation or non-compliance of Public Float Requirement
“Jumbo Faith”	Jumbo Faith International Limited, a company incorporated in the BVI with limited liability which is wholly-owned by Ms. Zhou and the owner of 756,061,682 Shares, representing approximately 45.83% of the existing issued share capital of the Company
“Last Trading Day”	25 September 2020, being the last trading day of the Shares on the Stock Exchange before the release of the Announcement
“Latest Practicable Date”	19 October 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MGO Obligation”	the obligation to make a mandatory general offer under the Takeovers Code

DEFINITIONS

“Mr. Liu”	Mr. Liu Dong, an executive Director and the owner of 62,865,000 Shares, representing approximately 3.81% of the existing issued share capital of the Company
“Mr. Yu”	Mr. Yu Qigang, an executive Director, the chairman of the Board and the ultimate beneficial owner of the entire issued share capital of Fluent Robust
“Ms. Zhou”	Ms. Zhou Cuiqiong, the spouse of Mr. Yu and the ultimate beneficial owner of the entire issued share capital of Jumbo Faith
“Non-Qualifying Shareholders”	those Overseas Shareholders whom the Board, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Issue to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholders”	Shareholders with registered addresses as shown on the register of members of the Company on the Record Date which are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Issue to be issued to the Qualifying Shareholders in respect of their pro rata entitlements under the Rights Issue
“Participating Shareholders”	Shareholders who gave the Irrevocable Participation Undertakings to the Company, namely, Jumbo Faith and Fluent Robust
“PRC”	The People’s Republic of China
“Prospectus”	the prospectus to be dispatched to the Shareholders in connection with the Rights Issue
“Prospectus Documents”	collectively, the Prospectus, the PAL and the EAF
“Public Float Requirement”	the public float requirement under Rule 8.08 of the Listing Rules
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders

DEFINITIONS

“Relevant Resolution”	the resolution to be proposed at the EGM approving the Rights Issue and the transactions contemplated thereunder (including the Underwriting Agreement and the issue of the Rights Shares)
“Rights Issue”	the proposed offer for subscription of up to 1,649,736,733 Rights Shares by way of rights issue at the Subscription Price to be made by the Company to the Qualifying Shareholders on the basis of one (1) Rights Share for every one (1) existing Share in issue and held on the Record Date
“Rights Shares”	up to 1,649,736,733 Shares to be allotted and issued pursuant to the Rights Issue
“RMB”	Renminbi, the lawful currency of the PRC
“Scale-down EAF Shares”	such number of Rights Shares as are applied for as excess application by the Covenanting Shareholders under EAF(s) as would, if allotted by the Company, result in either the incurring of an MGO Obligation on the part of any or all of the Covenanting Shareholders or the Company’s failure to comply with the Public Float Requirement
“Scale-down PAL Shares”	such number of Rights Shares as are provisionally allotted and taken up by the Covenanting Shareholders under PAL(s) as would, if allotted by the Company, result in either the incurring of an MGO Obligation on the part of any or all of the Covenanting Shareholders or the Company’s failure to comply with the Public Float Requirement
“SFC”	The Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.04 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.06 per Rights Share
“substantial shareholders”	having the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriter”	Green Securities Limited, a company incorporated in Hong Kong with limited liability and licensed by the SFC to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO and a wholly-owned subsidiary of the Company
“Underwriting Agreement”	the underwriting agreement dated 25 September 2020 entered into between the Company and the Underwriter regarding the underwriting, on a best effort basis, of the Underwritten Shares by the Underwriter in relation to the Rights Issue
“Underwritten Shares”	up to 724,557,404 Untaken Shares underwritten by the Underwriter on a best effort basis subject to the terms and conditions of the Underwriting Agreement which, for the avoidance of doubt, excludes the Committed Shares, the Scale-down PAL Shares (if any) and the Scale-down EAF Shares (if any)
“Untaken Shares”	such number of Rights Shares for which duly completed PAL(s) or EAF(s) have not been lodged for acceptance or not fully paid by the Latest Time for Acceptance, including any Rights Shares to which the Non-Qualifying Shareholders would have otherwise been entitled to under the Rights Issue
“%”	per cent.

In this circular, the English transliteration of the Chinese names, where indicated, are included for identification purpose only, and should not be regarded as the official English names of such Chinese names. In the event of any inconsistency, the Chinese names shall prevail.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue set out below is for indicative purposes only and was prepared on the assumption that all the conditions as set out under the paragraph headed “Letter from the Board — The Underwriting Agreement — Conditions of the Underwriting Agreement” in this circular are to be fulfilled.

Events

2020

Latest time for registration of Shares to qualify for attendance and voting at the EGM	4:30 p.m. on Wednesday, 4 November
Closure of register of members of the Company for determining entitlements to attend and vote at the EGM (both days inclusive)	From Thursday, 5 November to Wednesday, 11 November
Latest time for lodging proxy forms for the EGM.....	11:00 a.m. on Monday, 9 November
Record date for attendance and voting at the EGM.....	Wednesday, 11 November
Expected date and time of the EGM.....	11:00 a.m. on Wednesday, 11 November
Announcement of results of the EGM	Wednesday, 11 November
Last day of dealings in the Shares on a cum-rights basis relating to the Rights Issue	Thursday, 12 November
Commencement of dealings in the Shares on an ex-rights basis relating to the Rights Issue.....	9:00 a.m. on Friday, 13 November
Latest time for the Shareholders to lodge transfer of Shares in order to qualify for the Rights Issue (the “ Latest Time for Lodging Transfers ”).....	4:30 p.m. on Monday, 16 November
Closure of register of members of the Company for determination of entitlements to the Rights Issue (both days inclusive)	From Tuesday, 17 November to Monday, 23 November
Record date for determining entitlements to the Rights Issue (the “ Record Date ”)	Monday, 23 November
Expected dispatch date of the Prospectus Documents to the Qualifying Shareholders (and the Prospectus to the Non-Qualifying Shareholders for information only, as the case may be) (the “ Prospectus Posting Date ”)	Tuesday, 24 November

EXPECTED TIMETABLE

First day of dealings in nil-paid Rights Shares	9:00 a.m. on Thursday, 26 November
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Monday, 30 November
Last day of dealings in nil-paid Rights Shares	4:00 p.m. on Thursday, 3 December
Latest time for acceptance and payment for Rights Shares and application for excess Rights Shares (the “ Latest Time for Acceptance ”)	4:00 p.m. on Tuesday, 8 December
Latest time for the termination of the Underwriting Agreement and for the Rights Issue to become unconditional (the “ Latest Time for Termination ”)	4:30 p.m. on Wednesday, 9 December
Announcement of the allotment results of the Rights Issue	Tuesday, 15 December
Dispatch of certificates for fully-paid Rights Shares and refund cheques (the “ Certificate Posting Date ”)	Wednesday, 16 December
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Thursday, 17 December

Note: All times and dates stated above refer to Hong Kong local times and dates.

Dates or deadlines specified in the expected timetable above or in other parts of this circular are indicative only and may be extended or varied by the Company and the Underwriter. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate in accordance with the Listing Rules.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE

The Latest Time for Acceptance will be postponed if there is a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal or “extreme conditions” caused by super typhoons as announced by the Government of Hong Kong in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance will be rescheduled to 12:00 noon on the next business day which does not have either of those warnings in force at any time between 9:00 a.m. and 12:00 noon. If the Latest Time for Acceptance is postponed in accordance with the foregoing, the dates mentioned above may be affected and announcement will be made by the Company in such event.

RESCISSION AND TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriting Agreement contains provisions entitling the Underwriter, by notice in writing, to terminate its obligations thereunder on the occurrence of certain events. If at any time, prior to the Latest Time for Termination (provided that for the purposes of the termination clause of the Underwriting Agreement, if a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal or “extreme conditions” caused by super typhoons as announced by the Government of Hong Kong is or remains hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m. on the date of the Latest Time for Termination, the Latest Time for Termination will be rescheduled to 12:00 noon on the next business day which does not have either of those warnings in force at any time between 9:00 a.m. and 12:00 noon):

- (1) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction on trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially and adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will materially and adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any member of the Group or the destruction of any material asset of the Group; or

RESCISSION AND TERMINATION OF THE UNDERWRITING AGREEMENT

- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which, in the absolute opinion of the Underwriter, is likely to materially and adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue; or
- (8) any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise,

then the Underwriter shall be entitled, by notice in writing to the Company served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (a) any material breach of any of the representations, warranties or undertakings contained under the Underwriting Agreement; or
- (b) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect comes to the knowledge of the Underwriter.

Any notice of termination shall be served by the Underwriter prior to the Latest Time for Termination.

Upon the giving of notice in accordance with the above, the Underwriting Agreement shall terminate and the obligations of the parties shall forthwith cease and be null and void and none of the parties shall have any right against or liability towards any of the other parties arising out of or in connection with the Underwriting Agreement. If the Underwriting Agreement is terminated by the Underwriter on or before the Latest Time for Termination or does not become unconditional, the Rights Issue will not proceed.

LETTER FROM THE BOARD



GREEN INTERNATIONAL

Holdings Limited

格林國際控股有限公司

GREEN INTERNATIONAL HOLDINGS LIMITED

格林國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2700)

Executive Directors:

Mr. Yu Qigang (*Chairman*)

Mr. Liu Dong

Mr. Yu Xiangjin

Non-executive Directors:

Mr. Chen Hanhong

Mr. Yu Zhoujie

Independent non-executive Directors:

Mr. Wu Hong

Mr. David Tsoi

Mr. Wang Chunlin

Registered office:

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Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Principal place of business
in Hong Kong:*

Suite 2102, 21/F

West Tower, Shun Tak Centre

200 Connaught Road Central

Hong Kong

23 October 2020

To the Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING SHARE
HELD ON THE RECORD DATE**

INTRODUCTION

Reference is made to the Announcement in relation to the Rights Issue.

The Company proposed to raise gross proceeds of up to approximately HK\$99.0 million (before expenses) on the basis of one (1) Rights Share for every one (1) existing Share held on the Record Date by issuing up to 1,649,736,733 Rights Shares (assuming no further issue or repurchase of Shares on or before the Record Date) at the Subscription Price of HK\$0.060 per Rights Share. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

LETTER FROM THE BOARD

The Rights Issue (excluding the Committed Shares) is underwritten by the Underwriter on a best effort basis. The Underwriter is licensed under the SFO for Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities, whose ordinary course of business includes underwriting of securities. The Rights Issue is not underwritten by the controlling or substantial shareholder of the Company. As the Underwriter is a wholly-owned subsidiary of the Company, it will only procure subscribers to subscribe, but will not itself subscribe, any Untaken Shares.

The Rights Issue (excluding the Committed Shares) is only underwritten by the Underwriter on a best effort basis. Pursuant to the Company's constitutional documents and the Companies Law, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of its level of acceptances. That having said, at least 925,179,329 Rights Shares are committed to be taken up by the Participating Shareholders pursuant to the Irrevocable Participation Undertakings, subject however to any scale-down due to the MGO Obligation or the Public Float Requirement. In the event of under-subscription, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares and not subscribed by subscribers procured by the Underwriter will not be issued and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in Shares or nil-paid Rights Shares.

The purpose of this circular is to provide you with, among other things, (i) further information on the Rights Issue (including the Underwriting Agreement and the issue of the Rights Shares) and other information prescribed by the Listing Rules; (ii) the recommendation of the Independent Board Committee regarding the terms of the Rights Issue and the Underwriting Agreement; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the terms of the Rights Issue and the Underwriting Agreement; (iv) financial information and other general information of the Group; and (v) the notice of the EGM.

PROPOSED RIGHTS ISSUE

Details of the Rights Issue are set out below:

Rights Issue Statistics

Basis of the Rights Issue	:	One (1) Rights Share for every one (1) existing Share held on the Record Date
Subscription Price	:	HK\$0.060 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	1,649,736,733 Shares
Number of Rights Shares	:	Up to 1,649,736,733 Rights Shares (assuming no further issue or repurchase of Shares on or before the Record Date)

LETTER FROM THE BOARD

- Aggregate nominal value of the Rights Shares : Up to HK\$65,989,469.32
- Number of Shares in issue upon completion of the Rights Issue : Up to 3,299,473,466 Shares (assuming no further issue or repurchase of Shares on or before the Record Date)
- Number of Rights Shares undertaken to be taken up : The Participating Shareholders (i.e. Jumbo Faith and Fluent Robust) have given the Irrevocable Participation Undertakings dated 25 September 2020 to the Company to undertake to maintain their respective current shareholding in 925,179,329 Shares up to and including the Record Date and to lodge acceptance for at least the 925,179,329 Rights Shares provisionally allotted to them. These Committed Shares undertaken to be taken up by the Participating Shareholders represent approximately 56.08% of the total Rights Shares provisionally allotted by the Company under the Rights Issue.
- Gross proceeds to be raised before expenses : Up to approximately HK\$99.0 million
- Underwriter : Green Securities Limited
- Number of Underwritten Shares : Subject to the terms and conditions of the Underwriting Agreement, the Underwriter agreed to procure, on a best effort basis, the subscription (but will not itself subscribe) for any Untaken Shares not taken up as valid acceptance in the Rights Issue whether by PAL(s) or EAF(s). There is no underwriting on the Committed Shares, the Scale-down PAL Shares (if any) and the Scale-down EAF Shares (if any). Assuming no Shares are to be issued or repurchased by the Company on or before the Record Date, the maximum number of Underwritten Shares is 724,557,404 Rights Shares.
- Right of excess applications : Qualifying Shareholders may apply for the Rights Shares in excess of their provisional allotment

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As at the Latest Practicable Date, the Company had no outstanding convertible securities, options, derivatives or warrants in issue which confer any right to subscribe for, convert or exchange into Shares prior to the Record Date.

Assuming there is no change in the issued share capital of the Company from the Latest Practicable Date and up to the Record Date, the maximum number of 1,649,736,733 Rights Shares proposed to be allotted and issued pursuant to the Rights Issue represent (i) 100% of the existing issued share capital of the Company; and (ii) 50% of the issued share capital of the Company as enlarged by the Rights Issue (assuming its full acceptance).

The Subscription Price

The Subscription Price of HK\$0.060 per Rights Share will be payable in full when a Qualifying Shareholder accepts the relevant provisional allotments of the Rights Shares and, where applicable, applies for excess Rights Shares or when a transferee of nil-paid Rights Shares applies for the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 17.81% to the closing price of HK\$0.0730 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 28.06% to the average closing price of HK\$0.0834 per Share based on the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days prior to and excluding the Last Trading Day;
- (iii) a discount of approximately 28.83% to the average closing price of HK\$0.0843 per Share based on the closing prices of the Shares as quoted on the Stock Exchange for the ten consecutive trading days prior to and excluding the Last Trading Day;
- (iv) a discount of approximately 21.05% to the closing price of HK\$0.0760 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (v) a discount of approximately 9.77% to the theoretical ex-rights price of HK\$0.0665 per Share based on the closing price as quoted on the Stock Exchange on the Last Trading Day; and
- (vi) a premium of approximately 77.30% over the unaudited net asset value of approximately HK\$0.0338 per Share based on the unaudited total equity attributable to owners of the Company of approximately HK\$55,828,000 as at 30 June 2020, divided by the total number of 1,649,736,733 Shares currently in issue.

The Subscription Price and the subscription ratio were determined by the Company following arm's length negotiations between the Company and the Underwriter with reference to the fund-raising size intended by the Company, the market price and the net asset value of the Shares, the prevailing market conditions and the financial position of the Company. The Directors consider that the discount of the Subscription Price as compared to the market price range would encourage Shareholders to participate in the Rights Issue and accordingly

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maintain their shareholdings in the Company and participate in the future growth and development of the Group. The Directors (including the independent non-executive Directors whose views are now set out in the letter from the Independent Board Committee on page 32 of this circular, after taking into account the advice of the Independent Financial Adviser) consider the terms of the Rights Issue (including the Subscription Price and the subscription ratio) to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net Subscription Price per Rights Share (i.e. the aggregate Subscription Price assuming full acceptance of the provisional allotment of Rights Shares, after deducting cost and expenses incurred in the Rights Issue) will be approximately HK\$0.058.

During the 12 month period immediately preceding the Latest Practicable Date, the Company has not undertaken (whether by reference to the date of agreement or announcement or the date of commencement of dealing of shares) any rights issue, open offer or specific mandate placing. The theoretical diluted price, the benchmarked price and the theoretical dilution effect (as those terms are defined under Rule 7.27B of the Listing Rules) for the Rights Issue are HK\$0.0717 per Share, HK\$0.0834 per Share and approximately 14.03%, respectively. The Rights Issue will not result in a theoretical dilution effect of 25% or more.

Qualifying Shareholders and Non-Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders but will only send the Prospectus (without the PAL and the EAF), for information purposes only, to the Non-Qualifying Shareholders.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder. Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as members of the Company at the close of business on the Record Date, any relevant transfer documents (together with the relevant share certificates) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited (the "**Registrar**"), at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by no later than the Latest Time for Lodging Transfers.

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Rights of the Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

Based on the register of members of the Company as at the Latest Practicable Date, there were four Shareholders with registered addresses in the PRC holding 2,771,205 Shares in aggregate.

The Company has, in compliance with the requirements of Rule 13.36(2)(a) of the Listing Rules, conducted enquiries with its legal advisers in the PRC regarding the legality and any approval or filing requirements in relation to the dispatch by the Company of the Prospectus Documents to Shareholders with registered addresses in the PRC (the “**PRC Shareholders**”). Based on the advice of the legal advisers of the PRC, the Prospectus Documents would not be required to be registered under the relevant laws and regulations of the PRC and may be dispatched to the PRC Shareholders without any filing or approval requirements or any other restrictions. It is the sole responsibility of any PRC Shareholders to ensure the compliance of PRC laws and regulations of any action they take in response to the Prospectus Documents. Any application for Rights Shares by PRC Shareholders are therefore made against their representation to the Company that they have already complied with the PRC laws and regulations and that they will indemnify the Company for any loss or damages if they fail to do so. The Company bears no responsibility in checking the laws and regulations compliance by any Shareholders who apply for Rights Shares, but reserves the right to reject any application made by the PRC Shareholders if they have not complied with the PRC laws and regulations.

The Company will send the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL and EAF to them.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in the nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses, of more than HK\$100 will be paid on pro-rata basis to the relevant Non-Qualifying Shareholders. In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of the Non-Qualifying Shareholders to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders will be made available for excess applications by the Qualifying Shareholders under the EAF(s).

Closure of register of members

The dates for the closure of the register of members of the Company (for determining the entitlements to the Rights Issue and during which no transfer of Shares will be registered) are disclosed in the section headed “Expected timetable” in this circular for illustration purpose only. The ex-rights and book closure arrangements will take place subject to and after the passing of the Relevant Resolution at the EGM.

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Basis of provisional allotments

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every one (1) existing Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Qualifying Shareholders may apply for all or any part of their respective provisional allotment 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 Acceptance.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for: (i) the unsold entitlements to the Rights Shares of the Non-Qualifying Shareholders, if any; (ii) any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by transferees of nil-paid Rights Shares; and (iii) the Scale-down PAL Shares and Scale-down EAF Shares, if any.

Application for excess Rights Shares can be made only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate cheque or banker's cashier order for the sum payable for the excess Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis on the principle that any excess Rights Shares will be allocated to the applying Qualifying Shareholders on a *pro rata* basis by reference to the number of the excess Rights Shares applied for under each application, but no reference will be made to the Rights Shares subscribed through applications by PAL(s) or the existing number of Shares held by such Qualifying Shareholders. No preference will be given to applications for topping up odd-lot holdings to whole lot holdings. Pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will take steps to identify the applications for excess Rights Shares made by any controlling shareholder or its associates (together, the "**Controlling Shareholder Group**"), whether in their own names or through nominees. The Company shall disregard the Controlling Shareholder Group's applications for excess Rights Shares to the extent that the total number of 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 Controlling Shareholder Group under their assured entitlement to the Rights Shares.

If the number of Untaken Shares is greater than the number of excess Rights Shares being applied for under EAF(s), the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for.

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Shareholders with their Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually. Shareholders with their Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of their relevant Shares under their own names prior to the Record Date for the purpose of the Rights Issue. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

For investors whose Shares are held by a nominee (or CCASS) and would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar for registration by no later than the Latest Time for Lodging Transfers.

No fractional entitlement

On the basis of the entitlement to subscribe one (1) Rights Share for every one (1) existing Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise from the Rights Issue.

Status of the Rights Shares

The Rights Shares will, when issued and fully paid, rank *pari passu* in all respects with the Shares then in issue including the right to receive future dividends and distributions which may be declared, made or paid after the completion of the Rights Issue.

Application for listing of the Rights Shares in nil-paid and fully-paid forms

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

Eligibility for admission of Rights Shares in nil-paid and fully-paid forms 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 respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

The board lot size of the nil-paid Rights Shares shall be the same as that of the fully-paid Rights Shares, i.e. 20,000 Shares in one board lot.

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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 other 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

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and any other applicable fees and charges in Hong Kong.

Share certificates and refund cheques for Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue as set out below, 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 risks, on or before the Certificate Posting Date.

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

Scale-down of subscriptions to avoid the triggering of MGO Obligation and non-compliance of Public Float Requirement

As the Rights Issue is only underwritten by the Underwriter on a best effort basis, depending on the level of subscription of the Rights Shares by other Shareholders, the application for Rights Shares under the PAL(s) or EAF(s) by the Covenanted Shareholders (i.e. Jumbo Faith, Fluent Robust, Gold Bless and Mr. Liu) may unwittingly incur an MGO Obligation under the Takeovers Code unless a waiver from the Executive (as defined in the Takeovers Code) has been obtained, or may result in the non-compliance by the Company of the Public Float Requirement under Rule 8.08 of the Listing Rules.

As at the Latest Practicable Date, Jumbo Faith (controlled and owned by Ms. Zhou, the spouse of Mr. Yu), Fluent Robust (controlled and owned by Mr. Yu, an executive Director and the Chairman of the Board) and Gold Bless (an associate of Mr. Yu) (collectively, the **"Presumed Concert Party Group"**) owned 756,061,682 Shares, 169,117,647 Shares and 246,924,406 Shares, representing approximately 45.83%, 10.25% and 14.97%, respectively, of the existing issued share capital of the Company. They are presumed to be acting in concert with each other and collectively own approximately 71.05% of the voting rights of the Company. Although the Presumed Concert Party Group had owned more than 50% voting right in the Company for more than twelve months and should not be subject to any further MGO Obligation as a group, individual members of the Presumed Concert Party Group may still be subject to MGO Obligation by taking part in the Rights Issue if the Rights Issue is not fully subscribed by public Shareholders.

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Although Mr. Liu is not presumed to act in concert with the other Covenanting Shareholders, he is an executive Director and a core connected person of the Company and is not counted as a member of the public as defined in Rule 8.24 of the Listing Rules. As at the Latest Practicable Date, Mr. Liu owned 62,865,000 Shares, representing approximately 3.81% of the existing issued share capital of the Company. The Covenanting Shareholders (comprising Jumbo Faith, Fluent Robust, Gold Bless and Mr. Liu) collectively held approximately 74.86% of the existing issued share capital of the Company. The participation by the Covenanting Shareholders in the Rights Issue may result in the Company being in non-compliance of the Public Float Requirement if the Rights Issue is not fully subscribed by public Shareholders.

To avoid the unwitting triggering of MGO Obligations and non-compliance of Public Float Requirement, all applications under the PAL(s) and the EAF(s) will be made on the basis that the applications are to be scaled-down by the Company to a level which: (a) does not trigger an MGO Obligation on the part of the applicant or parties acting in concert with him/her it; and/or (b) does not result in the non-compliance of the Public Float Requirement on the part of the Company. Any subscription monies for the Scale-down PAL Shares or Scale-down EAF Shares will be refunded to the applicants, and the Scale-down PAL Shares or Scale-down EAF Shares will be made available for subscription by other Qualifying Shareholders through EAF(s).

In addition, on 25 September 2020, the Covenanting Shareholders entered into the Irrevocable Scale-down Undertakings in favour of the Company, pursuant to which they irrevocably undertake, on a several (but not joint and several) basis, that any application for Rights Shares, whether under PAL(s) or EAF(s), to be made by them shall be subject to the scale-down mechanisms of the Rights Issue as determined by the Company to levels which do not trigger any MGO Obligation or non-compliance of Public Float Requirement. As amongst the Covenanting Shareholders, the scale-down of applications of Rights Shares shall operate on a fair and equitable basis under the following principles: (a) EAF(s) should be scaled down before PAL(s); and (b) where the scale-down is necessitated by the exceeding of shareholding by a group rather than an individual shareholder, the allocations of EAF(s) and PAL(s) to members of the affected group should be made on a pro rata basis by reference to the number of Shares held by the affected applicants on the Record Date.

Conditions of the Rights Issue

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated by the Underwriter prior to the Latest Time for Termination in accordance with its terms. In the event that the Underwriting Agreement does not become unconditional or if it is terminated prior to the Latest Time for Termination in accordance with the terms thereof, then the Rights Issue will not proceed.

LETTER FROM THE BOARD

Irrevocable Participation Undertakings

As at the Latest Practicable Date, Jumbo Faith (controlled and owned by Ms. Zhou, the spouse of Mr. Yu) and Fluent Robust (controlled and owned by Mr. Yu, an executive Director and the Chairman of the Board) owned 756,061,682 Shares and 169,117,647 Shares, representing approximately 45.83% and 10.25%, respectively, of the existing issued share capital of the Company.

On 25 September 2020, the Participating Shareholders (comprising Jumbo Faith and Fluent Robust) entered into the Irrevocable Participation Undertakings in favour of the Company, pursuant to which they irrevocably undertake, on a several (but not joint and several) basis, that: (a) they will maintain their respective current shareholding up to and including the Record Date; (b) Jumbo Faith and Fluent Robust will subscribe for 756,061,682 Rights Shares and 169,117,647 Rights Shares, respectively, under the PAL(s) representing the full acceptance of their individual provisional entitlements under the Rights Issue; and (c) they will procure that their acceptances of Rights Shares together with the payment therefor be lodged with the Registrar by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions printed on the PAL(s).

Save for the Irrevocable Participation Undertakings, the Company had not received any information or irrevocable undertaking from any other substantial shareholders (as defined in the Listing Rules) of the Company of their intention to take up the Rights Shares to be provisionally allotted or offered to them under the Rights Issue as at the Latest Practicable Date.

UNDERWRITING AGREEMENT

Date: 25 September 2020

Underwriter: Green Securities Limited, a licensed corporation licensed by the SFC to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO and whose ordinary course of business includes the underwriting of securities.

The Underwriter is a wholly-owned subsidiary of the Company. As at the Latest Practicable Date, the Underwriter was not interested in any Shares.

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Number of Underwritten Shares: Subject to the terms and conditions of the Underwriting Agreement, the Underwriter agreed to procure, on a best effort basis, the subscription (but will not itself subscribe) for any Untaken Shares not taken up as valid acceptance in the Rights Issue whether by PAL(s) or EAF(s). There is no underwriting on the Committed Shares, the Scale-down PAL Shares (if any) and the Scale-down EAF Shares (if any). Assuming no Shares are to be issued or repurchased by the Company on or before the Record Date, the maximum number of Underwritten Shares is 724,557,404 Rights Shares.

Underwriting commission: 2.5% of the aggregate Subscription Price in respect of such number of the Rights Shares actually procured by the Underwriter for subscription pursuant to the Underwriting Agreement

Pursuant to the Underwriting Agreement, the Underwriter shall ensure that (i) each of the subscribers of the Untaken Shares procured by it shall be an Independent Third Party; (ii) none of such subscribers, together with any party acting in concert with it, will hold 30% (or such other percentage which shall trigger any MGO Obligation under the Takeovers Code) or more of the voting rights of the Company; and (iii) the Public Float Requirement under the Listing Rules remains to be fulfilled by the Company upon completion of the Rights Issue.

The Underwriting Agreement empowers the Underwriter to enter into sub-underwriting arrangement with sub-underwriter(s) or appoint any person to be sub-agent(s) on its behalf for the purpose of procuring the subscription of the Underwritten Shares.

The commission rate of 2.5% under the Underwriting Agreement was determined after arm's length negotiations between the Company and the Underwriter by reference to the market rate. The Directors (including the independent non-executive Directors whose views are now set out in the letter from the Independent Board Committee on page 32 of this circular, after taking into account the advice of the Independent Financial Adviser) consider the terms of the Underwriting Agreement (including the commission rate) to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the Underwriting Agreement

The obligations of the Underwriter under the Underwriting Agreement are conditional upon the following conditions:

- (i) the delivery of the Prospectus to the Stock Exchange and the issue by the Stock Exchange on or before the Prospectus Posting Date of a certificate authorizing registration of the Prospectus with Hong Kong Companies Registry;

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- (ii) a duly certified copy of the Prospectus (and other required documents) having been lodged with Hong Kong Companies Registry and Hong Kong Companies Registry issuing a confirmation of registration on or before the Prospectus Posting Date;
- (iii) following registration, the posting of the Prospectus Documents to the Qualifying Shareholders (and where applicable, the posting of the Prospectus to the Non-Qualifying Shareholders, if any, for information purposes only) and the publication of the Prospectus Documents on the website of the Stock Exchange on or before the Prospectus Posting Date;
- (iv) the grant of listing of the Rights Shares by the Stock Exchange (either unconditionally or subject only to the allotment and dispatch of the share certificates in respect thereof) and the grant of permission to deal in the nil-paid Rights Shares and the fully-paid Rights Shares by the Stock Exchange, and such permission and listing not subsequently having been withdrawn or revoked prior to the Latest Time for Termination;
- (v) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms of the Underwriting Agreement at or before the Latest Time for Termination;
- (vi) the compliance with and performance by the Company of all the undertakings and obligations under the terms of the Underwriting Agreement;
- (vii) the full compliance with and performance of the undertakings and obligations of the Participating Shareholders, or any of their respective associates, in respect of the Irrevocable Participation Undertakings;
- (viii) there being no event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect occurring prior to the Latest Time for Termination;
- (ix) the Shares remaining listed on the Stock Exchange at all times prior to the date of settlement of the Untaken Shares between the Company and the Underwriter and the listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than ten business days (except for any suspension in connection with the clearance of announcements, circulars or prospectus regarding the Rights Issue) at any time prior to the Latest Time for Acceptance;
- (x) compliance with the requirements under the applicable laws and regulations of Hong Kong and Cayman Islands;

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- (xi) the passing of the necessary resolutions by the Independent Shareholders at the EGM to approve the Rights Issue and the transactions contemplated thereunder (including the Underwriting Agreement) and the issue of the Rights Shares; and
- (xii) all other necessary waivers, consents and approvals (if required) from the relevant governmental or regulatory authorities for the Rights Issue and the transactions contemplated thereunder having been obtained and fulfilled.

The above conditions are incapable of being waived. As at the Latest Practicable Date, none of the conditions has been satisfied. If the conditions are not fully satisfied by the Latest Time for Termination (or such other date as the Company and the Underwriter may mutually agree in writing) or if the Underwriting Agreement is rescinded or terminated pursuant to the terms thereof, all obligations and liabilities of the parties under the Underwriting Agreement shall forthwith cease and determine and neither party shall have any claim against the other for fees, costs, damages, compensation or otherwise.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in the provision of (i) health, medical and related services, comprising the Group's hospital business operated through two hospitals in Hunan Province; (ii) beauty and wellness services, comprising the beauty centers and products shops in Shenzhen under the brand name of "Marsa"; and (iii) integrated financial services, comprising two licensed corporations licensed to carry on securities brokerage, advising on securities and asset management services in Hong Kong. The Group operates its hospital business through Li County Phoenix Hospital Company Limited and Yiyang Zizhong Kidney Disease Hospital Company Limited, both having the medical organization operating license granted by the local bureau of the National Health Commission to carry out, among other permitted medical treatments, hemodialysis treatment.

As disclosed in the Company's announcement dated 31 August 2020 in relation to the Group's unaudited interim results for the six months ended 30 June 2020 (the "**Interim Results Announcement**"), the COVID-19 epidemic has changed consumption pattern and adversely affected the Group's club house and beauty and wellness business in China. With the disposal of the Group's club house business to cut loss as disclosed in the Company's announcement dated 19 May 2020, the Group has been looking for suitable business opportunities for future business development and expansion. Among the various business sectors in which the Group operates, the hospital business has a higher level of user adherence and appears to be least affected by the new consumption pattern resulted from COVID-19 epidemic. In addition, with the raising awareness of public hygiene and health, the Company expects to see the growth of demand for high quality hemodialysis service providers in China.

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The Group's experience in operating medical business for the past two years has laid a solid foundation for the launch of further business development and expansion. The Company currently plans to acquire the majority shareholding in hemodialysis centers in China. Although no binding agreement has been entered into by the Company for any of these potential acquisitions, it is important for the Company to launch the Rights Issue to get ready with the funding simultaneously with the ongoing negotiations to enhance the Company's bargaining power and demonstrate capability to complete the purchases with internal funding resources. The Company also has plans to expand the capacity of its existing hospitals to increase its revenue, and to purchase certain equipment instead of lease to improve profitability.

The Company has approached various financial institutions to explore interest in underwriting the Rights Issue. Amongst the financial institutions approached by the Company, only the Underwriter (being a wholly-owned subsidiary of the Company) expressed interest in acting as underwriter of the Rights Issue because it is more familiar with the Group's business operations. However, the Underwriter is only prepared to conduct underwriting on a best effort basis instead of committed basis, as it is not prepared to set aside any underwriting commitment as a matter of financial resources of a licensed corporation.

The Board has considered other alternative fund-raising methods such as share placing, bank borrowing and open offer. In comparison with the Rights Issue: (i) a share placing does not offer the opportunity to the existing Shareholders to participate in the equity issue on a pro rata basis; (ii) bank borrowings or other types of debt financing will increase the financial costs and gearing of the Group; and (iii) an open offer does not offer the Shareholders with the opportunity to trade the nil-paid rights in the market. Therefore, the Board considers that the Rights Issue is more cost-effective, efficient and beneficial way of fund-raising in the circumstances when compared to the other alternative fund-raising methods described above.

As disclosed in the Interim Results Announcement, as at 30 June 2020, the net current assets of the Group amounted to just approximately HK\$13.2 million, while its six-months' loss (excluding fair value changes and impairment loss which are non-cash in nature and excluding a one-off disposal gain) amounted to approximately HK\$17.3 million. In addition, the Group's total equity attributable to the equity holders of the Company decreased significantly from approximately HK\$90.9 million as at 31 December 2019 to approximately HK\$55.8 million as at 30 June 2020, and its bank balances (general accounts) and cash decreased significantly from approximately HK\$135.0 million as at 31 December 2019 to approximately HK\$46.2 million as at 30 June 2020, principally due to the redemption of bonds and cash outflow of the continual operating loss. In addition, the Company has to set aside approximately HK\$15 million in preparation of the redemption of certain other bonds. The Company therefore intends to launch the Rights Issue to replenish its financial resources and strengthen its financial position.

LETTER FROM THE BOARD

Assuming full acceptance of the Rights Issue, its gross proceeds and net proceeds (after deducting expenses) are expected to be approximately HK\$99.0 million and HK\$95.9 million, respectively. The Company intends to apply such net proceeds in the following order of priority: (i) as to the first HK\$15.0 million for the Group's corporate expenses and overheads (including salaries, rental payments, professional fees and capital injection for the Group's licensed corporations) for the forthcoming twelve months; and (ii) as to the remaining net proceeds for the potential acquisitions, expansion and equipment purchase of the Group's hospital business by June 2021. The Company has identified three hospitals in the PRC as potential acquisition targets with number of beds in the range of around 80 to 260 and capacity of hemodialysis patients of between 100 and 280, and acquisition consideration in the range of RMB35 million to RMB75 million. The Company is in the process of conducting due diligence and negotiating commercial terms with the potential vendors and acquisition targets, but no binding agreement had been entered into regarding these potential acquisitions or investments as at the Latest Practicable Date. If the Rights Issue is completed with substantial level of acceptance but none of these acquisitions materializes by June 2021, the Company has the alternative plans of utilizing approximately RMB13 million for the capacity expansion, refurbishment and equipment purchasing for one of the Group's existing hemodialysis centers, approximately RMB6 million for equipment purchasing of another existing hemodialysis center, and up to RMB9.5 million for the acquisition of minority interests of the two centers. If none of the acquisitions currently in negotiation materializes but there is still unutilized net proceeds, the Company intends to continue to explore other suitable acquisition targets and/or to establish our own new hemodialysis centers. The Company will update Shareholders on any significant change in the use of proceeds of the Rights Issue in its future interim and annual reports. If the Rights Issue is under-subscribed, the Company will give priority to set aside sufficient funding to meet its corporate expenses and overheads to maintain its going concern, and to adjust its acquisition and expansion budget downwards.

If the Rights Issue is fully or substantially subscribed, the Company currently has no plan or intention (initial or concrete) and does not otherwise foresee the conducting of any other equity fund raising activities in the next 12 months. However, if the Rights Issue is substantially under-subscribed, the Company cannot rule out the possibility of launching other equity fund raising activities to replenish the Group's financial resources to meet its expenses and overheads and finance its business development. The Company currently has no concrete plan (including the form, the timing, the terms and the size) on any such alternative fund raising activities and wants to focus on the Rights Issue first. That having said, if the Rights Issue is voted down by Independent Shareholders or turns out to be substantially under-subscribed, the Company has no intention to launch another similar rights issue or open offer in the next 12 months.

LETTER FROM THE BOARD

Assuming the Rights Shares are only subscribed by the Participating Shareholders and none of the Untaken Shares are successfully procured for subscription by the Underwriter, 9,335,259 Rights Shares (representing (i) approximately 0.57% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 0.56% of the issued share capital of the Company as enlarged by such 9,335,259 Rights Shares) will be allotted and issued to the Participating Shareholders and the gross proceeds of the Rights Issue will be approximately HK\$560,000. If the proceeds raised by the Rights Issue is insufficient for the Company's corporate expenses and overheads, the Company intends to obtain an unsecured, 6.5% per annum, 9-month loan facility of up to HK\$15 million (the "**Loan Facility**") from Fluent Robust, a company controlled by Mr. Yu and a substantial shareholder of the Company, to enable the Company to take the time to formulate other fund-raising proposals. The Directors are of the view that the Loan Facility, if materializes, should be conducted on normal commercial terms or better. As the Loan Facility is not secured by any assets of the Group, under Rule 14A.90 of the Listing Rules, the Loan Facility should be fully exempt from all disclosure, annual review, circular and shareholders' approval requirements of the Listing Rules. As the Loan Facility has yet to be committed, the Company will review its terms and ensure compliance with Chapter 14A of the Listing Rules if and when the Loan Facility is indeed required and materialises by way of binding loan agreement, including the making of a voluntary announcement for Shareholders' information even if the Loan Facility is fully exempt.

Shareholders who do not take up in full their Rights Shares entitlement should note that their shareholding proportion in the Company will be diluted. However, in deciding to launch the Rights Issue, the Company has taken into account the following balancing factors, namely: (a) it is important to raise fund for the growth and development of the Company, for the reasons explained above; (b) through the Rights Issue, all Qualifying Shareholders are offered the same opportunity to maintain their proportionate interests in the Company and to participate in the growth and development of the Company; (c) Shareholders who do not want to participate in the Rights Issue can dispose of the nil-paid Rights Shares in the market; (d) Shareholders are not only given the first right to decide whether to accept their Rights Shares entitlement, but the minority Shareholders also have the right to vote down the Rights Issue at the EGM if they so wish; and (e) the Rights Issue will enhance the net asset value per Share as the Subscription Price is at a premium to it. In the light of the foregoing, the Board is of the view that the potential dilution effect to the non-participating Shareholders is outweighed by the benefits brought about by the Rights Issue to the Company.

The Board is of the view that the Rights Issue will enable the Group to strengthen its capital base and financial position for future growth and development. The Rights Issue will provide the existing Shareholders with the opportunity to maintain their respective pro-rata shareholding interests in the Company and participate in the growth and development of the Group. In the light of the factors explained above, the Directors (including the independent non-executive Directors who have expressed their views after taking into account the advice of the Independent Financial Adviser) are of the view that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

FUND-RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company had not conducted any fund-raising activities in the past twelve months immediately preceding the Latest Practicable Date.

CHANGES IN SHAREHOLDING STRUCTURE

For illustration purpose only, set forth below is the shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of the Rights Issue, assuming: (i) all the Rights Shares are fully subscribed by the Shareholders and there being no Non-Qualifying Shareholders; (ii) none of the Rights Shares are subscribed by the Shareholders (except the Participating Shareholders) and all Untaken Shares are successfully procured for subscription by the Underwriter; and (iii) the Rights Shares are only subscribed by the Participating Shareholders and none of the Untaken Shares are successfully procured for subscription by the Underwriter:

Shareholders	As at the Latest Practicable Date		Assuming all the Rights Shares are fully subscribed by Qualifying Shareholders		Immediately upon completion of the Rights Issue Assuming none of the Rights Shares are subscribed by Qualifying Shareholders (except the Participating Shareholders) and all Untaken Shares are successfully procured for subscription by the Underwriter (Note 6)		Assuming the Rights Shares are only subscribed by the Participating Shareholders and none of the Untaken Shares are successfully procured for subscription by the Underwriter (Note 7)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Jumbo Faith (Note 1)	756,061,682	45.83	1,512,123,364	45.83	1,512,123,364	45.83	763,690,507	46.03
Gold Bless (Note 2)	246,924,406	14.97	493,848,812	14.97	246,924,406	7.48	246,924,406	14.88
Fluent Robust (Note 3)	169,117,647	10.25	338,235,294	10.25	338,235,294	10.25	170,824,081	10.30
Mr. Liu (Note 4)	62,865,000	3.81	125,730,000	3.81	62,865,000	1.91	62,865,000	3.79
Subscribers procured by the Underwriter (Note 5)	—	—	—	—	724,557,404	21.96	—	—
Public Shareholders	<u>414,767,998</u>	<u>25.14</u>	<u>829,535,996</u>	<u>25.14</u>	<u>414,767,998</u>	<u>12.57</u>	<u>414,767,998</u>	<u>25.00</u>
Total	<u>1,649,736,733</u>	<u>100.00</u>	<u>3,299,473,466</u>	<u>100.00</u>	<u>3,299,473,466</u>	<u>100.00</u>	<u>1,659,071,992</u>	<u>100.00</u>

Notes:

- Jumbo Faith is a controlled corporation wholly-owned by Ms. Zhou, the spouse of Mr. Yu.
- Gold Bless is a company whose issued shares were registered, according to the disclosure of interest filings made on behalf of Mr. Yang Wang Jian (“**Mr. Yang**”), an ex-director of the Company, as to: (a) 65% in the name of Mr. Yang; (b) 20% in the name of Mr. Yu; and (c) 15% in the name of Winning Top Investments Limited, a company which is wholly-owned by Mr. Yu. Gold Bless is deemed to be a controlled corporation of Mr. Yu.
- Fluent Robust is a controlled corporation wholly-owned by Hong Kong Sheen Smile International Investment Limited, which is in turn wholly-owned by Mr. Yu.
- Mr. Liu is an executive Director.

LETTER FROM THE BOARD

5. Since the Underwriter is a wholly-owned subsidiary of the Company, it will only procure for subscription, but will not itself subscribe, for any Untaken Shares. Pursuant to the Underwriting Agreement, the Underwriter shall ensure that (i) each of the subscribers of the Untaken Shares procured by it shall be an Independent Third Party; (ii) none of such subscribers, together with any party acting in concert with it, will hold 30% (or such other percentage which shall trigger any MGO Obligation under the Takeovers Code) or more of the voting rights of the Company; and (iii) the Public Float Requirement under the Listing Rules remains to be fulfilled by the Company upon completion of the Rights Issue.
6. Since the collective shareholding of the Covenanting Shareholders is already close to the upper limit of 75%, if no Shareholder (except the Participating Shareholders) participates in the Rights Issue, the Underwriter must successfully place at least some Underwritten Shares in order for the Rights Issue to complete with a sensible amount of net proceeds. Otherwise, the scaling-down mechanisms of the Rights Issue will operate to scale-down a significant part of the Committed Shares undertaken by the Participating Shareholders, notwithstanding the Irrevocable Participation Undertakings, in order to maintain the Public Float Requirement.
7. If only the Participating Shareholders participate in the Rights Issue and none of the Untaken Shares are successfully procured for subscription by the Underwriter, the scaling-down mechanisms of the Rights Issue will operate to scale-down the Committed Shares undertaken by the Participating Shareholders on a pro-rata basis in order to maintain the Public Float Requirement.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) of the Listing Rules, as the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to the approval of the minority Shareholders at the EGM by way of poll. Pursuant to Rule 7.27A(1) of the Listing Rules, where minority shareholders' approval is required for a rights issue under Rule 7.19A of the Listing Rules, rights issue must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates shall abstain from voting in favour.

As at the Latest Practicable Date, the Presumed Concert Party Group (comprising Jumbo Faith, Fluent Robust and Gold Bless) collectively owned approximately 71.05% of the voting rights of the Company, and is required to abstain from voting in favour of the Relevant Resolution at the EGM. Mr. Liu, an executive Director, also indicated to the Company that he intends to abstain from voting in favour of the Relevant Resolution at the EGM. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Jumbo Faith, Fluent Robust, Gold Bless and Mr. Liu, no other Shareholder is required or indicated his intention to abstain from voting on the Relevant Resolution at the EGM.

EGM

The EGM is convened to be held at 11:00 a.m. on Wednesday, 11 November 2020, at Conference Room, Suite 2102, 21/F., West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong for the purposes of considering and, if thought fit, approving the Rights Issue.

LETTER FROM THE BOARD

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Wu Hong, Mr. David Tsoi and Mr. Wang Chunlin was established to advise the Independent Shareholders regarding the terms of the Rights Issue and the Underwriting Agreement and the voting recommendation on the Relevant Resolution. Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders regarding the terms of the Rights Issue and the Underwriting Agreement and the voting recommendation on the Relevant Resolution.

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM, the Prospectus containing further information regarding, among other things, the Rights Issue, including information on acceptances of the Rights Shares and other information in respect of the Group, and the PAL(s) and the EAF(s) are expected to be dispatched to the Qualifying Shareholders on or before the Prospectus Posting Date. The Company will, to the extent reasonably practicable and legally permitted and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, send the Prospectus to the Non-Qualifying Shareholders for their information only.

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

Shareholders and potential investors should note that the Rights Issue is conditional upon the fulfillment of the conditions of the Underwriting Agreement and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed.

The Rights Issue is underwritten only on a best effort basis. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares and not subscribed by subscribers procured by the Underwriter will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares or Rights Shares in their nil-paid form.

Any dealings in the Shares before the fulfillment of all the conditions of the Rights Issue, and any Shareholders 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. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors (including the independent non-executive Directors whose views are now set out in the letter from the Independent Board Committee on page 32 of this circular, after taking into account the advice of the Independent Financial Adviser) are of the view that the Rights Issue is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors whose views are now set out in the letter from the Independent Board Committee on page 32 of this circular, after taking into account the advice of the Independent Financial Adviser) recommend the Independent Shareholders to vote in favour of the Relevant Resolution at the EGM to approve the Rights Issue.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular and the notice convening the EGM.

Yours faithfully
By order of the Board
Green International Holdings Limited
Yu Qigang
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



GREEN INTERNATIONAL

Holdings Limited

格林國際控股有限公司

GREEN INTERNATIONAL HOLDINGS LIMITED

格林國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2700)

23 October 2020

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING SHARE
HELD ON THE RECORD DATE**

We have been appointed to form an independent board committee to consider and advise you on the terms of the Rights Issue and the Underwriting Agreement and the voting recommendation on the Relevant Resolution, details of which are set out in the circular issued by the Company to the Shareholders dated 23 October 2020 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular will have the same meanings when used herein unless the context otherwise requires.

We wish to draw your attention to the letter from the Board and the letter of advice from the Independent Financial Adviser set out on pages 11 to 31 and pages 33 to 54 of the Circular, respectively, and the additional information set out in the appendices to the Circular.

Having taken into account the background of and reasons for the Rights Issue and having taken into consideration of the advice of the Independent Financial Adviser, in relation thereto as set out on pages 33 to 54 of the Circular, we concur with the view of the Independent Financial Adviser and consider that the terms of the Rights Issue (including the Subscription Price and the subscription ratio) and the Underwriting Agreement are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the Relevant Resolution.

Yours faithfully,

For and on behalf of the Independent Board Committee

Mr. Wu Hong
*Independent
non-executive Director*

Mr. David Tsoi
*Independent
non-executive Director*

Mr. Wang Chunlin
*Independent
non-executive Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in the Circular.



23 October 2020

*To: The Independent Board Committee and the Independent Shareholders of
Green International Holdings Limited*

Dear Sir/Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed Rights Issue, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 23 October 2020 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

With reference to the Letter from the Board, the Company proposed to raise gross proceeds of up to approximately HK\$99.0 million (before expenses) on the basis of one (1) Rights Share for every one (1) existing Share held on the Record Date by issuing up to 1,649,736,733 Rights Shares (assuming no further issue or repurchase of Shares on or before the Record Date) at the Subscription Price of HK\$0.060 per Rights Share. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

Listing Rules Implication

In accordance with Rule 7.19A(1) of the Listing Rules, as the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to the approval of the minority Shareholders at the EGM by way of poll. Pursuant to Rule 7.27A(1) of the Listing Rules, where minority shareholders’ approval is required for a rights issue under Rule 7.19A of the Listing Rules, rights issue must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates shall abstain from voting in favour.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, the Presumed Concert Party Group (comprising Jumbo Faith, Fluent Robust and Gold Bless) collectively own 71.05% of the voting rights of the Company, and are required to abstain from voting in favour of the Relevant Resolution at the EGM. Mr. Liu, an executive Director, also indicated to the Company that he intends to abstain from voting in favour of the Relevant Resolution at the EGM. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Jumbo Faith, Fluent Robust, Gold Bless and Mr. Liu, no other Shareholder is required to abstain from voting on the Relevant Resolution at the EGM.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. Wu Hong, Mr. David Tsoi and Mr. Wang Chunlin, has been established to advise the Independent Shareholders in relation to the terms of the Rights Issue and the Underwriting Agreement and the voting recommendation on the Relevant Resolution.

We, Red Sun Capital Limited, have been appointed as Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders regarding the terms of the Rights Issue and the Underwriting Agreement and the voting recommendation on the Relevant Resolution.

OUR INDEPENDENCE

We are independent from and not connected with the Company nor any other parties that could reasonably be regarded as relevant to our independence, and accordingly, are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the proposed Rights Issue and transactions contemplated under it. In the previous two years, save for our appointment as the independent financial adviser for (i) the connected transaction involving subscription of shares under specific mandate and unconditional mandatory cash offers to acquire all the issued shares and all the outstanding convertible bonds of Green International Holdings Limited (other than those agreed to be acquired by Jumbo Faith International Limited) and to cancel all the outstanding share options of Green International Holdings Limited, the composite document of which was dated 10 April 2019; (ii) the connected transaction involving subscription of shares under specific mandate and special deal in relation to loan repayment, the circular of which was dated 1 March 2019; and (iii) the connected transaction relating to the non-exercise of sell-back right to require Mr. Chung Sum Sang and Ms. Eva Au to buy-back Rainbow Star Global Limited, the circular of which was dated 28 December 2018, we have not acted as an independent financial adviser to any independent board committee and the independent shareholders of the Company for any transaction.

Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR ADVICE

In formulating our advice to the Independent Board Committee and the Independent Shareholders, we have relied solely on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the management of the Company (the “**Management**”). We have assumed that all information, representations and opinions contained or referred to in the Circular which have been provided by the Company, the Directors and the Management, and for which they are solely and wholly responsible, were true and accurate at the time they were made and continued to be as at the date of the EGM and the Shareholders will be informed of any material change of information in the Circular.

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

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion.

We have not, however, carried out any independent verification of the information provided by the Directors and the Management, nor have we conducted an independent investigation into the business and affairs of the Group, the Underwriter or its subsidiaries, or their respective associates. We have not considered the taxation implications on the Group or the Shareholders as a result of the Rights Issue. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and is not used out of context.

Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any shares or any other securities of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our advice to the Independent Board Committee and the Independent Shareholders, we have taken into consideration the following principal factors and reasons:

1. Information on the Group

As stated in the Letter from the Board, the Group is principally engaged in provision of (i) health, medical and related services, (ii) beauty and wellness services, and (iii) integrated financial services comprising securities brokerage, advising on securities and asset management.

A summary of the key financial information of the Group as extracted from the Company's annual report for the year ended 31 December 2019 (the "2019 Annual Report") and interim results announcement for the six months ended 30 June 2020 (the "2020 Interim Results") is set out below.

	For the year ended		For the six months ended	
	31 December		30 June	
	2018	2019	2019	2020
	(audited)	(audited)	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	82,092	78,659	40,775	29,666
— Health and medical business	37,061	43,863	20,936	19,270
— Beauty and wellness business	44,858	34,754	19,826	10,363
— Financial business	173	42	13	33
Loss for the year/period	(78,154)	(151,997)	(41,076)	(39,543)
			As at 31 December	As at
			2018	30 June
			(audited)	(unaudited)
			<i>HK\$'000</i>	<i>HK\$'000</i>
Bank balances (general accounts) and cash		52,911	135,028	46,224
Total assets		329,057	305,381	197,578
Total liabilities		230,798	206,705	135,173
Total equity		98,259	98,676	62,405

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the year ended 31 December 2019

According to the 2019 Annual Report, the Group recorded revenue of approximately HK\$78.7 million for the year ended 31 December 2019, representing a decrease of approximately 4.3% from approximately HK\$82.1 million for the year ended 31 December 2018. The decrease in revenue was mainly attributable to the combined effect of (i) the increase in the health and medical business from approximately HK\$37.1 million for the year ended 31 December 2018 to approximately HK\$43.9 million for the year ended 31 December 2019; and (ii) the decrease in the beauty and wellness business from approximately HK\$44.9 million for the year ended 31 December 2018 to approximately HK\$34.8 million for the year ended 31 December 2019. In particular, the decrease in revenue was mainly attributable to (i) weakening of consumer sentiment in Shenzhen in 2019; (ii) the closure of one beauty center in Shenzhen in April 2019 due to urban redevelopment order issued by the Shenzhen government; and (iii) the slowing down of the pace of shop opening due to weakened consumer sentiment. The loss for the year ended 31 December 2019 increased by approximately HK\$73.8 million or 94.4% from approximately HK\$78.2 million for the year ended 31 December 2018 to HK\$152.0 million for the year ended 31 December 2019 mainly due to (i) the increase in loss on disposal of financial assets at fair value through profit or loss of approximately HK\$11.3 million for the year ended 31 December 2019; and (ii) the increase in impairment loss of trademark user right and technical know-how of approximately HK\$60.1 million for the year ended 31 December 2019. The management of the Company considers that the beauty and wellness business faced weakened consumer sentiment in Shenzhen throughout the year ended 31 December 2019 especially since the third quarter of 2019 and such trend will remain in the future for a period of time until at least the end of the COVID-19 epidemic and the improvement of consumer sentiment in Shenzhen.

For the six months ended 30 June 2020

According to the 2020 Interim Results Announcement, the Group recorded revenue of approximately HK\$29.7 million for the six months ended 30 June 2020, representing a decrease of approximately 27.2% from approximately HK\$40.8 million for the six months ended 30 June 2019. The decrease in revenue was mainly attributable to (i) the decrease in the health and medical business from approximately HK\$20.9 million for the six months ended 30 June 2019 to approximately HK\$19.3 million for the six months ended 30 June 2020; and (ii) the decrease in the beauty and wellness business from approximately HK\$19.8 million for the six months ended 30 June 2019 to approximately HK\$10.4 million for the six months ended 30 June 2020. In particular, the decrease in revenue was mainly attributable to the downturn of the service industry and weakened consumer market due to change of consumption pattern during the COVID-19 epidemic. However, the loss for the six months ended 30 June 2020 decreased by approximately 3.9% or HK\$1.6 million from approximately HK\$41.1 million for the six months ended 30 June 2019 to approximately HK\$39.5 million for the six months ended 30 June 2020. Such decrease was mainly due to the income tax credit of approximately HK\$1.9 million for the six months ended 30 June 2020, in contrast to an income tax expenses of approximately HK\$0.2 million for the six months ended 30 June 2019.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 30 June 2020, the Group had total assets, total liabilities and total equity of approximately HK\$197.6 million, HK\$135.2 million and HK\$62.4 million, respectively.

2. Background of and reasons for the Rights Issue

As set out in the Letter from the Board, the Group is principally engaged in provision of (i) health, medical and related services, comprising the Group's hospital business operated through two hospitals in Hunan Province and the Group's club house business in Shenzhen; (ii) beauty and wellness services, comprising the beauty centers and products shops in Shenzhen under the brand name of "Marsa"; and (iii) integrated financial services, comprising two licensed corporations licensed to carry on securities brokerage, advising on securities and asset management services in Hong Kong. The Group operates its hospital business through Li County Phoenix Hospital Company Limited and Yiyang Zizhong Kidney Disease Hospital Company Limited, both having the medical organization operating license granted by the local bureau of the National Health Commission to carry out, amongst other permitted medical treatments, hemodialysis treatment.

As disclosed in the 2020 Interim Results Announcement, the COVID-19 epidemic has changed consumption pattern and adversely affected the Group's club house and beauty and wellness business in China. With the disposal of the Group's club house business to cut its losses as disclosed in the Company's announcement dated 19 May 2020, the Group has been looking for suitable business opportunities for future business development and expansion. Amongst the various business sectors in which the Group operates, the hospital business has a higher level of user adherence and appears to be least affected by the new consumption pattern resulted from COVID-19 epidemic. In addition, with the raising awareness of public hygiene and health, the Company expects to see the growth of demand for high quality hemodialysis service providers in China.

The Group's experience in operating medical business for the past two years has laid a solid foundation for the launch of further business development and expansion. The Company currently plans to (i) acquire the majority shareholding in hemodialysis centers in China; (ii) expand the capacity of its existing hospitals to increase its revenue; and (iii) purchase certain equipment instead of lease to improve profitability.

Assuming full acceptance of the Rights Issue, its gross proceeds and net proceeds (after deducting expenses) are expected to be approximately HK\$99.0 million and HK\$95.9 million, respectively. The Company intends to apply such net proceeds in the following order of priority: (i) as to the first HK\$15.0 million for the Group's corporate expenses and overheads (including salaries, rental payments, professional fees and capital injection for the Group's licensed corporations) for the forthcoming twelve months; and (ii) as to the remaining net proceeds for the potential acquisitions, expansion and equipment purchase of the Group's hospital business by June 2021. The Company has identified three hospitals in the PRC as potential acquisition targets with number of beds in the range of around 80 to 260 and capacity of hemodialysis patients of between 100 and 280, and acquisition consideration in the range of RMB35 million to RMB75 million. The Company is in the process of conducting due diligence and negotiating commercial terms with the potential vendors and acquisition targets, but no binding agreement had been entered into regarding these potential acquisitions or

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investments as at the Latest Practicable Date. If the Rights Issue is completed with substantial level of acceptance but none of these acquisitions materialises by June 2021, the Company has the alternative plans of utilising approximately RMB13 million for the capacity expansion, refurbishment and equipment purchasing for one of the Group's existing hemodialysis centers, approximately RMB6 million for equipment purchasing of another existing hemodialysis center, and up to RMB9.5 million for the acquisition of minority interests of the two centers. If none of the acquisitions currently in negotiation materialises but there is still unutilised net proceeds, the Company intends to continue to explore other suitable acquisition targets and/or to establish our own new hemodialysis centers. If the Rights Issue is under-subscribed, the Company will give priority to set aside sufficient funding to meet its corporate expenses and overheads to maintain its going concern, and to adjust its acquisition and expansion budget downwards.

If the Rights Issue is fully or substantially subscribed, the Company currently has no plan or intention (initial or concrete) and does not otherwise foresee the conducting of any other equity fund raising activities in the next 12 months. However, if the Rights Issue is substantially under-subscribed, the Company cannot rule out the possibility of launching other equity fund raising activities to replenish the Group's financial resources to meet its expenses and overheads and finance its business development. The Company currently has no concrete plan (including the form, the timing, the terms and the size) on any such alternative fund raising activities and wants to focus on the Rights Issue first. That having said, if the Rights Issue is voted down by Independent Shareholders or turns out to be substantially under-subscribed, the Company has no intention to launch another similar rights issue or open offer in the next 12 months.

Assuming the Rights Shares are only subscribed by the Participating Shareholders and none of the Untaken Shares are successfully procured for subscription by the Underwriter, 9,335,259 Rights Shares (representing (i) approximately 0.57% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) 0.56% of the issued share capital of the Company as enlarged by such 9,335,259 Rights Shares) will be allotted and issued to the Participating Shareholders and the gross proceeds of the Rights Issue will be approximately HK\$560,000. If the proceeds raised by the Rights Issue is insufficient for the Company's corporate expenses and overheads, the Company intends to apply for a short-term loan from Fluent Robust, a company controlled by Mr. Yu and a substantial shareholder of the Company.

Overview of the healthcare industry in the PRC

According to the National Health Commission of the PRC (the "NHC"), from 2013 to 2018, the accumulated national total healthcare expenditure amounted to approximately RMB7.5 trillion, representing a compound average growth rate of approximately 11.3%. In 2019, the budget for the national total healthcare expenditure amounted to approximately RMB1.7 trillion representing approximately 7.0% of the national total expenditure. The national total number of consultations in medical and health institutions increased by approximately 410 million, representing approximately 4.9%, to approximately 8.7 billion in 2019.

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According to the 《2020年上半年中國財政政策執行情況報告》 issued by the Ministry of Finance of the PRC (the “**MOF**”) on 6 August 2020, from January 2020 to June 2020, with the impact of the outbreak of the COVID-19 epidemic, the healthcare expenses related to the epidemic prevention and control increased by approximately 67.8% in order to strengthen the public health system.

Moreover, we noted from 《健康中國行動(2019–2030年)》(Health China (2019–2030)*) as published by the National Health Commission of the PRC in July 2019 that the PRC government advocates regular health checkups to monitor blood pressure, pulse etc. and record abnormalities in time.

We also noted from the statistics issued by the National Bureau of Statistics of China, the national total number of inpatients was approximately 254.5 million in 2018, representing an increase of approximately 10.1 million or 4.1%, from approximately 244.4 million in 2017. In particular, the total number of inpatients in Hunan Province and Yunnan Province was approximately 15.4 million and 9.6 million in 2018, representing an increase of approximately 0.7 million or 4.8% and 0.7 million or 7.9%, from approximately 14.7 million and 8.9 million in 2017, respectively.

In addition, based on the statistics of the Hunan Bureau of Statistics, Hunan’s gross domestic product (the “**GDP**”) amounted to approximately RMB5.4 trillion in 2019, achieving approximately 7.0% annual growth rate.

Having considered the above factors, we are of the view that there is a positive growth trend of the healthcare industry in the PRC and in particular the Hunan Province.

The Group had been in a state of loss-making in recent years/periods and has not conducted any fund-raising activities in the past twelve months immediately preceding the Latest Practicable Date. As at 30 June 2020, the gearing ratio of the Group was approximately 146%. In addition, the Group recorded a net cash used in operating activities which amounted to approximately HK\$17.3 million for the year ended 31 December 2019 and the cash and balances (excluding trust and segregated accounts) decreased by approximately 65.8% from approximately HK\$135.0 million as at 31 December 2019 to approximately HK\$46.2 million as at 30 June 2020. In order to reinforce the financial position of the Group, the Board is of the view, and we concur, that it would be in the best interests of the Company and the Shareholders as a whole to raise long-term equity capital, which will strengthen the Group’s capital base, provide additional funding to meet the Group’s capital expenditure and investment requirements in the medium to long term.

After enquiring with the Directors, we are given to understand that the Directors consider that (i) with the raising awareness of public hygiene and health, the Directors expect to see the growth of demand for high quality hemodialysis service providers in the PRC; (ii) the healthcare industry in the PRC sees a positive market outlook; and (iii) although the Rights Issue is only underwritten in a best effort basis, the Participating Shareholders have given the Irrevocable Participation Undertakings to the Company to undertake to lodge acceptance, which guarantees the Company to at least receive the proceeds from these Participating Shareholders and assuming the Rights Shares are only

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subscribed by the Participating Shareholders and none of the Untaken Shares are successfully procured for subscription by the Underwriter, 9,335,259 Rights Shares will be allotted and issued to the Participating Shareholders and the gross proceeds of the Rights Issue will be approximately HK\$560,000 (the “**Worst Case Scenario**”). Such proceeds is insufficient to cover the estimated related expenses of approximately HK\$2.0 million, resulting in a cash outflows of approximately HK\$1.5 million. In connection to the Worst Case Scenario, the Company intends to obtain an unsecured, 6.5% per annum, 9-month loan facility of up to HK\$15 million from Fluent Robust, a company controlled by Mr. Yu and a substantial shareholder of the Company to enable the Company to take the time to formulate other fund-raising proposals. Notwithstanding the above, we understand from the Directors that the loan facility of up to HK\$15 million will only be available if the Worst Case Scenario is realised. Thus, we are of the view that the Worst Case Scenario and the loan facility should be considered as a whole. Given such case, the Company will receive enough proceeds to cover the estimated related expenses. Based on the foregoing and the imminent funding needs as mentioned above, we concur with the view of the Directors that the amount of net proceeds earmarked for the potential acquisitions, expansion and equipment purchase of the Group’s hospital business is fair and reasonable.

3. Financing alternatives

As discussed with the Company, we understand the Board has considered other alternative means of fund raising before resolving to propose the Rights Issue including the followings:

(i) Placing of new shares

As set out in the Letter from the Board, the Directors are of the view, and we concur, that it would cause a material dilution effect to the shareholding of the Shareholders as it would involve the issue of a substantial amount of new Shares at a discount to external parties and the existing Shareholders would not have the opportunity to participate in the placing.

(ii) Open offer

In comparison to rights issue, open offer does not provide the flexibility to the Shareholders who wish to subscribe the Rights Share to increase their shareholding interests in the Company by acquiring additional rights entitlements in the open market or to the Shareholders who opt not to subscribe the Rights Shares to reduce their shareholding interests in the Company by disposing their nil-paid Rights Shares during the prescribed period of time for economic benefits.

(iii) Debt financing

As set out in the Letter from the Board, the Directors consider, and we concur, that additional debt financing will incur additional interest costs and will affect the profitability of the Group as well as creating gearing which we do not consider desirable.

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According to the 2020 Interim Results Announcement, the gearing ratio of the Group (defined as debt to equity) was approximately 146%. In view of the uncertain outlook of the global economy and the Group's high gearing ratio, it may be difficult for the Group to obtain bank borrowings in favourable terms.

In comparison, the equity raised through the Rights Issue would not be interest-bearing and hence the Company would have savings in interest payable as compared with incurring interest costs. Therefore, the Rights Issue as compared to debt financing would allow the Company to strengthen its capital base and liquidity without incurring interest costs.

In view of the above, we are of the view and we concur with the Directors that the Rights Issue is more cost-effective, efficient and beneficial way of fund-raising in the circumstances when compared to the other alternative fund-raising methods as (i) the Rights Issue offers all the Qualifying Shareholders equal opportunity to subscribe for their pro-rata provisional allotments of the Rights Shares and hence avoids dilution and participate as fully as the Qualifying Shareholders wish in the growth opportunity of the Company by way of applying for excess Right Shares; (ii) the Rights Issue allows the Qualifying Shareholders who decide not to take up their entitlements under the Rights Issue to sell the nil-paid Rights Shares in the market for economic benefits; and (iii) the Rights Issue allows the Company to strengthen its capital base and liquidity without incurring interest costs and also enables the Company to reduce its gearing ratio.

4. Principal terms of the Rights Issue

4.1 Subscription Price

The Subscription Price is HK\$0.060 per Rights Share. As advised by the Directors, the Subscription Price and the subscription ratio were determined by the Company following arm's length negotiations between the Company and the Underwriters with reference to (i) the fund-raising size intended by the Company; (ii) the market price of the Shares; (iii) the prevailing market conditions; and (iv) the financial position of the Company.

In order to assess the fairness and reasonableness of the Subscription Price, we set out the following informative analysis for illustrative purpose:

Comparison with prevailing market price

We note that the Subscription Price represents:

- i) a discount of approximately 17.81% to the closing price of HK\$0.0730 per Share as quoted on the Stock Exchange on the Last Trading Day;
- ii) a discount of approximately 28.06% to the average closing price of HK\$0.0834 per Share based on the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days prior to the Last Trading Day;

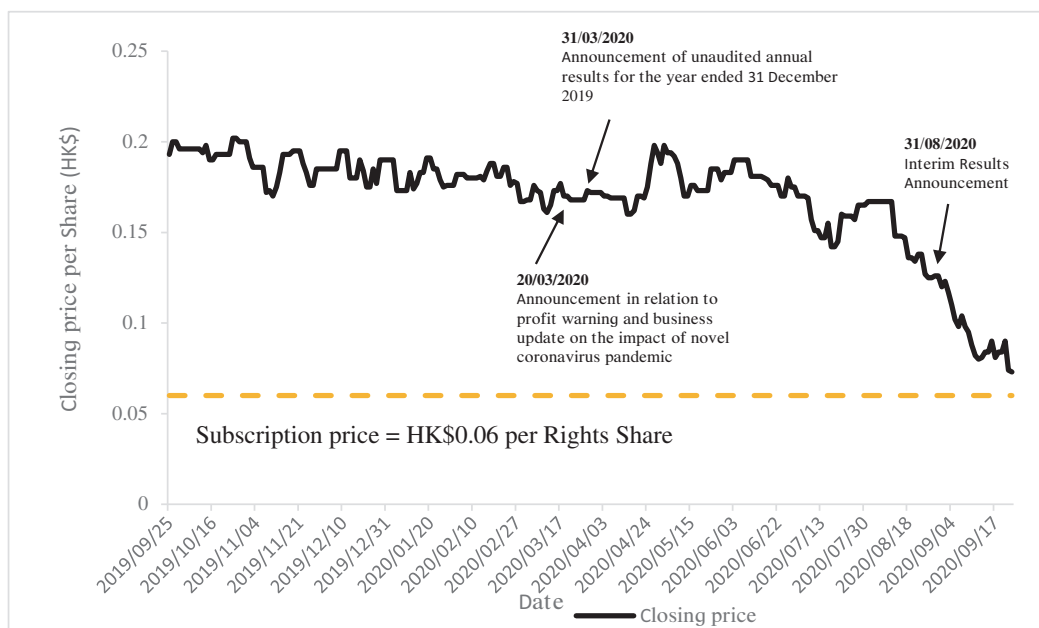
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- iii) a discount of approximately 28.83% to the average closing price of HK\$0.0843 per Share based on the closing prices of the Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days prior to the Last Trading Day;
- iv) a discount of approximately 9.77% to the theoretical ex-rights price of HK\$0.0665 per Share based on the closing price as quoted on the Stock Exchange on the Last Trading Day;
- v) a premium of approximately 77.30% over the unaudited net asset value of approximately HK\$0.0338 per Share based on the unaudited total equity attributable to owner of the Company of approximately HK\$55,828,000 as at 30 June 2020, divided by the total number of 1,649,736,733 Shares currently in issue; and
- vi) a discount of approximately 21.05% to the closing price of HK\$0.0760 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Based on the above, we note that the Subscription Price in general represents a discount to the prevailing market price of the Shares.

Comparison with historical closing prices

In order to assess the fairness and reasonableness of the Subscription Price, we have reviewed the movements of the share price of the Company based on the closing price per Share as quoted on the Stock Exchange for the twelve-month period ended on and including the date of the Underwriting Agreement (the “**Review Period**”).



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During the Review Period, the lowest closing price per Share was HK\$0.073, recorded on 25 September 2020 while the highest closing price per Share was HK\$0.202, recorded on 24 October 2019 and 25 October 2019. The average daily closing price per Share was approximately HK\$0.169.

We note that the Subscription Price of HK\$0.060 per Rights Share is below the daily closing prices per Share throughout the Review Period and represents (i) a discount of approximately 70.3% from the highest closing price; (ii) a discount of approximately 17.8% to the lowest closing price; and (iii) a discount of approximately 64.5% from the average daily closing price during the Review Period. The Shares were traded above the Subscription Price throughout the Review Period. We also note that the prevailing market price of the Shares in the Review Period demonstrated an overall declining trend as shown in the above diagram. In particular, (i) during the recent 20 trading days up to and including the date of the Underwriting Agreement, the average daily closing price per Share was HK\$0.090, the Subscription Price of HK\$0.060 per Rights Share represents a discount of approximately 33.3% from the average daily closing price per Share during the recent 20 trading days up to and including the date of the Underwriting Agreement; and (ii) during the recent 10 trading days up to and including the date of the Underwriting Agreement, the average daily closing price per Share was HK\$0.083, the Subscription Price of HK\$0.060 per Rights Share represents a discount of approximately 27.3% from the average daily closing price per Share during the recent 10 trading days up to and including the date of the Underwriting Agreement. Given that the prevailing historical trading prices have already reflected the market valuation of the Company based on its financial results, corporate actions and the prevailing market sentiment, we consider it is fair and reasonable for the Company to determine the Subscription Price with reference the prevailing market price of the Shares and a discount to enhance the attractiveness of the Rights Issue. Otherwise the Shareholders will have much fewer incentives to participate in the Rights Issue. Besides, as discussed in the paragraph headed “Comparison with recent rights issue transaction” below, we also noted that it is common market practice to set the Subscription Price at a discount to prevailing market prices to increase the attractiveness for shareholders to participate in a rights issue.

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Review on the trading liquidity of the Shares

In order to assess the fairness and reasonableness of the Subscription Price, apart from the daily closing price of the Shares, we have also reviewed the trading volume data in respect of the Shares during the Review Period as illustrated in the table below:

	Total trading volume for the month/ period <i>Number of Shares</i>	Number of trading days in the corresponding month/period	Average daily trading volume for the relevant month/period <i>Number of Shares (Note 1)</i>	Percentage of average daily trading volume to number of Shares in issue as at the end of the relevant month/period <i>(Note 2)</i>
2019				
September (Starting from 25 Sep)	75,000	4	18,750	0.01%
October	224,525	21	10,692	0.01%
November	5,135,150	21	244,531	0.01%
December	795,175	20	39,759	0.00%
2020				
January	1,560,283	20	78,014	0.01%
February	1,635,000	20	81,750	0.01%
March	315,000	22	14,318	0.01%
April	665,000	19	35,000	0.01%
May	355,000	20	17,750	0.01%
June	452,250	21	21,536	0.01%
July	5,997,368	22	272,608	0.02%
August	7,719,841	21	367,611	0.02%
September (up to and including the Last Trading Day)	6,980,750	19	367,408	0.02%
			Maximum	0.02%
			Minimum	0.01%
			Average	0.01%

Source: The website of the Stock Exchange as well as next day disclosure returns, monthly returns and announcements published by the Company on the website of the Stock Exchange

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Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period which exclude any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole trading day.
2. Based on number of Shares in issue stated in the monthly return of the Company as at the respective month-end.

As illustrated in the table above, we note that the average number of Shares traded per trading date in each month during the Review Period as a percentage of the total number of issued Shares as at the respective month-ends ranged from approximately 0.01% to approximately 0.02%. Given the relatively thin trading liquidity of the Share during the Review Period, it would be difficult for the Shareholders to acquire/dispose a substantial block of the Shares in the open market, without exerting impact on the Share price. Accordingly, we consider that it is reasonable for the Subscription Price to be set at a discount to the prevailing historical closing prices of the Shares in order to attract the Qualifying Shareholders to participate in the Rights Issue, and to maintain their respective shareholding interests in the Company.

Comparison with recent rights issue transactions

We have independently reviewed rights issues announced by companies listed on the Stock Exchange during the six-month period prior to the date of the Underwriting Agreement, i.e. 25 September 2020. Based on such search criteria, we have identified 24 rights issues (the “**Rights Issue Comparable(s)**”) for comparison purposes. Although the circumstances surrounding such Rights Issue Comparables may be different from those relating to the Company, we consider that the six-month period is adequate and fair and reasonable to capture the prevailing market conditions in relation to rights issue transactions which the Right Issues Comparables, for illustrative purpose only, as a review of the rights issue transactions within the previous six-month period is more demonstrative of the prevailing market practices. To the best of our knowledge, the list of Rights Issue Comparables is an exhaustive list of rights issues meeting the aforesaid search criteria and is a fair and representative sample to be taken as a general reference of the recent market practices in relation to rights issues, details of which are set out in the table below.

Although the Rights Issue Comparables may be different from the Group in terms of business nature, financial performance, financial position and funding requirements, the Rights Issue Comparables can serve as a market reference for recent market practices in relation to the subscription prices under other rights issues as compared to the relevant prevailing market share prices and provide an insight to the reasonableness of the Subscription Price in respect of the Rights Issue.

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Date of announcement	Company name (stock code)	Basis of entitlement	Premium/ (Discount) of subscription price to the closing price on the last trading day (%)	Premium/ (Discount) of subscription price to the theoretical ex-rights price (%)	Premium/ (Discount) of subscription price to the net asset value (%) <i>(note 1)</i>	Maximum dilution (%)	Underwriting commission (%) <i>(note 1)</i>	Excess application <i>(Yes/No)</i>
18-Sep-20	Wan Cheng Metal Packaging Company Limited (8291)	3 for 1	(19.40)	(5.70)	(89.60)	75.00	N/A	No
11-Sep-20	Amber Hill Financial Holdings Limited (33)	3 for 1	(23.66)	(7.79)	N/A	75.00	N/A	No
3-Sep-20	Aeso Holding Limited (8341)	3 for 1	(16.70)	(4.80)	N/A	75.00	N/A	No
28-Aug-20	Royal Century Resources Holdings Limited (8125)	2 for 1	(25.00)	(10.00)	(81.10)	66.67	2.00	No
28-Aug-20	Milan Station Holdings Limited (1150)	5 for 2	(10.57)	(3.51)	N/A	71.43	2.00	Yes
24-Aug-20	Wealth Glory Holdings Limited (8269)	5 for 2	(11.10)	(3.60)	(82.50)	71.43	2.50	Yes
10-Aug-20	Beaver Group (Holding) Company Limited (8275)	1 for 2	(28.95)	(20.59)	N/A	33.33	5.00	Yes
5-Aug-20	Greatwalle Inc. (8315)	1 for 3	(27.54)	(21.88)	N/A	25.00	fix amount of HK\$200,000	Yes
30-Jul-20	Larry Jewelry International Company Limited (8351)	5 for 1	(29.17)	(6.59)	(60.47)	83.33	5.00	Yes
16-Jul-20	Langham Hospitality Investments Limited (1270)	1 for 2	(13.60)	(9.50)	(79.70)	33.33	non-underwritten basis	Yes
7-Jul-20	National Investments Fund Limited (1227)	5 for 1	(28.57)	(6.25)	N/A	83.33	3.50	Yes
6-Jul-20	China Merchants Securities Co., Ltd. (6099)	3 for 10	(41.79)	(20.33)	N/A	23.08	nil	Yes
2-Jul-20	Luxey International (Holdings) Limited (8041)	1 for 2	(58.30)	(48.20)	(16.70)	33.33	non-underwritten basis	Yes
9-Jun-20	Cathay Pacific Airways Limited (293)	2 for 7	(46.90)	(35.00)	(70.70)	22.22	2.00	Yes
1-Jun-20	Summit Ascent Holdings Limited (102)	3 for 2	nil	0.67	(34.21)	60.00	nil	No
29-May-20	Forebase International Holdings Limited (2310)	1 for 2	nil	nil	N/A	33.33	higher of (i) HK\$200,000; or (ii) 2.5% <i>(note 2)</i>	No
27-May-20	Teamway International Group Holdings Limited (1239)	2 for 1	(14.89)	(5.51)	N/A	66.67	non-underwritten basis	Yes
26-May-20	Chinese Strategic Holdings Limited (8089)	1 for 2	(24.53)	(17.81)	(62.93)	33.33	3.00	Yes
22-May-20	Future World Financial Holdings Limited (572)	1 for 2	(10.00)	(6.90)	(87.98)	33.33	5.00	No
19-May-20	hmvod Limited (8103)	5 for 1	(64.00)	(22.90)	N/A	83.33	3.00	Yes
15-May-20	HongDa Financial Holding Limited (1822)	1 for 5	nil	nil	270.37	16.67	non-underwritten basis	Yes
11-May-20	Victory City International Holdings Limited (539)	2 for 1	(30.35)	(12.50)	(98.40)	66.67	1.75	Yes
9-Apr-20	Shen You Holdings Limited (8377)	1 for 2	(12.20)	(8.50)	N/A	33.33	3.50	Yes
25-Mar-20	Anxian Yuan China Holdings Limited (922)	3 for 2	(32.89)	(18.09)	(84.86)	60.00	non-underwritten basis	Yes
	Minimum		(64.00)	(48.20)	(98.40)	16.67	nil	
	Maximum		nil	0.67	270.37	83.33	5.00	
	Average		(23.75)	(12.30)	(44.52)	52.42	2.73	
	Median		(24.10)	(8.15)	(79.70)	60.00	2.75	
25-Sep-20	The Company (2700)	1 for 1	(17.81)	(9.77)	77.30	50.00	2.50	Yes

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

Notes:

1. N/A as the relevant information was not included as part of the analysis in their respective published announcements.
2. The rights issue of Forebase International Holdings Limited proceeded on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted rights shares. Forebase International Holdings Limited entered into a placing agreement with a placing agent to procure independent place(s) to subscribe for the unsubscribed rights shares and unsold rights shares on a best effort basis. This is similar to the Rights Issue currently undertaken by the Company, which is underwritten only on best effort basis and may proceed to completion irrespective of the level of acceptance.

As shown on the above table, the subscription prices of most of the Rights Issue Comparables are set at discounts to the respective closing prices per share on the last trading day ranging from approximately nil to approximately 64.00% with an average discount and median discount of approximately 23.75% and 24.10%, respectively. The Subscription Price represents a discount of approximately 17.81% to the closing price per Share on the Last Trading Day (“**LTD Discount**”), which is within the range of discounts of the Rights Issue Comparables and broadly in line with the average discount of approximately 23.75% of the Rights Issue Comparables (“**LTD Average Discount**”) and the median discount of approximately 24.10% of the Rights Issue Comparables (“**LTD Median Discount**”).

We also note that the premium or discount to the theoretical ex-rights price per share represented by the Rights Issue Comparables ranged from a discount approximately 48.20% to a premium of approximately 0.67%, with an average discount and median discount of approximately 12.30% and 8.15%, respectively. The Subscription Price represents a discount of approximately 9.77% to the theoretical ex-rights price per Share, which falls within the range of the Rights Issue Comparables and broadly in line with the corresponding average and median represented by the Rights Issue Comparables.

Moreover, as shown on the above table, the premium/discount to the net asset value per share represented by the Rights Issue Comparables ranged from discount of approximately 98.40% to premium of approximately 270.37%, with an average discount and median discount of approximately 44.52% and 79.70%, respectively. The Subscription Price represents a premium of approximately 77.30% to the unaudited net asset value per Share as at 30 June 2020, which was significantly above the average and median as represented by the subscription prices of the Rights Issue Comparables to their respective latest net asset values per share.

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We further note that the maximum dilution effect of approximately 50.00% in respect of the Rights Issue falls within the range of the maximum dilution effect of the Rights Issue Comparables and below the average and median of the maximum dilution effect of the Rights Issue Comparables. Nonetheless, having taken into account the following factors:

- (i) the Independent Shareholders are given the chances to express their views on the terms of the Rights Issue and the Underwriting Agreement through their votes at the EGM;
- (ii) the Rights Issue is on the basis that all Qualifying Shareholders have been offered equal opportunity to maintain their proportional shareholding and participate in the capital base enlargement of the Company;
- (iii) Qualifying Shareholders have the opportunity to sell their nil-paid Rights Shares in the market, subject to the then prevailing market conditions, should they wish so;
- (iv) the inherent dilutive nature is general for all cases of rights issues;
- (v) the maximum dilution effect only occurs when the Qualifying Shareholders do not subscribe for their proportionate Rights Shares; and
- (vi) the positive financial effect as a result of the Rights Issue as detailed in the sections headed “2. Background of and reasons for the Rights Issue” above and “6. Possible financial effects of the Rights Issue” below,

We are of the opinion that the potential dilution effect on the shareholding for the Qualifying Shareholders who decide not to subscribe for their proportionate Rights Shares is justifiable.

Based on the above analysis of historical closing prices of the Shares and the Rights Issue Comparables, we consider that the Subscription Price to be within the range of the Rights Issue Comparables. Accordingly, although the Subscription Price of HK\$0.060 per Shares was below the closing price of the Shares during the Review Period and the LTD Discount is slightly higher than the LTD Average Discount and the LTD Median Discount, we concur with the Directors that, taking into account (i) the low trading liquidity of Shares for the twelve (12) months immediately preceding the Last Trading Day; (ii) the prevailing market price of Shares and the generally downward trend of the closing prices of the Shares during the Review Period, as well as the theoretical ex-rights price; (iii) the majority of the Rights Issue Comparables which the subscription prices of their rights issue were also issued at discounts to their prevailing market prices; and (iv) the Directors’ consideration of the future business development of the Group, we are of the view that the Subscription Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

4.2 Underwriting Agreement

As set out in the Letter from the Board, the commission rate of 2.5% under the Underwriting Agreement was determined after arm's length negotiations between the Company and the Underwriter by reference to the market rate. According to the Rights Issue Comparables (details of which are set out in paragraph 5.1 above), the underwriting commission of the Rights Issue Comparables ranged from a minimum of nil to a maximum of 5.00%, with an average and median of approximately 2.73% and 2.75%, respectively. As the underwriting commission of the Rights Issue of 2.5% is within the range and below the average and median of the Rights Issue Comparables, details of which are set out in the paragraph headed "Comparison with recent rights issue transactions" of section 5.1 of this letter, we are of the view that the underwriting commission of 2.5% under the Underwriting Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

It should also be noted that the Rights Issue will not proceed if the Underwriter exercises its termination rights under the Underwriting Agreement. Details of the provisions granting the Underwriter such termination rights are set out in the section headed "Rescission and termination of the Underwriting Agreement" in the Letter from the Board. In view that it is common to have a termination clause incorporated in the underwriting agreement and the termination events are customary in nature, we consider such provisions are normal commercial terms and in line with the normal market practice. We have also reviewed other major terms of the Underwriting Agreement and are not aware of any terms being unusual.

Accordingly, we are of the view that the terms of the Underwriting Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Independent Shareholders as a whole.

The Rights Issue (excluding the Committed Shares) is only underwritten by the Underwriter on a best effort basis. The Company has approached various financial institutions to explore interest in underwriting the Rights Issue. Amongst the financial institutions approached by the Company, only the Underwriter (being a wholly-owned subsidiary of the Company) expressed interest in acting as underwriter of the Rights Issue because it is more familiar with the Group's business operations. However, the Underwriter is only prepared to conduct underwriting on a best effort basis instead of committed basis, as it is not prepared to set aside any underwriting commitment as a matter of financial resources of a licensed corporation. In connection to this, taking into account of (i) the terms of the Underwriting Agreement are on normal commercial terms and generally consistent with the market practice; (ii) the Rights Issue offers all the Qualifying Shareholders equal opportunity to subscribe for their pro-rata provisional allotments of the Rights Shares; (iii) underwriting on a best effort basis would provide a distribution channel of the unsubscribed Rights Shares to the Company; and (iv) in particular, the underwriting commission of the Rights Issue of 2.5% is within the range and below the average and median of that of the Rights Issue Comparables, we are of the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

view that the underwriting on a best effort basis is fair and reasonable and in the interests of the Company and the Shareholders as a whole, and would safeguard the interests of the Independent Shareholders.

4.3 Potential dilution effect of the Rights Issue

For illustration purpose only, set forth below is the shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of the Rights Issue, assuming: (i) all the Rights Shares are fully subscribed by the Shareholders and there being no Non-Qualifying Shareholders; and (ii) none of the Rights Shares are subscribed by the Shareholders (except the Participating Shareholders) and all Untaken Shares are successfully procured for subscription by the Underwriter; and (iii) the Rights Shares are only subscribed by the Participating Shareholders and none of the Untaken Shares are successfully procured for subscription by the Underwriter:

Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue					
			Assuming all the Rights Shares are fully subscribed by Qualifying Shareholders		Assuming none of the Rights Shares are subscribed by Qualifying Shareholders (except the Participating Shareholders) and all Untaken Shares are successfully procured for subscription by the Underwriter (Note 6)		Assuming the Rights Shares are only subscribed by the Participating Shareholders and none of the Untaken Shares are successfully procured for subscription by the Underwriter (Note 7)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Jumbo Faith (Note 1)	756,061,682	45.83	1,512,123,364	45.83	1,512,123,364	45.83	763,690,507	46.03
Gold Bless (Note 2)	246,924,406	14.97	493,848,812	14.97	246,924,406	7.48	246,924,406	14.88
Fluent Robust (Note 3)	169,117,647	10.25	338,235,294	10.25	338,235,294	10.25	170,824,081	10.30
Mr. Liu Dong (Note 4)	62,865,000	3.81	125,730,000	3.81	62,865,000	1.91	62,865,000	3.79
Subscribers procured by the Underwriter (Note 5)	—	—	—	—	724,557,404	21.96	—	—
Public Shareholders	<u>414,767,998</u>	<u>25.14</u>	<u>829,535,996</u>	<u>25.14</u>	<u>414,767,998</u>	<u>12.57</u>	<u>414,767,998</u>	<u>25.00</u>
Total	<u>1,649,736,733</u>	<u>100.00</u>	<u>3,299,473,466</u>	<u>100.00</u>	<u>3,299,473,466</u>	<u>100.00</u>	<u>1,659,071,992</u>	<u>100.00</u>

Notes:

- Jumbo Faith is a controlled corporation wholly-owned by Ms. Zhou, the spouse of Mr. Yu
- Gold Bless is a company whose issued shares were registered, according to the disclosure of interest filings made on behalf of Mr. Yang Wang Jian (“Mr. Yang”), an ex-director of the Company, as to: (a) 65% in the name of Mr. Yang; (b) 20% in the name of Mr. Yu; and (c) 15% in the name of Winning Top Investments Limited, a company which is wholly-owned by Mr. Yu. Gold Bless is deemed to be a controlled corporation of Mr. Yu.
- Fluent Robust is a controlled corporation wholly-owned by Hong Kong Sheen Smile International Investment Limited, which is in turn wholly-owned by Mr. Yu.

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4. Mr. Liu Dong is an executive Director of the Company.
5. Since the Underwriter is a wholly-owned subsidiary of the Company, it will only procure for subscription, but will not itself subscribe, for any Untaken Shares. Pursuant to the Underwriting Agreement, the Underwriter shall ensure that (i) each of the subscribers of the Untaken Shares procured by it shall be an Independent Third Party; (ii) none of such subscribers, together with any party acting in concert with it, will hold 30% (or such other percentage which shall trigger any MGO Obligation under the Takeovers Code) or more of the voting rights of the Company; and (iii) the Public Float Requirement under the Listing Rules remains to be fulfilled by the Company upon completion of the Rights Issue.
6. Since the collective shareholding of the Covenanting Shareholders is already close to the upper limit of 75%, if no Shareholder (except the Participating Shareholders) participates in the Rights Issue, the Underwriter must successfully place at least some Underwritten Shares in order for the Rights Issue to complete with a sensible amount of net proceeds. Otherwise, the scaling-down mechanisms of the Rights Issue will operate to scale-down a significant part of the Committed Shares undertaken by the Participating Shareholders, notwithstanding the Irrevocable Participation Undertakings, in order to maintain the Public Float Requirement.
7. If only the Participating Shareholders participate in the Rights Issue and none of the Untaken Shares are successfully procured for subscription by the Underwriter, the scaling-down mechanisms of the Rights Issue will operate to scale-down the Committed Shares undertaken by the Participating Shareholders on a pro-rata basis in order to maintain the Public Float Requirement.

The Qualifying Shareholders who take up their provisional allotments of the Rights Shares in full will not suffer any dilution, while the shareholding interests of those who decide not to take up any of their provisional allotments of the Rights Shares will be diluted to a maximum extent of approximately 50.00% (which is calculated by dividing the number of Rights Shares to be issued by the summation of the number of Shares in issue as at the Latest Practicable Date and the number of Rights Shares to be issued).

Notwithstanding the potential dilution to the Independent Shareholders' proportional shareholding interests in the Company as discussed above, having taken into account that:

- (i) the Independent Shareholders can attend and vote for or against the relevant resolution(s) in relation to the Rights Issue and the Underwriting Agreement at the EGM;
- (ii) the Qualifying Shareholders can elect to accept the Rights Issue or not;
- (iii) the Qualifying Shareholders will have the opportunities to sell their nil-paid rights to subscribe for the Rights Shares in the market, for economic benefit;
- (iv) the Rights Issue will offer the Qualifying Shareholders an opportunity to subscribe for their Rights Shares to maintain their respective pro-rata shareholding interests in the Company at a deep discount as compared to the net asset value and historical and prevailing market price of the Shares; and
- (v) those Qualifying Shareholders who take up their assured allotments in full under the Rights Issue will maintain their respective pro-rata shareholding interests in the Company after completion of the Rights Issue.

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We are of the view that notwithstanding the cumulative dilution effect on the Shareholding interests of the Independent Shareholders, which will only result when the Qualifying Shareholders do not subscribe for their pro-rata allotments of the Rights Shares, the Rights Issue can satisfy the imminent funding need of development cost which is in the interest of the Shareholders and the Company as a whole.

4.4 Application for excess Rights Shares

With reference to the Letter from the Board, the Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders and for any Rights Shares provisionally allotted but not accepted.

The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis on the principle that any excess Rights Shares will be allocated to the applying Qualifying Shareholders on a pro rata basis by reference to the number of the excess Rights Shares applied for under each application, but no reference will be made to the Rights Shares subscribed through applications by PAL(s) or the existing number of Shares held by such Qualifying Shareholders. No preference will be given to applications for topping up odd-lot holdings to whole lot holdings. Pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will take steps to identify the applications for excess Rights Shares made by any controlling shareholder or its associates (together, the “**Controlling Shareholder Group**”), whether in their own names or through nominees. The Company shall disregard the Controlling Shareholder Group’s applications for excess Rights Shares to the extent that the total number of 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 Controlling Shareholder Group under their assured entitlement to the Rights Shares.

Based on our review of the basis of allocation, we are not aware of any unusual arrangement as compared to the Rights Issue Comparables. We therefore consider that such allocation basis is consistent with normal market practice.

5. Possible financial effects of the Rights Issue

Cash resources

Upon completion of the Rights Issue, it is expected that the Company would raise net proceeds of approximately HK\$95.9 million. The Company intends to apply such net proceeds in the following order of priority: (i) as to the first HK\$15.0 million for the Group’s corporate expenses and overheads (including salaries, rental payments, professional fees and capital injection for the Group’s licensed corporations); and (ii) as to the remaining net proceeds for the potential acquisitions, expansion and equipment purchase of the Group’s hospital business. As such, upon completion of the Rights Issue with the maximum number of 1,649,736,733 Rights Shares being issued and allotted, the Group’s unaudited bank balances and cash including bank deposits would increase by approximately HK\$95.9 million to approximately HK\$142.1 million based on the

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unaudited bank balance and cash of approximately HK\$46.2 million as at 30 June 2020. The amount of net proceeds earmarked is fair and reasonable as discussed in the section headed “2. Background of and reasons for the Rights Issue” above in this letter.

Gearing ratio

According to the 2020 Interim Results Announcement, the total debts (which includes bonds payable, lease liabilities and convertible bonds) and total equity attributable to the equity holders of the Company as at 30 June 2020 were approximately HK\$81.5 million and approximately HK\$55.8 million, respectively. Accordingly, the gearing ratio (being the ratio of total debts to total equity attributable to the equity holders of the Company) was approximately 146.1%. According to the unaudited pro forma financial information of the Group as set out in Appendix II to the Circular, the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2020 was approximately HK\$31.9 million. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company immediately after the completion of the Rights Issue would be approximately HK\$127.8 million as a result of the inflow of net proceeds from the estimated net proceeds from the Rights Issue assuming the maximum number of 1,649,736,733 Rights Shares being issued and allotted.

Based on the foregoing, we consider that the Rights Issue can provide additional liquidity and enhance the overall financial position of the Company.

RECOMMENDATION

Having taken into consideration the principal factors and reasons discussed above, we are of the opinion that the Rights Issue is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee advise the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the Rights Issue and transactions contemplated thereunder.

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

Note: Mr. Robert Siu is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Red Sun Capital Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 22 years of experience in corporate finance industry.

1. FINANCIAL INFORMATION

Financial information of the Group for the years ended 31 December 2017, 31 December 2018 and 31 December 2019 and for the six months ended 30 June 2020 are disclosed on (i) pages 74–162 of the annual report of the Company for the year ended 31 December 2017 published on 30 April 2018 (“**2017 Annual Report**”); (ii) pages 65–170 of the annual report of the Company for the year ended 31 December 2018 published on 29 April 2019 (“**2018 Annual Report**”); (iii) pages 57–152 of the annual report of the Company for the year ended 31 December 2019 published on 15 May 2020 (“**2019 Annual Report**”); and (iv) pages 4 to 34 of the interim report of the Company for the six months ended 30 June 2020 published on 30 September 2020 (“**2020 Interim Report**”), respectively. The said annual reports and interim report are published on both the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (<http://www.irasia.com/listco/hk/greeninternational/>).

Please refer to the hyperlinks as stated below:

2017 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0430/ltn20180430839.pdf>

2018 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/ltn201904292869.pdf>

2019 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0515/2020051500936.pdf>

2020 Interim Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0930/2020093000784.pdf>

2. INDEBTEDNESS OF THE GROUP

As at the close of business on 31 August 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the publication of this circular, the Group had (i) total lease liabilities of approximately HK\$69,755,000, (ii) unsecured bonds payable to independent third parties of approximately HK\$12,204,000, bearing interest at 5% and 7.15% per annum and maturing on 28 June 2023 and 24 March 2024, and (iii) other payable of approximately HK\$14,835,000 which is unsecured, interest free, repayable on demand and reclassified from convertible bonds due to delay of the redemption process (without any fault on the part of the Company, pending the resolution of litigation and dispute amongst other parties) after the date of maturity on 15 April 2019.

Save as disclosed above, as at the close of business on 31 August 2020, the Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, overdrafts, debt securities and other borrowings, mortgages, charges or lease liabilities, contingent liabilities or guarantees.

The Directors confirmed that the Group do not have any plans for material external debt financing and no material changes in the indebtedness and contingent liabilities of the Group since 31 August 2020 up to and including the Latest Practicable Date.

3. WORKING CAPITAL STATEMENT

Taking into account the estimated net proceeds from the Rights Issue and the financial resources available to the Group, the Directors, after due and careful enquiry, are of the opinion that the Group will have sufficient working capital to satisfy its requirements for the next twelve months from the date of this circular in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that there are no other material changes in the financial or trading position or outlook of the Group subsequent to 31 December 2019, being the date to which the latest published audited financial statements of the Group was made up to.

5. FINANCIAL AND TRADING PROSPECTS

The Group is principally engaged in the provision of (i) health, medical and related services, comprising the Group's hospital business operated through two hospitals in Hunan Province; (ii) beauty and wellness services, comprising the beauty centers and products shops in Shenzhen under the brand name of "Marsa"; and (iii) integrated financial services, comprising two licensed corporations licensed to carry on securities brokerage, advising on securities and asset management services in Hong Kong. The Group operates its hospital business through Li County Phoenix Hospital Company Limited and Yiyang Zizhong Kidney Disease Hospital Company Limited, both having the medical organization operating license granted by the local bureau of the National Health Commission to carry out, among other permitted medical treatments, hemodialysis treatment.

The Group's production facilities are principally situated in Hunan Province and Shenzhen City. Since late of January 2020, travel restrictions and other public health measures (the "**Public Health Measures**") including the extension of Chinese new year holiday and quarantine requirements of travelers were imposed in various areas in China in an attempt to control COVID-19, as a result of which some staff of the Group were restricted from travelling or otherwise returning to work after holiday. The prolonged effect of COVID-19 and the Public Health Measures has adversely affected the Group's club house business and beauty and wellness business in Shenzhen.

The performance of the club house business and beauty and wellness business continued to be sluggish in January 2020 due to the traditionally low season for these industries around the time of Chinese new year, and further deteriorated in the first quarter of 2020 due to the abrupt downturn of the service industry and weakened consumer market due to change of consumption pattern during the COVID-19 epidemic.

In light of the global outbreak of the COVID-19, the weakened consumer market in China, and the unsatisfactory business performance of the club house business, the Group disposed of the club house business for a cash consideration of HK\$100,000 in May 2020 and recorded a gain on disposal of subsidiaries in the amount of approximately HK\$2,789,000. Through the disposal, the Group can cut the operating loss arising from the club house business. Among the various business sectors in which the Group operates, the hospital business has a higher level of user adherence and appears to be least affected by the new consumption pattern resulted from COVID-19 epidemic. In addition, with the raising awareness of public hygiene and health, the Company expects to see the growth of demand for high quality hemodialysis service providers in China.

The Group's experience in operating medical business for the past two years has laid a solid foundation for the launch of further business development and expansion. The Company currently plans to acquire the majority shareholding in hemodialysis centers in China. Although no binding agreement has been entered into by the Company for any of these potential acquisitions, it is important for the Company to launch the Rights Issue to get ready with the funding simultaneously with the ongoing negotiations to enhance the Company's bargaining power and demonstrate capability to complete the purchases with internal funding resources. The Company also has plans to expand the capacity of its existing hospitals to increase its revenue, and to purchase certain equipment instead of lease to improve profitability.

Going forward, the Group will closely take note of the development of the COVID-19 epidemic and its impact on the Group's businesses, and will proactively take preventive measures to mitigate the impact of the COVID-19 on its businesses.

APPENDIX II	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP
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A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as if the Rights Issue had been completed on 30 June 2020.

The unaudited pro forma net tangible assets is prepared for illustrative purpose only and, because of its hypothetical nature, it may not reflect a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company had the Rights Issue been completed as at the date to which it is made up or at any future date.

The unaudited pro forma net tangible assets is prepared based on the unaudited condensed consolidated statement of financial position of the Group attributable as at 30 June 2020, as extracted from the published interim report of the Company for the six months ended 30 June 2020, and is adjusted for the effect of the Rights Issue described below.

Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2020 <i>HK\$'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Rights Issue <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2020 immediately after completion of the Rights Issue <i>HK\$'000</i>	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2020 per Share <i>HK\$</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2020 immediately after completion of the Rights Issue <i>HK\$</i> <i>(Note 4)</i>
Based on the maximum of 1,649,736,733 Rights Shares at the subscription price of HK\$0.060 per Rights Share				
31,850	95,900	127,750	0.019	0.039
Based on the minimum of 9,335,259 Rights Shares at the subscription price of HK\$0.060 per Rights Share				
31,850	(1,454)	30,396	0.019	0.018

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP
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Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to owners of the Company of HK\$31,850,000 as at 30 June 2020 are calculated by the published interim report of the Company for the six months ended 30 June 2020 of approximately HK\$62,405,000, and deducting from it: (a) goodwill in the amount of approximately HK\$10,728,000, (b) trademark user right and technical know-how in the amount of approximately HK\$13,250,000, and (c) non-controlling interests of approximately HK\$6,577,000.

2. The estimated net proceeds from the Rights Issue of approximately HK\$95,900,000 are based on the maximum of 1,649,736,733 Rights Shares to be issued (in the proportion of one rights share for every one existing share at the subscription price of HK\$0.060 per Rights Share, after deduction of the estimated related expenses of approximately HK\$3,100,000, assuming that the Rights Issue had been completed on 30 June 2020.

The estimated net proceeds from the Rights Issue of the minimum number of Rights Shares of negative cash outflows of approximately HK\$1,454,000 are based on 9,335,259 Rights Shares to be issued (in the proportion of one rights share for every one existing share) at the subscription price of HK\$0.060 per Rights Share, after deduction of the estimated related expenses of approximately HK\$2,014,000, assuming that the Rights Issue had been completed on 30 June 2020.

3. The calculation of the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2020 per Share is determined based on the consolidated net tangible assets of the Group attributable to owners of the Company of HK\$31,850,000 divided by the number of shares in issue of 1,649,736,733 as at 30 June 2020.

4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2020 per Share immediately after the completion of the maximum issuance of Rights Issue is arrived at based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2020 immediately after completion of the Rights Issue of HK\$127,750,000 divided by 3,299,473,466 Shares, which represent maximum number of 1,649,736,733 Shares in issue on the Record Date (assuming no further issue or repurchase of Shares on or before the Record Date) and 1,649,736,733 Rights Shares to be issued pursuant to the Rights Issue assuming that the Rights Issue had been completed on 30 June 2020.

The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2020 per Share immediately after the completion of the minimum issuance of Rights Issue is arrived at based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2020 immediately after completion of the Rights Issue of HK\$30,396,000 divided by 1,659,071,992 Shares, which represent 1,649,736,733 Shares in issue on the Record Date and 9,335,259 Rights Shares (representing (i) approximately 0.57% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) 0.56% of the issued share capital of the Company as enlarged by such 9,335,259 Rights Shares) to be issued pursuant to the Rights Issue assuming that the Rights Issue had been completed on 30 June 2020.

5. No adjustments have been made to the unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2020.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The following is the text of the independent reporting accountants' assurance report received from HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this circular.



31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong
23 October 2020

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

To the Directors of Green International Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Green International Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2020 and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out in Appendix II to the circular issued by the Company dated 23 October 2020 (the “**Circular**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix II to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue on the basis of one rights share for every one existing share held on the record date at the subscription price of HK\$0.060 per rights share (the “**Rights Issue**”) on the Group's unaudited consolidated net tangible assets attributable to the owners of the Company as at 30 June 2020 as if the Rights Issue had taken place at 30 June 2020. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's unaudited consolidated financial statements for the period ended 30 June 2020, on which interim report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

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

Our Independence and Quality Control

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

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

Reporting Accountants' Responsibilities

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

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

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

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP
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The purpose of Unaudited Pro Forma Financial Information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2020 would have been as presented.

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

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

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

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully
HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Tien Sun Kit, Jack
Practicing Certificate Number: P07364
Hong Kong, 23 October 2020

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Rights Issue (assuming full acceptance of the Rights Issue and no further issue or repurchase of Shares from the Latest Practicable Date up to completion of the Rights Issue) are set out as follows.

(i) as at the Latest Practicable Date:

<i>Authorised:</i>		<i>HK\$</i>
<u>5,000,000,000</u> Shares		<u>200,000,000.00</u>
<i>Issued and fully paid up:</i>		
<u>1,649,736,733</u> Shares		<u>65,989,469.32</u>

(ii) immediately after completion of the Rights Issue (assuming full acceptance of the Rights Issue and no further issue or repurchase of Shares from the Latest Practicable Date up to completion of the Rights Issue):

<i>Authorised:</i>		<i>HK\$</i>
<u>5,000,000,000</u> Shares		<u>200,000,000.00</u>
<i>Issued and fully paid up:</i>		
1,649,736,733	Shares in issue as at the Latest Practicable Date	65,989,469.32
<u>1,649,736,733</u>	Maximum number of Rights Shares to be allotted and issued	<u>65,989,469.32</u>
<u>3,299,473,466</u>	Maximum number of Shares in issue and full paid upon completion of the Rights Issue	<u>131,978,938.64</u>

All the existing Shares in issue are fully-paid and rank *pari passu* in all respects including all rights as to dividends, voting and return of capital. The Rights Shares will, when issued and fully paid, rank *pari passu* in all respects with the Shares then in issue including the right to receive future dividends and distributions which may be declared, made or paid after the completion of the Rights Issue.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company had no outstanding convertible securities, options, derivatives or warrants in issue which confer any right to subscribe for, convert or exchange into Shares prior to the Record Date.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

As at the Latest Practicable Date, no share or loan capital of the Company or any members of the Group had been put under option or agreed conditionally or unconditionally to be put under option.

3. DISCLOSURE OF INTERESTS

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

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (a) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or (b) which were recorded in the register (the “**Register**”) maintained by the Company pursuant to Section 352 of the SFO, or (c) which were notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules were as follows:

Name of Director	Capacity in which the Shares are held	Long positions in Shares	Approximate percentage of total issued Shares (Note 3)
Mr. Yu	Interest of controlled corporations and family interests	1,172,103,735 (Note 1)	71.05%
Mr. Liu	Beneficial owner and interest of controlled corporation	62,865,000 (Note 2)	3.81%

Notes:

1. According to the disclosure of interest filings, these 1,172,103,735 Shares deemed to be interested by Mr. Yu comprised:
 - (a) 169,117,647 Shares beneficially owned by Fluent Robust, which is a controlled corporation wholly-owned by Hong Kong Sheen Smile International Investment Limited (“**HK Yinger**”), which is in turn wholly-owned by Mr. Yu;
 - (b) 246,924,406 Shares beneficially owned by Gold Bless, a company whose issued Shares were registered, according to the disclosure of interest filings made on behalf of Mr. Yang Wang Jian (“**Mr. Yang**”), an ex-director of Gold Bless and an ex-director of the Company, as to: (a) 65% (the “**Disputed Gold Bless Shareholding**”) in the name of Mr. Yang; (b) 20% in the name of Mr. Yu; and (c) 15% in the name of Winning Top Investments Limited (“**Winning Top**”), a company which is wholly-owned by Mr. Yu; and
 - (c) 756,061,682 Shares beneficially owned by Jumbo Faith, a controlled corporation wholly-owned by Ms. Zhou. Ms. Zhou and Jumbo Faith’s deemed interests in 756,061,682 Shares duplicates with each other. Mr. Yu, as the spouse of Ms. Zhou, is taken to be interested in the 756,061,682 Shares held by Ms. Zhou and Jumbo Faith by virtue of Part XV of the SFO.

Gold Bless is deemed to be a controlled corporation of Mr. Yu pursuant to Part XV of the SFO because of the 20% and 15% registered shareholding of Mr. Yu and Winning Top in Gold Bless. In addition, based on the information provided by Mr. Yu, (i) he has an alleged claim over the Disputed Gold Bless Shareholding; (ii) he has commenced legal action (the “**Gold Bless Litigation**”) against Mr. Yang which may, subject to the outcome of the litigation, affect the ownership of the Disputed Gold Bless Shareholding; and (iii) pursuant to the order of the High Court of Hong Kong, Mr. Yang cannot deal with the Disputed Gold Bless Shareholding and with the 246,924,406 Shares held by Gold Bless until further order or the conclusion of the Gold Bless Litigation.

The deemed interest of Mr. Yu regarding the 169,117,647 Shares held by Fluent Robust duplicates with those of HK Yinger and Fluent Robust as described in Note 1(a) in the section headed “(b) Substantial Shareholders’ interests in shares” below. The deemed interest of Mr. Yu regarding the 246,924,406 Shares held by Gold Bless duplicates with those of Gold Bless and Mr. Yang as described in Note 1(b) in the section headed “(b) Substantial Shareholders’ interests in shares” below. The deemed interest of Mr. Yu regarding the 756,061,682 Shares held by Ms. Zhou and Jumbo Faith duplicates with those of Ms. Zhou and Jumbo Faith as described in Note 1(c) in the section headed “(b) Substantial Shareholders’ interests in shares” below.

2. These 62,865,000 Shares deemed to be interested by Mr. Liu comprised (a) 22,865,000 Shares held by Mr. Liu personally; and (b) 40,000,000 Shares held by Smoothly Good Investment Development Limited (“**Smoothly Good**”), a controlled corporation wholly-owned by Mr. Liu. Mr. Liu and Smoothly Good’s deemed interests in 40,000,000 Shares here duplicates with each other.
3. The percentages are calculated based on the total number of 1,649,736,733 issued shares as at Latest Practicable Date.

(b) Substantial Shareholders' interests in shares

As at the Latest Practicable Date, so far as was known to the Directors, the persons (other than a director or chief executive of the Company) who had an interest or short position in the Shares and underlying Shares as recorded in the register required to be kept under section 336 of the SFO and, so far as is known to the Directors of the Company, who has an interest in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of Substantial Shareholder	Capacity in which the Shares are held	Long positions in Shares	Approximate percentage of total issued Shares (Note 2)
Ms. Zhou	Interest of controlled corporations and family interests	1,172,103,735 (Note 1)	71.05%
Jumbo Faith	Beneficial owner	756,061,682 (Note 1(c))	45.83%
HK Yinger	Interest of controlled corporation	169,117,647 (Note 1(a))	10.25%
Fluent Robust	Beneficial owner	169,117,647 (Note 1(a))	10.25%
Gold Bless	Beneficial owner	246,924,406 (Note 1(b))	14.97%
Mr. Yang	Interest of controlled corporation	246,924,406 (Note 1(b))	14.97%

Notes:

- According to the disclosure of interest filings, these 1,172,103,735 Shares deemed to be interested by Ms. Zhou comprised:
 - 169,117,647 Shares beneficially owned by Fluent Robust, which is a controlled corporation wholly-owned by HK Yinger, which is in turn wholly-owned by Mr. Yu. Ms. Zhou, as the spouse of Mr. Yu, is taken to be interested in the 169,117,647 Shares held by Fluent Robust by virtue of Part XV of the SFO, which duplicates with the deemed interest of Mr. Yu as described in Note 1(a) in the section headed "(a) Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations" above;

- (b) 246,924,406 shares beneficially owned by Gold Bless, a company whose issued Shares were registered, according to the disclosure of interest filings made on behalf of Mr. Yang, an ex-director of Gold Bless and an ex-director of the Company, as to: (a) 65% in the name of Mr. Yang; (b) 20% in the name of Mr. Yu; and (c) 15% in the name of Winning Top, a company which is wholly-owned by Mr. Yu. Ms. Zhou, as the spouse of Mr. Yu, is taken to be interested in the 246,924,406 Shares held by Mr. Yu by virtue of Part XV of the SFO, which duplicates with those of Mr. Yu as described in Note 1(b) in the section headed “(a) Directors’ and chief executives’ interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations” above; and
 - (c) 756,061,682 shares beneficially owned by Jumbo Faith, a controlled corporation wholly-owned by Ms. Zhou. Ms. Zhou and Jumbo Faith’s deemed interests in 756,061,682 Shares duplicated with each other. The deemed interest of Ms. Zhou and Jumbo Faith here duplicates with those of Mr. Yu as described in Note 1(c) in the section headed “(a) Directors’ and chief executives’ interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations” above.
2. The percentages are calculated based on the total number of 1,649,736,733 issued Shares as at Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any persons (other than a director or chief executive of the Company) who had any interest or short position in the Shares and underlying Shares which would have to be recorded in the register required to be kept under section 336 of the SFO, or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. MATERIAL CONTRACTS

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

- (a) the subscription agreement dated 27 November 2018 entered into between the Company and Ms. Ye Keyi pursuant to which Ms. Ye Keyi subscribed for 66,500,000 Shares (equivalent to 266,000,000 pre-consolidation Share prior to the share consolidation of every four issued and unissued pre-consolidation Shares into one consolidated Share which became effective on 4 March 2019 (the “**Share Consolidation**”)) at the subscription price of HK\$0.212 per Share (equivalent to HK\$0.053 per pre-consolidation Share prior to the Share Consolidation);

- (b) the subscription agreement dated 27 November 2018 entered into between the Company and Ms. Ye Yingying pursuant to which Ms. Ye Yingying subscribed for 50,000,000 Shares (equivalent to 200,000,000 pre-consolidation Share prior to the Share Consolidation) at the subscription price of HK\$0.212 per Share (equivalent to HK\$0.053 per pre-consolidation Share prior to the Share Consolidation);
- (c) the subscription agreement dated 25 January 2019 entered into between the Company and Jumbo Faith pursuant to which Jumbo Faith subscribed for 754,716,981 Shares at the subscription price of HK\$0.212 per Share;
- (d) the share disposal agreement dated 20 September 2019 entered into between the Company (acting as lawful attorney of Ample Reach Limited, “**Ample Reach**”) and Mr. Lyu Huachang (“**Mr. Lyu**”) pursuant to which Mr. Lyu agreed to purchase 19,531,250 Shares legally and beneficially owned by Ample Reach and put in escrow with the Company pursuant to the terms of a deed of undertaking given by Ample Reach in favour of the Company dated 10 September 2018 at the disposal price of HK\$0.19 per Share;
- (e) the sale and purchase agreement dated 20 December 2019 entered into between the Company (as vendor) and Mr. Cao Limin (as purchaser) pursuant to which the Company agreed to sell, and Mr. Cao Limin agreed to purchase, the entire issued share capital of Harmonic Felicity Limited (“**Harmonic Felicity**”) for a cash consideration of HK\$2,200,000 payable on completion, together with a proportional entitlement to share any cash proceeds derived from any successful enforcement of winning judgment(s) of any of the recovery actions taken by Harmonic Felicity or its subsidiaries;
- (f) the disposal agreement dated 19 May 2020 entered into between the Company (as vendor) and Mr. Chen Xinghe (as purchaser) pursuant to which the Company agreed to sell, and Mr. Chen Xinghe agreed to purchase, the entire issued share capital of New Giant Holdings Limited for a total cash consideration of HK\$100,000; and
- (g) the Underwriting Agreement.

5. SERVICE CONTRACTS

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

6. LITIGATION

As disclosed in the announcement of the Company dated 20 December 2019, the Company issued 8% per annum convertible bonds to Hong Kong Qian Hai Financial Group Limited (“**HK Qianhai Financial**”) in an aggregate principal amount of HK\$12,000,000 (the “**Qianhai 2016 CB**”) carrying conversion right to convert into the shares of the Company. The Qianhai 2016 CB matured on 15 April 2019 without conversion. At or around the maturity date of the Qianhai 2016 CB, the Company received conflicting instructions from Mr. Zhang Xuejun (張學軍) (“**Mr. Zhang**”) and another entity named 深圳市前海盛尊華龍控股有限公司 (Shenzhen Qianhai Shengzun Hualong Holdings Co., Ltd.) (“**Shengzun Hualong**”), both purporting to have the authority from the holder of the Qianhai 2016 CB and each purporting to give different payment instructions to the Company regarding the recipient of the cash redemption amount. The Company was notified that Shengzun Hualong has commenced legal action against Mr. Zhang, HK Qianhai Financial and the Company (the “**Litigation**”) seeking to recover the cash redemption amount of the Qianhai 2016 CB. As the Company is capable and willing to honour its contractual obligations under the Qianhai 2016 CB and the delay, if any, on the redemption was the sole responsibilities of other parties who failed to provide consistent instructions to the Company, the Directors are of the view that the Litigation shall not have any significant impact on the financial position of the Company. The Company has instructed its legal advisers to uphold its own lawful right in the Litigation.

Save as disclosed above, as at the Latest Practicable Date, there was no litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

7. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinion or advice which are contained in this circular:

Name	Qualifications
HLB Hodgson Impey Cheng Limited	Certified Public Accountants
Red Sun Capital Limited	A licensed corporation under the SFO and permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which it appears herein.

As at the Latest Practicable Date, each of the above experts did not have any direct or indirect shareholding interest in any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the above experts had no direct or indirect interest in any assets which had been, since 31 December 2019 (being the date to which the latest published audited financial statements of the Group were made up), acquired, disposed of by or leased to, or were proposed to be acquired, disposed of by or leased to any member of the Group.

8. DIRECTOR'S INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group. As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2019 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

9. COMPETING INTERESTS

None of the Directors or their respective associates was materially interested in any business which competes or is likely to compete, either directly or indirectly, with the Group's business as at the Latest Practicable Date.

10. EXPENSES

The expenses in connection with the Rights Issue, including underwriting commission, printing, registration and translation charges, legal and accountancy fees are estimated to be approximately HK\$3.1 million, which are payable by the Company.

11. CORPORATE INFORMATION

Registered Office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business in Hong Kong	Suite 2102, 21/F West Tower, Shun Tak Centre 200 Connaught Road Central Hong Kong

Authorised representatives	Mr. Yu Qigang Suite 2102, 21/F West Tower, Shun Tak Centre 200 Connaught Road Central Hong Kong Mr. Chen Hanhong Suite 2102, 21/F West Tower, Shun Tak Centre 200 Connaught Road Central Hong Kong
Legal adviser to the Company	Legal advisers as to Hong Kong Law Cheung & Choy Room 2909-2911 Wing On Centre 111 Connaught Road Central Hong Kong
Auditors and reporting accountant	HLB Hodgson Impey Cheng Limited Certified Public Accountants 31/F, Gloucester Tower The Landmark 11 Pedder Street Central Hong Kong
Underwriter	Green Securities Limited Unit 201, 2/F So Hong Commercial Building No.41-47 Jervois Street Sheung Wan, Hong Kong
Financial adviser to the Company	Astrum Capital Management Limited Room 2704, 27/F, Tower 1 Admiralty Centre 18 Harcourt Road Admiralty, Hong Kong
Independent Financial Adviser to the Independent Board Committee	Red Sun Capital Limited Room 3303, 33/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong

Principal share registrar and transfer office in the Cayman Islands	Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Branch share registrar and transfer office in Hong Kong	Tricor Investor Services Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Principal banker	OCBC Wing Hang Bank Limited
Company Secretary	Mr. Tsang Kwok Wai (<i>Note</i>)

Note: Mr. Tsang Kwok Wai was appointed as the company secretary of the Company on 1 April 2019. Mr. Tsang, aged 50, is a fellow member of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants.

12. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors and senior management of the Company:

Name	Address
<i>Executive Directors</i>	
Mr. Yu Qigang	Suite 2102, 21/F West Tower, Shun Tak Centre 200 Connaught Road Central Hong Kong
Mr. Liu Dong	Suite 2102, 21/F West Tower, Shun Tak Centre 200 Connaught Road Central Hong Kong
Mr. Yu Xiangjin	Suite 2102, 21/F West Tower, Shun Tak Centre 200 Connaught Road Central Hong Kong

Non-executive Directors

Mr. Chen Hanhong
Suite 2102, 21/F
West Tower, Shun Tak Centre
200 Connaught Road Central
Hong Kong

Mr. Yu Zhoujie
Suite 2102, 21/F
West Tower, Shun Tak Centre
200 Connaught Road Central
Hong Kong

Independent non-executive Directors

Mr. Wu Hong
Suite 2102, 21/F
West Tower, Shun Tak Centre
200 Connaught Road Central
Hong Kong

Mr. David Tsoi
Suite 2102, 21/F
West Tower, Shun Tak Centre
200 Connaught Road Central
Hong Kong

Mr. Wang Chunlin
Suite 2102, 21/F
West Tower, Shun Tak Centre
200 Connaught Road Central
Hong Kong

Executive Directors

Mr. Yu Qigang (“**Mr. Yu**”), age 56, was appointed as an executive Director on 5 September 2013, the Chairman of the Board on 6 June 2017, the chairman of the nomination committee of the Company on 7 June 2017 and a member of the remuneration committee of the Company on 14 June 2017. He was a member of the Standing Committee of the Shenzhen Committee of Chinese Peoples’ Political Consultative Conference during the fourth and fifth sessions from 2005 to 2015. He is the founder of Shenzhen Yinger Fashion Group Co., Ltd and has over 25 years of operation and management experience in garment and fashion industries.

Mr. Liu Dong (“**Mr. Liu**”), aged 51, was appointed as an executive Director on 13 July 2018. He has completed his undergraduate studies in Medical University of People’s Armed Police Force of China (now known as Logistics University of People’s Armed Police Force of China), Tianjin, China in 1996. Mr. Liu has more than 20 years of experience in financial investment, trading and property development in China and Hong Kong. Mr. Liu is a director of the following principal subsidiary of the Company, namely, China Joy Holdings Limited.

Mr. Yu Xiangjin (“**Mr. Yu XJ**”), aged 45, joined the Company as the Chief Financial Officer of the Group’s operating companies in the PRC since January 2018. Mr. Yu XJ graduated from Hong Kong Baptist University with a Masters’ degree of Business Administration. Prior to joining the Group, Mr. Yu XJ previously occupied finance and management positions in international conglomerates and large enterprises in China. Mr. Yu XJ is experienced in corporate financial management, internal control, budget management and financial modeling.

As at the Latest Practicable Date, Mr. Yu XJ hold the following positions in the Group’s subsidiaries, namely: the legal representative, director and general manager of Shenzhen Green Medical Management Co., Ltd. (深圳市格林醫療管理有限公司), the supervisor of Li County Phoenix Hospital Co., Ltd. (澧縣鳳凰醫院有限公司), Yiyang Zizhong Kidney Disease Hospital Co., Ltd. (益陽子仲腎臟病醫院有限公司) and Shenzhen Qianhai Gangying Health Management Co., Ltd. (深圳前海港影健康管理有限公司), the director of China Joy Holdings Limited, and the company secretary of several Hong Kong subsidiaries of the Group. Mr. Yu XJ is a director of Gold Bless, a substantial shareholder of the Company which is deemed to be a controlled corporation of Mr. Yu.

Non-executive Directors

Mr. Chen Hanhong (“**Mr. Chen**”), aged 68, was appointed as an executive Director on 1 July 2013 and was re-designated as a non-executive director on 16 July 2020. Mr. Chen has over 20 years of experience in the management and investment industries. Mr. Chen completed the Tsinghua Executive Master in Business Administration Research and Advanced Study Class organized by the Research Institute of Tsinghua University in Shenzhen.

As at the Latest Practicable Date, Mr. Chen is a director of the following principal subsidiaries of the Group, namely, Green Securities Limited, Green Asset Management Limited and Rainbow Star Global Limited and the company secretary of Green Securities Limited and Green Asset Management Limited. Mr. Chen is a director of Gold Bless and HK Yinger, both of which being substantial shareholders of the Company and deemed to be controlled corporations of Mr. Yu.

Mr. Yu Zhoujie (“**Mr. Yu ZJ**”), aged 23, was appointed as a non-executive Director on 16 July 2020. Mr. Yu ZJ graduated from The Pennsylvania State University with a degree of Bachelor of Science. Prior to joining the Group, Mr. Yu ZJ occupied management roles in private companies in which he was responsible for the formulation of investment strategies, project acquisitions and portfolio management.

Independent non-executive Directors

Mr. Wu Hong (“**Mr. Wu**”), aged 61, was appointed as an independent non-executive Director on 7 November 2011, a member of the audit committee of the Company on 7 November 2011, a member of the remuneration committee and nomination committee of the Company on 30 June 2017.

Mr. Wu is currently a professor of the College of Design at Shenzhen University in the PRC. He has many years of experience in the field of design, and has worked in both the academic field and in commercial areas in the PRC. Mr. Wu graduated from Chinese National Academy of Arts with a doctoral degree in art and design.

Mr. David Tsoi (“**Mr. Tsoi**”), aged 73, was appointed as an independent non-executive Director, a member of the audit committee, the remuneration committee and the nomination committee of the Company on 12 June 2017. Mr. Tsoi was appointed as the chairman of the audit committee and the remuneration committee of the Company on 14 June 2017.

Mr. Tsoi is currently a director of Allcott, Tsoi CPA Limited. Mr. Tsoi obtained a master’s degree in business administration from the University of East Asia, Macau (currently known as University of Macau) in 1986. Mr. Tsoi is a certified public accountant registered with the Hong Kong Institute of Certified Public Accountants, a chartered certified accountant registered with the Association of Chartered Certified Accountants, and a chartered professional accountant and certified general accountant certified by the Chartered Professional Accountant of British Columbia, Canada. Mr. Tsoi is also registered as a certified tax adviser with The Taxation Institute of Hong Kong. Mr. Tsoi is a fellow of The Institute of Chartered Accountants in England and Wales, a fellow member of The Society of Chinese Accountants & Auditors, and a fellow member of CPA Australia. Mr. Tsoi was formerly an independent non-executive director of CRRC Corporation Limited (formerly known as CSR Corporation Limited) (stock code: 1766), Loto Interactive Limited (stock code: 8198, formerly knowns MelcoLot Limited), Enviro Energy International Holdings Limited (stock code: 1102) and Anxin-China Holdings Limited (formerly listed on the Stock Exchange). Mr. Tsoi is currently an independent non-executive director of Guru Online (Holding) Limited (stock code: 8121), VPower Group International Holdings Limited (stock code: 1608), Universal Technologies Holdings Limited (stock code: 1026), Tianli Holdings Group Limited (stock code: 117), and Everbright Grand China Assets Limited (stock code: 3699) the shares of which are all listed on the Stock Exchange.

Mr. Wang Chunlin (“**Mr. Wang**”), aged 57, was appointed as an independent non-executive Director, a member of the audit committee, remuneration committee and nomination committee of the Company on 12 June 2017.

Mr. Wang graduated from the University of International Business and Economics in Beijing in 1986 and has since attained a master’s degree in business administration from Murdoch University in Australia and a master’s degree in International Shipping and Transport Logistics from the Hong Kong Polytechnic University. Mr. Wang was formerly an executive director of Pacific Basin Shipping Limited.

13. GENERAL

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text thereof.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company at Suite 2102, 21/F, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. on any weekday, except public holidays, during the period from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for each of the three financial years ended 31 December 2017, 31 December 2018 and 31 December 2019;
- (c) the interim report of the Company for the six months ended 30 June 2020;
- (d) the “Letter from the Board”, the text of which is set out on pages 11 to 31 of this circular;
- (e) the “Letter from the Independent Board Committee”, the text of which is set out on page 32 of this circular;
- (f) the “Letter from the Independent Financial Adviser”, the text of which is set out on pages 33 to 54 of this circular;
- (g) the report from HLB Hodgson Impey Cheng Limited in respect of the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this circular;
- (h) the written consents referred to in the paragraph headed “7. Experts and Consents” in this appendix;
- (i) the material contracts referred to in the paragraph headed “4. Material Contracts” in this appendix;
- (j) the Underwriting Agreement; and
- (k) this circular.

NOTICE OF EGM



GREEN INTERNATIONAL

Holdings Limited

格林國際控股有限公司

GREEN INTERNATIONAL HOLDINGS LIMITED

格林國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2700)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Green International Holdings Limited (the “**Company**”) will be held at Conference Room, Suite 2102, 21/F., West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Wednesday, 11 November 2020 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** conditional upon (i) the Listing Committee of The Stock Exchange of Hong Kong Limited granting or agreeing to grant the listing of and permission to deal in the Rights Shares (as defined below) in their nil-paid and fully-paid forms; and (ii) the filing and registration of all documents relating to the Rights Issue (as defined below) required to be filed or registered with the Registrar of Companies in Hong Kong in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of Laws of Hong Kong):

- (a) the entering into and the terms and conditions of the underwriting agreement (the “**Underwriting Agreement**”, a copy of which has been produced to the meeting marked “**A**” and signed by the chairman of the meeting for the purpose of identification) dated 25 September 2020 entered into between the Company and Green Securities Limited (the “**Underwriter**”) in relation to the Rights Issue (as defined below) and the transactions contemplated thereunder (including the underwriting of the Rights Shares by the Underwriter on a best effort basis) be and are hereby approved, confirmed and ratified;
- (b) the issue by way of rights issue (the “**Rights Issue**”) of up to 1,649,736,733 Shares in the Company (the “**Rights Shares**”) at the subscription price of HK\$0.060 per Rights Share to the shareholders of the Company (the “**Shareholders**”) whose names shall appear on the register of members of the Company (the “**Qualifying Shareholders**”) on the date as the Company and the Underwriter may agree as the record date for determination of the entitlements of the Shareholders to the Rights Issue (the “**Record Date**”), excluding those Shareholders whose addresses on the

NOTICE OF EGM

register of members of the Company are outside Hong Kong on the Record Date and who are considered necessary or expedient by the directors of the Company (the “**Directors**”) to be excluded from the Rights Issue after making enquiries regarding any applicable securities or other laws or regulations of any territory or jurisdiction (the “**Non-Qualifying Shareholders**”), on the basis of one (1) Rights Share for every one (1) existing Share held on the Record Date and pursuant to the terms and conditions as set out in the Underwriting Agreement, be and is hereby approved;

- (c) the Directors be and are hereby authorized to issue and allot the Rights Shares pursuant to and in connection with the Rights Issue notwithstanding that (i) the Rights Shares may be offered, allotted or issued otherwise than *pro rata* to the Qualifying Shareholders and, in particular, the Directors be and are hereby authorized to make such exclusions or other arrangements in relation to the Non-Qualifying Shareholders as they deem necessary, desirable or expedient having regard to any restrictions or obligations under the articles of association of the Company or the laws of any applicable jurisdiction and/or any rules or regulations of any recognized regulatory body or stock exchanges; and (ii) the Rights Shares which would otherwise have been made available for application by the Qualifying Shareholders or the Non-Qualifying Shareholders (as the case may be) will be made available for subscription under forms of application for excess Rights Shares; and
- (d) any one Director be and is hereby authorised to do all such acts and things, including to sign and execute all such documents and to take such steps as such Director in his absolute discretion considers necessary, appropriate, desirable or expedient to give effect to or in connection with the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder.”

By order of the Board
Green International Holdings Limited
Yu Qigang
Chairman

Hong Kong, 23 October 2020

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Principal place of business
in Hong Kong:*

Suite 2102, 21/F
West Tower, Shun Tak Centre
200 Connaught Road Central
Hong Kong

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Notes:

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint one or, if he is the holder of two or more shares, more proxies to attend and vote instead of him. A proxy needs not be a member of the Company.
2. In the case of joint holders of shares in the Company, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s), seniority being determined by the order in which names stand in the register of members.
3. In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney or other person duly authorized, and must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof) not less than 48 hours before (i.e. Monday, 9 November 2020 at 11:00 a.m.) the time fixed for holding of the EGM.
4. The register of members of the Company will be closed from Thursday, 5 November 2020 to Wednesday, 11 November 2020 (both days inclusive), during which period no transfer of shares in the Company will be registered, for the purpose of determining shareholders who are entitled to attend and vote at the EGM. In order to qualify for attending and voting at the EGM, all transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 4 November 2020.
5. Completion and return of the form of proxy will not preclude members from attending and voting at the EGM and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. In compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), all resolutions to be proposed at the EGM convened by this notice will be voted on by way of poll.
7. As at the date of this notice, the executive Directors are Mr. Yu Qigang (Chairman), Mr. Liu Dong and Mr. Yu Xiangjin; the non-executive Directors are Mr. Chen Hanhong and Mr. Yu Zhoujie; and the independent non-executive Directors are Mr. Wu Hong, Mr. David Tsoi and Mr. Wang Chunlin.