

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

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

GREENS HOLDINGS LTD

格菱控股有限公司*

(IN PROVISIONAL LIQUIDATION)

(incorporated in the Cayman Islands with limited liability)

(Stock code: 01318)

PROPOSED RESTRUCTURING

INVOLVING

- (1) CAPITAL REORGANISATION;**
- (2) SUBSCRIPTION OF NEW SHARES;**
- (3) ACQUISITION - CONNECTED TRANSACTION AND REVERSE TAKEOVER INVOLVING A NEW LISTING APPLICATION;**
- (4) OPEN OFFER;**
- (5) CREDITORS' SCHEMES;**
- (6) APPLICATION FOR WHITEWASH WAIVER AND SPECIAL DEAL;**
- AND**
- (7) CHANGE OF DIRECTORS**

REVISED RESTRUCTURING AGREEMENT

On 20 October 2017, the Company, the Predecessor Investor and the New Investor entered into the Revised Restructuring Agreement to amend and restate the Restructuring Agreement. Under the Revised Restructuring Agreement, the Company shall implement the Revised Proposed Restructuring, which includes, among others, (a) the Capital Reorganisation; (b) the Subscription; (c) the Acquisition; (d) the Open Offer; (e) the Placing; (f) the Creditors' Schemes; (g) the Whitewash Waiver and the Special Deal; and (h) removal of all existing Directors and appointment of the proposed Directors nominated by the New Investor. On 18 July 2018, the parties entered into an amendment letter to, among others, extend the Long Stop Date of the Revised Restructuring Agreement.

CAPITAL REORGANISATION

The Company proposes to implement the Capital Reorganisation which, in summary, comprises:

- (a) Capital Reduction – the nominal value of each issued Share will be reduced from US\$0.01 to US\$0.001 and the credit arising from such reduction of US\$11,205,000 will be applied to eliminate the accumulated losses of the Company;

- (b) Share Consolidation – immediately upon the Capital Reduction becoming effective, every 10 issued Shares of US\$0.001 each will be consolidated into one New Share, as a result of which 1,245,000,000 Shares of US\$0.001 each will be consolidated into 124,500,000 New Shares of US\$0.01 each; and
- (c) Authorised Share Capital Increase – immediately upon the Share Consolidation becoming effective, the authorised share capital of the Company will be increased from its current level of US\$24,000,000 to US\$100,000,000 divided into 10,000,000,000 New Shares.

SUBSCRIPTION

On 13 February 2018, the Company and the New Investor entered into the Subscription Agreement pursuant to which the Company has conditionally agreed to issue, and the New Investor has conditionally agreed to subscribe for 1,120,500,000 Subscription Shares (with an aggregate nominal value of US\$11,205,000) at the price of HK\$0.22 per Subscription Share for a total consideration of approximately HK\$246,510,000. On 23 July 2018, the parties entered into an amendment letter to, among others, extend the Long Stop Date of the Subscription Agreement.

ACQUISITION

On 30 November 2017, the Company, the Vendors and the Guarantors entered into the Acquisition Agreement pursuant to which the Company has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the entire capital interest of the Target Company for a total consideration of HK\$140,510,000 which will be satisfied by cash. On 20 July 2018, the parties entered into an amendment letter to extend the Long Stop Date of the Acquisition Agreement.

OPEN OFFER

The Company proposes the Open Offer on the basis of five (5) Open Offer Shares for every four (4) New Shares held by the Qualifying Shareholders on the Open Offer Record Date. A total of 155,625,000 Open Offer Shares will be allotted and issued by the Company to the Qualifying Shareholders and, in case the Open Offer Shares are not fully taken up by the existing Shareholders, the Underwriter at the offer price of HK\$0.22 per Open Offer Share. The New Investor does not hold any Shares as at the date of this announcement. The New Investor does not expect it to be a Shareholder as at the Open Offer Record Date. Accordingly, the New Investor will not be entitled to take up any Open Offer Shares.

PLACING DOWN TO FULFILL THE MINIMUM PUBLIC FLOAT REQUIREMENT

Following completion of the Capital Reorganisation, the Subscription and the Open Offer and before Resumption, the New Investor will be interested in 1,120,500,000 New Shares, representing approximately 80% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares and the Open Offer Shares. The public float of the Shares under both scenarios will fall below the minimum level required under Rule 8.08 of the Listing Rules.

The Company together with the New Investor will take appropriate steps to ensure the public float requirement is met at all times. Upon completion of the Capital Reorganisation, the Subscription and the Open Offer, the New Investor will place out a minimum of 70,031,250 New Shares through placing agent(s) to other investors (who are Independent Third Parties that are not existing Shareholders, and are not acting in concert with the New Investor). Immediately upon Completion and prior to Resumption, it is expected that not less than 350,156,250 New Shares, representing approximately 25.0% of the issued share capital of the Company, will be held by the public. Accordingly, the Company shall maintain the 25% minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules.

The Company and the New Investor expect that completion of the Subscription, the Acquisition, the Open Offer and the Placing shall take place simultaneously prior to Resumption.

CREDITORS' SCHEMES

As part of the Revised Proposed Restructuring, the Company proposes to implement the Creditors' Schemes to fully discharge the Company from all claims and liabilities. Upon the Creditors' Schemes becoming effective, all claims and liabilities of the Company as at the effective date of the Creditors' Schemes will be discharged in full.

CHANGE OF DIRECTORS

Mr. Xie Zhiqing, Ms. Chen Tianyi, and Mr. Ge Lingyue are the existing executive Directors and Mr. Jack Michael Biddison is the existing independent non-executive Director.

The JPLs intend to remove all the existing Directors from office upon completion of the Acquisition, and the New Investor intends to nominate Mr. Yang and Mr. Hu as executive Directors with effect from completion of the Acquisition, and Mr. Hu Zhigang, Ms. Deng Qiyan and Mr. Bai Qiang as independent non-executive Directors with effect from Resumption (which will take place after completion of the Subscription, the Acquisition and the Open Offer), subject to compliance with the Takeovers Code.

IMPLICATIONS UNDER THE TAKEOVERS CODE

Application for Whitewash Waiver

As at the date of this announcement, the New Investor and its ultimate beneficial owner are not interested in any securities of the Company. Mr. Liu Xuezhong, a substantial Shareholder, has business relationship with Mr. Yang, the ultimate beneficial owner of the New Investor. In particular, Mr. Yang and Mr. Liu Xuezhong are interested in 49% and 51% of the equity interest in Jiangsu Donghua respectively. In addition, Mr. Yang was an executive director and the chairman of the board of directors of Kenford from September 2017 to December 2017, while Mr. Liu Xuezhong is the controlling shareholder of Kenford. As such, Mr. Liu Xuezhong is a party acting in concert with the New Investor pursuant to the Takeovers Code. Mr. Yang does not hold any shares in Kenford. As Mr. Liu Xuezhong is interested in 214,150,000 Shares, the New Investor and parties acting in concert with it together hold 214,150,000 Shares, representing approximately 17.2% of the issued

share capital of the Company as at the date of this announcement.

Immediately upon completion of the Capital Reorganisation, the Subscription and the Open Offer, (i) assuming all Open Offer Shares are taken up by the existing Shareholders (including the companies in which Mr. Liu Xuezhong is interested), the New Investor and parties acting in concert with it will be interested in 1,168,683,750 New Shares, representing approximately 83.44% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares and the Open Offer Shares; and (ii) assuming none of the Open Offer Shares are taken up by the existing Shareholders, the New Investor and parties acting in concert with it will be interested in 1,141,915,000 New Shares, representing approximately 81.53% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares and the Open Offer Shares.

Immediately upon completion of the Capital Reorganisation, the Subscription, the Open Offer and the Placing, (i) assuming all Open Offer Shares are taken up by the existing Shareholders (including the companies in which Mr. Liu Xuezhong is interested), the New Investor and parties acting in concert with it will be interested in 1,098,652,500 New Shares, representing approximately 78.44% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares and the Open Offer Shares; and (ii) assuming none of the Open Offer Shares are taken up by the existing Shareholders, the New Investor and parties acting in concert with it will be interested in 1,071,883,750 New Shares, representing approximately 76.53% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares and the Open Offer Shares.

Under Rule 26.1 of the Takeovers Code, immediately upon completion of the Capital Reorganisation, the Subscription and the Open Offer, the New Investor and parties acting in concert with it would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by the New Investor and parties acting in concert with it, unless the Whitewash Waiver is obtained from the Executive. The New Investor will make an application to the Executive for the Whitewash Waiver in respect of the allotment and issue of the Subscription Shares. The Whitewash Waiver, if granted by the Executive, will be subject to, among others, approval by the Independent Shareholders at the EGM by way of poll. Completion is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders. The Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted by the Executive or is not approved by the Independent Shareholders, the Revised Restructuring Agreement will not become unconditional and the Subscription will not proceed.

Special Deal

As at the date of this announcement, the Interested Creditors (being the Scheme Creditors who are also Shareholders or whose associates are Shareholders) have claims of approximately HK\$67.8 million in aggregate against the Company. These Interested Creditors may receive payments under the Creditors' Schemes if they become effective and such payments are not extended to other Shareholders who are not Scheme Creditors. As such, the Creditors' Schemes constitute a special deal under Note 5 to Rule 25 of the Takeovers Code, and requires the consent of the Executive. The Company will apply to the Executive for consent under Rule 25 of the Takeovers Code in relation to the Creditors' Schemes.

The Interested Creditors and their associates including Mr. Liu Xuezhong (personally) and Luckever Holdings Limited (a company in which Mr. Liu Xuezhong owns 60.87%), in aggregate holding 363,333,750 Shares representing 29.18% in the issued Shares as at the date of this announcement, and any other Shareholders who are interested in or involved in the Creditors' Schemes, and their associates will be required to abstain from voting on the relevant resolutions to be proposed at the EGM.

IMPLICATIONS UNDER THE LISTING RULES

The Acquisition constitutes a reverse takeover for the Company under the Listing Rules. In addition, the Acquisition constitutes a connected transaction for the Company under Rule 14A.28 of the Listing Rules as Mr. Hu, who is a substantial shareholder of the Target Company, will become an executive Director upon Completion. The Acquisition is subject to the Independent Shareholders' approval under the Listing Rules.

Under Rule 14.54 of the Listing Rules, the Company will be treated as if it were a new listing applicant and the Acquisition is therefore subject to the approval by the Listing Committee of the New Listing Application. The Enlarged Group or the Target Group must be able to meet the requirements under Rule 8.05 of the Listing Rules and the Enlarged Group must be able to meet all the other basic conditions set out in Chapter 8 of the Listing Rules. The New Listing Application has been submitted to the Stock Exchange.

Under Rule 7.24A of the Listing Rules, the Open Offer must be made conditional on minority shareholders' approval.

INDEPENDENT FINANCIAL ADVISER

Altus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Shareholders as to whether the terms of the Subscription, the Acquisition, the Open Offer, the Whitewash Waiver and the Special Deal are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, and to make a recommendation to the Independent Shareholders as to their voting on the proposed resolutions approving them at the EGM.

GENERAL

The EGM will be convened for the purpose of considering, and if thought fit, approving the resolutions in respect of, among others, (a) the Capital Reorganisation; (b) the Subscription; (c) the Acquisition; (d) the Open Offer; (e) the Whitewash Waiver and the Special Deal; and (f) the change of Directors. Voting in relation to the above resolutions at the EGM will be conducted by way of a poll.

At the request of the Company, trading in the Shares has been suspended from 9:00 a.m. on 2 June 2015 and will remain suspended until further notice.

The publication of this announcement does not indicate any decision or conclusion from the Stock Exchange nor warrant any approval from the Stock Exchange on the trading resumption in the Shares. In addition, the transactions contemplated under the Revised Restructuring Agreement and trading resumption in the Shares are subject to the fulfillment of a number of conditions precedent and therefore may or may not materialise and proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

INTRODUCTION

Reference is made to the announcements of the Company dated 30 September 2016, 4 May 2017, 15 November 2017, 8 December 2017, 13 December 2017, 8 January 2018, 8 February 2018, 14 February 2018, 20 March 2018, 13 April 2018, 14 May 2018, 14 June 2018, 13 July 2018, 1 August 2018 and 28 August 2018.

Trading in the Shares has been suspended from 9:00 a.m. on 2 June 2015. The Company was placed into the third delisting stage under Practice Note 17 to the Listing Rules which commenced on 11 May 2017.

On 20 October 2017, the Company entered into the Revised Restructuring Agreement with the Predecessor Investor and the New Investor to amend and restate the Restructuring Agreement. On 23 October 2017, the Company submitted the Revised Resumption Proposal as required under Rule 13.24 of the Listing Rules reflecting the terms of the Revised Restructuring Agreement to the Stock Exchange and addressing other resumption conditions to the Stock Exchange.

REVISED RESTRUCTURING AGREEMENT

On 28 September 2016, the Company and the Predecessor Investor entered into the Restructuring Agreement. On 20 October 2017, the Company, the Predecessor Investor and the New Investor entered into the Revised Restructuring Agreement to amend and restate the Restructuring Agreement. On 18 July 2018, the parties entered into an amendment letter to among others extend the Long Stop Date of the Revised Restructuring Agreement. Under the Revised Restructuring Agreement, the Company shall implement the Revised Proposed Restructuring, which includes, among others, (a) the Capital Reorganisation; (b) the Subscription; (c) the Acquisition; (d) the Open Offer; (e) the Placing; (f) the Creditors' Schemes; (g) the Whitewash Waiver and the Special Deal; and (h) removal of all existing Directors and appointment of the proposed Directors nominated by the New Investor.

CAPITAL REORGANISATION

The Company proposes to implement the Capital Reorganisation which, in summary, comprises:

- (a) Capital Reduction – the nominal value of each issued Share will be reduced from US\$0.01 to US\$0.001 and the credit arising from such reduction of US\$11,205,000 will be applied to eliminate the accumulated losses of the Company;

- (b) Share Consolidation – immediately upon the Capital Reduction becoming effective, every 10 issued Shares of US\$0.001 each will be consolidated into one New Share, as a result of which 1,245,000,000 Shares of US\$0.001 each will be consolidated into 124,500,000 New Shares of US\$0.01 each; and
- (c) Authorised Share Capital Increase – immediately upon the Share Consolidation becoming effective, the authorised share capital of the Company will be increased from its current level of US\$24,000,000 to US\$100,000,000 divided into 10,000,000,000 New Shares.

Conditions precedent to the Capital Reorganisation

The implementation of the Capital Reorganisation is conditional upon, among others:

- (a) the passing of the necessary resolutions by the Shareholders by way of poll at the EGM to approve the Capital Reorganisation;
- (b) the Grand Court granting an order confirming the Capital Reorganisation;
- (c) the registration by the Registrar of Companies in the Cayman Islands of a copy of the Grand Court order and the minutes containing the particulars required under the Companies Law;
- (d) compliance with any conditions imposed by the Grand Court; and
- (e) the Listing Committee granting the listing of, and permission to deal in, the New Shares in issue upon the Capital Reorganisation becoming effective.

Upon the conditions mentioned above being fulfilled, the Capital Reorganisation will become effective immediately after the registration of the Grand Court order and the minutes as referred to in condition (c) above. An application will be made to the Grand Court for the approval of the Capital Reorganisation as soon as practicable.

Effects of the Capital Reorganisation

The New Shares will rank pari passu in all respects with each other and the Capital Reorganisation will not result in any change in the relative rights of the Shareholders. Any fractional Share arising from the Share Consolidation will not be allocated to the Shareholders. Any fractional entitlement to the New Shares will be aggregated, sold and retained for the benefit of the Company.

It is estimated that a credit amount of approximately US\$11.2 million will arise from the Capital Reduction which will be applied to set off against the accumulated losses of the Company on the date of the Capital Reorganisation becoming effective.

The following table sets out the effect of the Capital Reorganisation on the share capital of the Company, immediately before and after completion of the Capital Reorganisation, assuming that there are no other changes in the issued share capital of the Company from the date of this announcement until the effective date of the Capital Reorganisation:

	Immediately before the Capital Reorganisation	Immediately after the Capital Reorganisation
Authorised shares	2,400,000,000 Shares	10,000,000,000 New Shares
Authorised share capital	US\$24,000,000	US\$100,000,000
Nominal value	US\$0.01	US\$0.01
Issued shares	1,245,000,000 Shares	124,500,000 New Shares
Issued share capital	US\$12,450,000	US\$1,245,000

Other than the relevant expenses incurred, the implementation of the Capital Reorganisation will not, by itself, alter the underlying assets, liabilities, businesses, operations, management or financial position of the Company and the Group or the rights of the Shareholders.

Listing and dealings

An application has been made to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the New Shares as part of the New Listing Application.

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

Expected timetable and free exchange of share certificates

Further announcement(s) will be made to inform the Shareholders of the progress of the matter, including the proposed timetable, and the arrangements of the free exchange of share certificates for the existing share certificates, as and when appropriate.

Reasons for and benefits of the Capital Reorganisation

After the Capital Reduction, the par value of each Share will be reduced to US\$0.001 and the credit arising from the reduction of US\$0.009 in the par value of each Share will be credited to the capital reserve and applied to eliminate part of the outstanding accumulated losses of the Company, which amounted to approximately RMB998.7 million as at 31 December 2017. After the Authorised Share Capital Increase, the authorised share capital of the Company will be increased from US\$24,000,000 divided into 2,400,000,000 Shares to US\$100,000,000 divided into 10,000,000,000 New Shares, which allows the Company to have sufficient unissued New Shares for the completion of the Subscription and the Open Offer. Upon completion of the Capital Reorganisation, the Company will also have greater flexibility for future fund raising activities.

The Capital Reorganisation becoming effective is one of the conditions precedent under the Revised Restructuring Agreement. Accordingly, the JPLs are of the view that the implementation of the Capital Reorganisation is in the best interests of the Company and the Shareholders as a whole.

SUBSCRIPTION

On 13 February 2018, the Company and the New Investor entered into the Subscription Agreement pursuant to which the Company has conditionally agreed to issue, and the New Investor has conditionally agreed to subscribe for, 1,120,500,000 Subscription Shares (with an aggregate nominal value of US\$11,205,000) at the price of HK\$0.22 per Subscription Share for a total consideration of approximately HK\$246,510,000. On 23 July 2018, the parties entered into an amendment letter to among others extend the Long Stop Date of the Subscription Agreement.

Subscription Shares and Subscription Price

The 1,120,500,000 Subscription Shares represent:

- (a) approximately 9 times of the issued share capital of the Company (assuming the Capital Reorganisation has become effective) as at the date of this announcement;
- (b) approximately 90% of the issued share capital of the Company (assuming the Capital Reorganisation has become effective) as enlarged by the allotment and issue of the Subscription Shares but before the allotment and issue of the Open Offer Shares; and
- (c) approximately 80% of the issued share capital of the Company (assuming the Capital Reorganisation has becoming effective) as enlarged by the allotment and issue of the Subscription Shares and the Open Offer Shares.

The Subscription Price of HK\$0.22 per Subscription Share represents:

- (a) a discount of approximately 96.5% to the equivalent closing price of HK\$6.3 per New Share based on the closing price of HK\$0.63 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (b) a discount of approximately 96.2% to the equivalent average closing price of approximately HK\$5.76 per New Share based on the average of the closing price of approximately HK\$0.576 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day.

Taking into account the estimated expenses of the Revised Proposed Restructuring of approximately HK\$48.9 million, the net price to the Company of each Subscription Share is approximately HK\$0.18 per Subscription Share.

The Subscription Price was determined after arm's length negotiations among the Company and the New Investor taking into account, among others, the financial performance and financial position of the Group and the fact that trading in the Shares on the Stock Exchange has been suspended since 2

June 2015. The aggregate amount of the consideration of approximately HK\$246,510,000 shall be payable by the New Investor in cash upon completion of the Subscription.

The price of HK\$0.22 per Subscription Share is estimated to represent a significant premium over the net liabilities position of the Group prior to Completion. The parties have not taken into account the theoretical closing price of HK\$6.3 per New Share as adjusted for the effect of the Capital Reorganisation based on the closing price of HK\$0.63 per Share on the Last Trading Day as it was considered irrelevant for the purpose.

The Subscription Shares (when fully paid and allotted) will rank *pari passu* in all respects among themselves, including all rights to dividends or distributions, which may be declared, made or paid by the Company, as well as rights to voting and interest in capital. They will also rank *pari passu* in all respects with the New Shares in issue (after the Capital Reorganisation becomes effective) as at the date of allotment and issuance of the Subscription Shares.

The Subscription Shares will be allotted and issued pursuant to a specific mandate to be obtained upon approval by the Shareholders, or the Independent Shareholders, as the case may be, at the EGM.

An application has been made to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Subscription Shares as part of the New Listing Application.

Conditions precedent

Completion of the Subscription is conditional upon:

- (a) the specific mandate pursuant to which the Subscription Shares will be allotted and issued being obtained upon approval by the Independent Shareholders at the EGM;
- (b) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares;
- (c) the Executive or any of his delegates granting a Whitewash Waiver (having first been approved by the Independent Shareholders at the EGM);
- (d) the entering into of the Underwriting Agreement between the Company and an underwriter to be appointed by the Company, where the underwriter shall be a third party independent of the Company and its connected persons (as defined under the Listing Rules) who is licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) for type 1 regulated activity with ordinary course of business including underwriting of securities, in respect of the Open Offer and all conditions precedent thereunder being satisfied or waived in accordance with the terms set out therein;
- (e) all conditions precedent under the Acquisition Agreement having been satisfied or waived in accordance with the terms set out therein;

- (f) all conditions precedent under the Revised Restructuring Agreement having been satisfied or waived in accordance with the terms set out therein; and
- (g) the representations, warranties and undertakings on the part of the Company and the New Investor set out in the Subscription Agreement remain true, accurate and complete in all material respects immediately before the satisfaction of the last of the conditions precedent under the Subscription Agreement (other than this condition).

Conditions (a), (b), (d), (e) and (f) are not waivable by the Company or the New Investor. Condition (g) is waivable by the Company or the New Investor (as the case may be). Condition (c) is waivable by the Company, but not by the New Investor.

As at the date of this announcement, none of the above conditions precedent has been satisfied. If any of conditions (a), (b), (d), (e) and (f) above are not satisfied, and in the case of condition (g) above, not satisfied or waived by the New Investor or the Company (as the case may be), and in the case of condition (c) above, not satisfied or waived by the Company, by the Long Stop Date (or such later time and/or date as the parties may agree in writing), the Subscription Agreement shall terminate forthwith, save for any antecedent breach of any obligation under the Subscription Agreement. Notwithstanding the above, the Company will not waive condition (c) above.

ACQUISITION

On 30 November 2017, the Company (as the purchaser), the Vendors (as the vendors) and the Guarantors (as the guarantors) entered into the Acquisition Agreement pursuant to which the Company has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the entire capital interest of the Target Company for a total consideration of HK\$140,510,000 which will be satisfied by cash. On 20 July 2018, the parties entered into an amendment letter to extend the Long Stop Date of the Acquisition Agreement.

The Acquisition Agreement

Date: 30 November 2017 (as amended by an amendment letter dated 20 July 2018)

Parties: The Company, as the purchaser
Fei Yue, Li Yang and the New Investor, as the vendors
Ms. Gao, Mr. Hu and Mr. Yang, as the guarantors

As at the date of this announcement, the Target Company is owned as to 49%, 49% and 2% by Fei Yue, Li Yang and the New Investor respectively. Ms. Gao is the ultimate beneficial owner of Fei Yue. Mr. Hu is the ultimate beneficial owner of Li Yang. Mr. Yang is the ultimate beneficial owner of the New Investor. Each of Ms. Gao, Mr. Hu and Mr. Yang and their respective associates does not hold any Shares.

Each of the Vendors and their respective ultimate beneficial owners has confirmed to the Company that they are Independent Third Parties (other than the New Investor who is a party acting in concert with Mr. Liu Xuezhong, a substantial Shareholder).

Asset to be acquired

The asset to be acquired under the Acquisition is the entire issued share capital of the Target Company free from all encumbrances together with all rights now and hereafter attaching thereto including but not limited to all dividends paid, declared or made in respect thereof at any time on or after the date of the Acquisition Completion.

Consideration

The consideration for the Acquisition is HK\$140,510,000 and shall be payable by the Company to the Vendors in proportion to their shareholding interests in the Target Company (as to HK\$68,849,900 to Li Yang, HK\$68,849,900 to Fei Yue and HK\$2,810,200 to the New Investor). The Company shall pay the Acquisition Consideration in cash funded by the proceeds from the Subscription and the Open Offer at the Acquisition Completion.

The consideration was determined after arm's length negotiations among the Company and the Vendors with reference to a number of factors at the material time, including but not limited to (a) the audited net profit of the Target Group as at 31 December 2016 and the unaudited net asset value of the Target Group as at 30 June 2017; (b) the potential business prospect of the Target Group; and (c) the financial ratios of other listed companies in the similar industry.

The JPLs consider that the terms of the Acquisition (together with other transactions contemplated under the Revised Proposed Restructuring) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Acquisition Completion is subject to, among others, the following conditions being fulfilled (or waived by the Company):

- (a) all internal and external, legal, regulatory, approvals required to transfer the entire issued share capital of the Target Company to the Company having been obtained;
- (b) all conditions precedent under the Revised Restructuring Agreement having been satisfied or waived in accordance with the terms set out therein (including but not limited to Shareholders' approval);
- (c) a copy of the finalised audited balance sheet and profit and loss account of each of the Target Company and its subsidiaries as at and for the period ended on 30 June 2017 and the audited consolidated balance sheet and profit and loss account of the Target Company as at and for the period ended on 30 June 2017 to the satisfaction of the Company having been provided to the Company;
- (d) due diligence on the Target Company having been conducted to the satisfaction of the Company; and

- (e) the disclosure letter contains full particulars of all subsisting contracts, agreements, arrangements, understandings or commitments to which any of the Target Company and its subsidiaries is a party to the satisfaction of the Company having been provided to the Company prior to the Acquisition Completion.

The Acquisition constitutes a reverse takeover under the Listing Rules and thus the Acquisition Completion is also subject to, among others, the deemed new listing application being submitted by the Company and approved by the Stock Exchange. This requirement forms part of condition (a) above.

In the event that the conditions precedent have not been fulfilled (or waived in accordance with the terms of the Acquisition Agreement and the Revised Restructuring Agreement) at or before 12:00 noon (Hong Kong time) on the Long Stop Date, the Acquisition Agreement shall lapse and be of no further effect, and no party to the Acquisition Agreement shall have any liability and obligation to the other parties, save in respect of any antecedent breaches of the Acquisition Agreement. The Company has no intention to waive the conditions precedent for the Acquisition.

Guarantee

Ms. Gao, Mr. Hu and Mr. Yang irrevocably and unconditionally guarantee to the Company the due and punctual performance and discharge by Fei Yue, Li Yang and the New Investor of all of their obligations and liabilities under the Acquisition Agreement, respectively.

Information of the Vendors

Each of Fei Yue, Li Yang and the New Investor is an investment holding company incorporated in the BVI and is wholly owned by Ms. Gao, Mr. Hu and Mr. Yang, respectively.

The New Investor is beneficially wholly owned by Mr. Yang. Further information about Mr. Yang is set out in the sub-section headed "Information of the New Investor" below.

Information of the Target Company and the Target Group

Hongya is the principal wholly-owned operating subsidiary of the Target Company. Hongya is a scrap metal and plastic recycling company in the environmental protection industry in the PRC specialising in the recycling, reuse and processing of scrap copper, aluminium and plastic. It purchases scrap metal and plastic primarily from overseas and uses equipment and manual labour to separate the scrap materials into various metal and plastic components to produce recycled copper (in the forms of strips, granules and rods), plastic pellets and aluminium ingots. These products, in turn, can be used by customers of Hongya in the production of a wide range of end products, including construction materials, electric wire, metal products and electrical appliances. Hongya's customers include copper wire manufacturers, electrical appliance producers and construction material suppliers and plastic product manufacturers in the PRC.

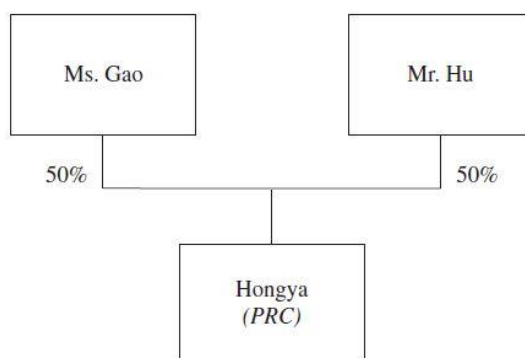
Incidental to Hongya's metal/plastic processing, it also provides dismantling and processing services which include primarily the dismantling of scrap wires and cables, and the processing of plastic pellets and aluminium ingots.

The manufacturing base of Hongya is located in Wangcunzhen in Dacheng county of the Hebei Province in the PRC, with a total area of approximately 32,444 sq.m. and commenced its operation in 2009. The Target Group had 53 employees as at 31 December 2017.

Based on the unaudited financial information of the Target Group, for the year ended 31 December 2016 and 2017, the Target Group recorded an unaudited net profit before tax of approximately RMB28.1 million (equivalent to approximately HK\$33.7 million translated at RMB1 to HK\$1.20) and approximately RMB38.1 million (equivalent to approximately HK\$45.7 million), and an unaudited net profit after tax of approximately RMB20.3 million (equivalent to approximately HK\$24.4 million) and approximately RMB28.5 million (equivalent to approximately HK\$34.2 million), respectively. As at 31 December 2017, the unaudited net asset value of the Target Group was approximately RMB101.7 million (equivalent to approximately HK\$122.0 million).

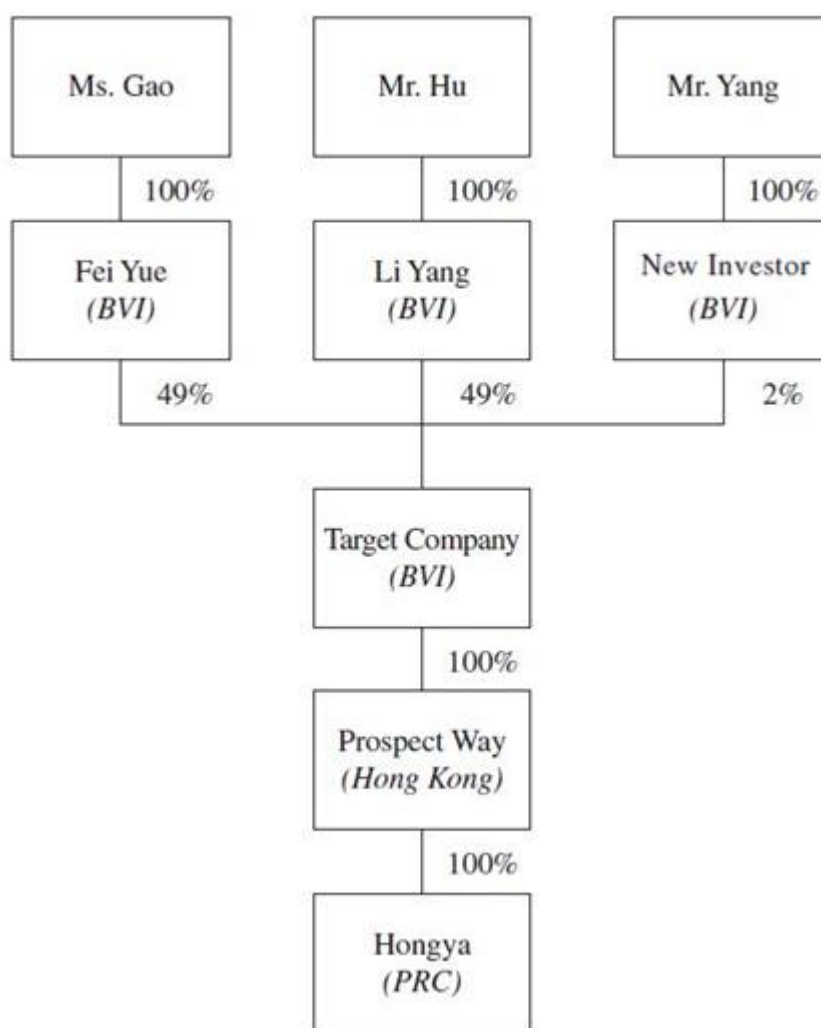
Hongya was established in the PRC on 15 July 2008. From May 2013 till the Reorganisation completed on 30 October 2017, Hongya was owned as to 50% by Ms. Gao and 50% by Mr. Hu and there was no change in Hongya's shareholding during such period until the Reorganisation as described below.

The following chart sets out the illustrative shareholding structure of Hongya immediately before the Reorganisation:



As at the date of this announcement, Hongya is wholly owned by Prospect Way which in turn is wholly owned by the Target Company. The Target Company is owned as to 49%, 49% and 2% by Li Yang, Fei Yue and the New Investor, respectively. Ms. Gao is the ultimate beneficial owner of Fei Yue; Mr. Hu is the ultimate beneficial owner of Li Yang; and Mr. Yang is the ultimate beneficial owner of the New Investor.

The following chart sets out the shareholding structure of Hongya immediately after completion of the Reorganisation:



Under Rules 14.58(6) and (7) of the Listing Rules, the Company is required to disclose the above financial information relating to the Target Group in this announcement. Under Rule 10 of the Takeovers Code, the above unaudited financial information relating to the Target Group constitutes a profit forecast and should be reported on by the financial adviser and the auditors/reporting accountants of the Company under Rule 10.4 of the Takeovers Code (the “**Reports**”). However, due to the practical procedural requirements for the New Listing Application for the audited financial information of the Target Group to be signed off by the reporting accountants of the Company after the New Listing Application has been approved by the Stock Exchange and for the accountants’ report on the Target Group to be set out in the Circular of the Company to be dispatched pursuant to the Listing Rules and the Takeovers Code, the above financial information relating to the Target Group disclosed above is not in compliance with the requirements of Rule 10 of the Takeovers Code. A full set of the audited financial information relating to the Target Group prepared under International Financial Reporting Standards to be issued by ZHONGHUI ANDA CPA Limited as the reporting accountants of the Target Company, which will be in full compliance with the requirements of the Takeovers Code, will be included in the next shareholder document to be issued by the Company (which is expected to be the Circular) to the Shareholders. Shareholders should note that there may be differences between the unaudited financial information relating to the Target Group as presented

in this announcement and the audited financial information to be presented in the circular to be issued by the Company to the Shareholders.

The Company would like to draw the attention of the Shareholders and potential investors of the Company that the above unaudited financial information in relation to the Target Group does not meet the standard required by Rule 10 of the Takeovers Code and may be subject to changes. Shareholders and potential investors should exercise caution in placing reliance on the above information in assessing the merits and demerits of the Acquisition and any other transactions disclosed in this announcement.

Reasons for and benefits of the Acquisition

Before trading suspension, the Group was principally engaged in production and sale of heat transfer products, wind turbine towers, mining and trading of alluvial gold and the services of waste heat power generation. The Group has ceased its operations following trading suspension.

The Acquisition forms a vital part of the Revised Resumption Proposal. The debts of the Company will be resolved by the implementation of the Creditors' Schemes but the Company needs to maintain a sufficient level of operation or assets to be able to maintain its listing status. It is expected that upon Acquisition Completion, the Enlarged Group will have sufficient level of operation while the implementation of the Creditors' Schemes will substantially improve the financial and liquidity position of the Enlarged Group. In view of the above, the JPLs are of the view that the Acquisition (together with other transactions contemplated under the Revised Proposed Restructuring) is in the interests of the Company and the Shareholders as a whole and the terms of the Acquisition Agreement are fair and reasonable.

The New Listing Application has been made.

OPEN OFFER

To enable the existing Shareholders to participate in the Revised Proposed Restructuring, the Company proposes the Open Offer on the basis of five (5) Open Offer Shares for every four (4) New Shares held by the Qualifying Shareholders on the Open Offer Record Date. A total of 155,625,000 Open Offer Shares will be allotted and issued by the Company to the Qualifying Shareholders and, in case the Open Offer Shares are not fully taken up by the existing Shareholders, the Underwriter, at the offer price of HK\$0.22 per Open Offer Share. The New Investor does not hold any Shares as at the date of this announcement. The New Investor does not expect it to be a Shareholder as at the Open Offer Record Date. Accordingly, the New Investor will not be entitled to take up any Open Offer Shares.

Issue statistics

Basis of the Open Offer	Five (5) Open Offer Shares for every four (4) New Shares held by the Qualifying Shareholders on the Open Offer Record Date
-------------------------	--

Open Offer price	HK\$0.22 per Open Offer Share
Number of New Shares expected to be in issue as at the Open Offer Record Date	124,500,000 New Shares
Number of Open Offer Shares	155,625,000 Open Offer Shares
Gross proceeds from the Open Offer	Approximately HK\$34.2 million
Underwriting arrangement	Fully underwritten by the Underwriter

As at the date of this announcement, the issued share capital of the Company comprises 1,245,000,000 Shares and the Company does not have any options, warrants or convertible securities in issue.

The Company will appoint an underwriter who is licensed under the Securities and Futures Ordinance for Type 1 regulated activity with ordinary course of business including underwriting of securities. Such Underwriter will not be a connected person of the Company nor will it be a shareholder of the Company. It is expected that the underwriting agreement in respect of the Open Offer will be executed prior to the dispatch of the Circular and details of the underwriting agreement will be set out in the Circular. The Company will make further announcement(s) as soon as the underwriting agreement is executed.

Open Offer Shares and Open Offer Price

The 155,625,000 Open Offer Shares represent:

- (a) approximately 125% of the entire issued share capital of the Company (assuming the Capital Reorganisation has become effective) as at the date of this announcement;
- (b) approximately 12.5% of the issued share capital of the Company (assuming the Capital Reorganisation has become effective) as enlarged by the allotment and issue of the Subscription Shares but before the allotment and issue of the Open Offer Shares; and
- (c) approximately 11.1% of the issued share capital of the Company (assuming the Capital Reorganisation has becoming effective) as enlarged by the allotment and issue of the Subscription Shares and the Open Offer Shares.

The Open Offer Price of HK\$0.22 per Open Offer Share is equal to the Subscription Price of HK\$0.22 per Subscription Share and was determined by the Company taking into account, among others, the financial performance and financial position of the Group and the fact that trading in the Shares on the Stock Exchange has been suspended since 2 June 2015.

Under Rule 7.24A of the Listing Rules, the Open Offer must be made conditional on minority shareholders' approval. The Open Offer Shares will be issued pursuant to a specific mandate to be obtained upon approval by the Independent Shareholders at the EGM.

The Company will make arrangement in compliance with Rule 7.26A of the Listing Rules for disposal of Open Offer Shares not validly applied to independent placees for the benefits of the Shareholders. Further details in respect of the relevant arrangement for the disposal of Open Offer Shares will be disclosed in the prospectus for the Open Offer.

The Open Offer Shares (when fully paid and allotted) will rank *pari passu* in all respects among themselves, including all rights to dividends or distributions, which may be declared, made or paid by the Company, as well as rights to voting and interest in capital. They will also rank *pari passu* in all respects with the New Shares in issue (after the Capital Reorganisation becomes effective) as at the date of allotment and issuance of the Open Offer Shares.

The JPLs have not received any information or irrevocable undertakings from any substantial Shareholders of their intention to take up or not to take up their respective Open Offer Shares under the Open Offer.

An application has been made to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Open Offer Shares as part of the New Listing Application.

Fractional entitlements

Fractions of Open Offer Shares will not be allotted to the Qualifying Shareholders and fractional entitlements will be rounded down to the nearest whole number. Any Open Offer Shares created from the aggregation of fractions of Open Offer Shares will be taken up by the Underwriter.

Further information in respect of the Open Offer will be included in the Circular to be dispatched to the Shareholders.

PLACING DOWN TO FULFILL THE MINIMUM PUBLIC FLOAT REQUIREMENT

Immediately upon completion of the Capital Reorganisation, the Subscription and the Open Offer, the New Investor will be interested in 1,120,500,000 New Shares, representing approximately 80% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares and the Open Offer Shares. The public float of the Shares under both scenarios will fall below the minimum level required under Rule 8.08 of the Listing Rules.

The Company together with the New Investor will take appropriate steps to ensure the public float requirement is met at all times. Following completion of the Capital Reorganisation, the Subscription and the Open Offer and before Resumption, the New Investor will place out a minimum of 70,031,250 New Shares through placing agent(s) to other investors (who are Independent Third Parties that are not existing Shareholders, and are not acting in concert with the New Investor). Further announcement(s) will be made in relation to the placing arrangements, as and when appropriate or required in accordance with the Listing Rules.

Immediately upon Completion and prior to Resumption, it is expected that not less than 350,156,250 New Shares, representing approximately 25.0% of the issued share capital of the Company, will be

held by the public. Accordingly, the Company shall maintain the 25% minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules.

EFFECT ON SHAREHOLDING STRUCTURE

The following table illustrates the shareholding of the Company upon completion of the transactions contemplated under the Revised Proposed Restructuring:

	No. of Shares	As at the date of this announcement	Assuming all the existing Shareholders take up the Open Offer Shares		Assuming none of the existing Shareholders takes up the Open Offer Shares					
			Immediately upon issue of the Subscription Shares and the Open Offer Shares (Note e)		Immediately upon issue of the Subscription Shares and the Open Offer Shares (Note e)					
			No. of New Shares	%	No. of New Shares	%	No. of New Shares	%		
The New Investor and parties in concert with it										
The New Investor	-	-								
China Fund Limited (Note a)	191,954,000	15.42%	43,189,650	3.08%	43,189,650	3.08%	19,195,400	1.37%	19,195,400	1.37%
Luckever Holdings Limited (Note a)	2,352,000	0.19%	529,200	0.04%	529,200	0.04%	235,200	0.02%	235,200	0.02%
Mr. Liu Xuezhong (Note a)	19,844,000	1.59%	4,464,900	0.32%	4,464,900	0.32%	1,984,400	0.14%	1,984,400	0.14%
Sub-total	214,150,000	17.20%	1,168,683,750	83.44%	1,098,652,500	78.44%	1,141,915,000	81.53%	1,071,883,750	76.53%
China Huadi Clean Energy Group Limited (Note b)	281,882,000	22.65%	63,423,450	4.53%	63,423,450	4.53%	28,188,200	2.01%	28,188,200	2.01%
Union Rise International Limited (Note c)	185,566,250	14.90%	41,752,406	2.98%	41,752,406	2.98%	18,556,625	1.32%	18,556,625	1.32%
Crown Max (Note d)	149,183,750	11.98%	33,566,344	2.40%	33,566,344	2.40%	14,918,375	1.07%	14,918,375	1.07%
Sub-total	616,632,000	49.53%	138,742,200	9.91%	138,742,200	9.91%	61,663,200	4.40%	61,663,200	4.40%
Existing public shareholders	414,218,000	33.27%	93,199,050	6.65%	93,199,050	6.65%	41,421,800	2.96%	41,421,800	2.96%
The Underwriter	-	-	-	-	-	-	155,625,000	11.11%	155,625,000	11.11%
Independent placees	-	-	-	-	70,031,250	5.00%	-	-	70,031,250	5.00%
Sub-total	414,218,000	33.27%	93,199,050	6.65%	163,230,300	11.65%	197,046,800	14.07%	267,078,050	19.07%
Total	1,245,000,000	100.00%	1,400,625,000	100.00%	1,400,625,000	100.00%	1,400,625,000	100.00%	1,400,625,000	100.00%

Notes:

- (a) Based on the disclosure of interests filing dated 24 March 2015 published in the Stock Exchange website, Mr. Liu Xuezhong was interested in 214,150,000 Shares comprising (i) 191,954,000 Shares held by China Fund Limited, a company wholly-owned by Luckever Holdings Limited which is approximately 60.87% held by Mr. Liu Xuezhong and approximately 39.13% held by Ms. Li Yuelan; (ii) 2,352,000 Shares held by Luckever Holdings Limited; and (iii) 19,844,000 Shares held by Mr. Liu Xuezhong. Ms. Li Yuelan is the spouse of Mr. Liu Xuezhong. Mr. Liu Xuezhong will not be a core connected person of the Company upon Completion. In addition, their acquisition of Shares has not been financed directly or indirectly by, and they are not accustomed to take instructions from, any person who will become a core connected person at the time of Resumption. Any Shares held by Mr. Liu Xuezhong should be counted towards the public float of the Company.
- (b) Based on the disclosure of interests filing dated 15 April 2015 published in the Stock Exchange website, Ms. Fan Amy Lizhen was interested in 281,882,000 Shares through her wholly-owned company, China Huadi Clean Energy Group Limited. Ms. Fan is the sole director of China Huadi Clean Energy Group Limited. Ms. Fan will not be a core connected person of the Company upon Completion. Any Shares held by Ms. Fan should be counted towards the public float of the Company.
- (c) Based on the disclosure of interests filing dated 30 November 2010 published on the Stock Exchange website, Mr. Xie Zhiqing, an executive Director, was interested in 185,566,250 Shares through his wholly-owned company, Union Rise International Limited. However, pursuant to the disclosure of interests filing dated 6 August 2018 published on the Stock Exchange website, Mr. Xie had disposed of his interest in 185,566,250 Shares. Based on the disclosure of interests filing dated 14 August 2018 published on the Stock Exchange website, Chen Yongqi had acquired the interest in Mr. Xie's 185,566,250 Shares. Upon enquiry, Mr. Xie confirmed to the Company that he had disposed of his entire interest in Union Rise International Limited to Chen Yongqi, who was unrelated to him. Based on the aforementioned disclosure of interests filings and Mr. Xie's representation, Chen Yongqi should be deemed, or taken to be interested in the 185,566,250 Shares which Union Rise International Limited is interested in for the purpose of the SFO.
- (d) Based on the disclosure of interests filing dated 21 December 2010 published on the Stock Exchange website, Ms. Chen Tianyi, an executive Director, was interested in 149,183,750 Shares through her wholly-owned company, Crown Max. Pursuant to the disclosure of interests filing dated 6 August 2018 published on the Stock Exchange website, Ms. Chen had disposed of her interest in 149,183,750 Shares. Based on the disclosure of interests filing dated 13 August 2018 published on the Stock Exchange website, Zhang Shi Qun had acquired the interest in Ms. Chen's 149,183,750 Shares. Upon enquiry, Ms. Chen confirmed to the Company that she had disposed of her entire interest in Crown Max to Zhang Shi Qun, who was unrelated to her. Based on the aforementioned disclosure of interests filings and Ms. Chen's representation, Zhang Shi Qun should be deemed, or taken to be interested in the 149,183,750 Shares which Crown Max is interested in for the purpose of the SFO.
- (e) These scenarios are for illustration purpose only and may never occur. The Company and the New Investor expect that completion of the Subscription, the Acquisition, the Open Offer and the Placing shall take place simultaneously prior to Resumption.

CREDITORS' SCHEMES

As part of the Revised Proposed Restructuring, the Company proposes to implement the Creditors' Schemes to fully discharge the Company from all claims and liabilities. The Creditors' Schemes will be implemented as follows:

- (a) the Company shall direct that a cash payment of HK\$80,000,000 from the proceeds of the Subscription (the "**Scheme Proceeds**") will be made to a new company to be incorporated by the JPLs ("**Greens SchemeCo**"), and used to settle all claims and liabilities of the Company (including certain priority claims which are expenses of the provisional liquidation), which shall be transferred to Greens SchemeCo;
- (b) the Company will transfer all its existing assets, including the entire equity interests of its existing subsidiaries to a new company ("**Greens NewCo**") to be incorporated by the administrators of the Creditors' Schemes for a cash consideration of HK\$1. The shares in Greens NewCo will be owned by Greens SchemeCo, and held for the benefit of the Scheme Creditors. The Company's obligation to settle any outstanding portion of the JPLs' costs and expenses incurred since the JPLs' appointment will be assumed by Greens NewCo. After such transfer of assets, dividends distributed by such subsidiaries and/or recoveries of value from those subsidiaries, if any, will be applied against any costs of realisation and the outstanding portion of the JPLs' costs and expenses, before any residual surplus is remitted up to Greens SchemeCo for onward distribution to the Scheme Creditors; and
- (c) Under the Creditors' Schemes, after payment of the priority claims in full, the unsecured ordinary Scheme Creditors will be entitled to receive a distribution on a pro rata basis of the remaining Scheme Proceeds as well as any surplus subsequently distributed from Greens NewCo to Greens SchemeCo.

The Hong Kong Scheme and the Cayman Scheme require the following to occur to become legally binding:

- (a) approval from the High Court and the Grand Court to convene meetings of the Company's creditors to vote on the Hong Kong Scheme and the Cayman Scheme respectively (first court hearing);
- (b) the convening of meeting(s) of the Company's creditors in accordance with directions given by the High Court and the Grand Court, and the relevant Cayman and Hong Kong laws and practices;
- (c) approval of 50% in number and 75% in value of the Company's creditors present and voting at the meeting of the Company's creditors in person or by proxy in favour of the Creditors' Schemes; and
- (d) approval of the High Court and the Grand Court by each Court making an order sanctioning the Hong Kong Scheme and the Cayman Scheme, respectively, which will involve the High Court and the Grand Court considering whether the Creditors' Schemes are fair (second court hearing).

Once the High Court and the Grand Court have sanctioned the Hong Kong Scheme and the Cayman Scheme respectively, the Creditors' Schemes are binding on all Scheme Creditors, irrespective of whether or how they voted. The Hong Kong Scheme and the Cayman Scheme will each become effective once a copy of the High Court and the Grand Court order has been lodged with the Companies Registry in Hong Kong and the Registrar of Companies in the Cayman Islands respectively.

The HK\$80,000,000 proceeds of the Subscription will be applied as full and final settlement of all claims and liabilities against the Company. The Creditors' Schemes shall serve to discharge and release all claims and liabilities of the Company, including certain of the costs, expenses and priority claims of the provisional liquidation of the Company as agreed and allowed by the High Court and the Grand Court. Under the terms of the Creditors' Schemes, a portion of the JPLs' total costs, expenses and priority claims incurred in respect of the provisional liquidation shall be settled from the HK\$80,000,000 Subscription proceeds in priority to the Scheme Creditors, which accords with the JPLs' existing statutory priority under both Cayman and Hong Kong law. The balance of the Subscription proceeds remaining after settlement of the agreed portion of the JPLs' costs, expenses and priority claims shall be distributed to the Scheme Creditors.

Upon the Creditors' Schemes becoming effective, all claims and liabilities of the Company as at the effective date of the Creditors' Schemes will be discharged in full.

After the Creditors' Schemes have been implemented and completed, the Scheme Creditors' interest in Greens SchemeCo, as described above, will survive and continue, in proportion to their admitted claims against the Company. Based on their current knowledge, the JPLs do not expect the Scheme Creditors to receive any additional value from Greens SchemeCo.

Save as (i) those disclosed in the sub-section headed "Special Deal" below; (ii) certain existing Director, former Directors and employees of the Company where the Company owes them unpaid remuneration and salary; and (iii) certain subsidiaries of the Company where the Company owes them inter-group accounts, the Scheme Creditors are Independent Third Parties, are not existing Shareholders and are not the New Investor nor parties acting in concert with the New Investor as at the date of this announcement. The existing Directors who are Scheme Creditors include Mr. Xie Zhiqing, Ms. Chen Tianyi and Mr. Jack Michael Biddison, and the former Directors who are Scheme Creditors include Mr. Tang Yau Sing, Mr. Cheung Kam Shing, Terry, Mr. Tse Chi Wai, Mr. Chan Ka Leung, Kevin and Mr. Koo Luen Bong.

CHANGE OF DIRECTORS

Mr. Xie Zhiqing, Ms. Chen Tianyi, and Mr. Ge Lingyue are the existing executive Directors and Mr. Jack Michael Biddison is the existing independent non-executive Director.

Pursuant to Rule 9.3 of the Takeovers Code, all documents issued by the Company in relation to the Revised Proposed Restructuring should state that all Directors jointly and severally accept full responsibility for the accuracy of information contained in the document and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the document have

been arrived at after due and careful consideration and there are no other facts not contained in the document, the omission of which would make any statement in the document misleading.

However, in this instance, the JPLs were appointed on 8 October 2015 and have been duly appointed to manage and to take responsibility for the affairs of the Company. One of the effects of the Order of the Grand Court dated 8 October 2015 is suspending all of the Directors' powers in relation to the Company, save for certain residual powers, and the Directors no longer have any power or authority to act in the name of the Company, including in relation to the Revised Proposed Restructuring. Given the Directors' inability to participate in matters relating to the Revised Proposed Restructuring, the Company has applied to the Executive, and the Executive has granted consent pursuant to Rule 9.4 of the Takeovers Code to exclude all Directors from the responsibility statement given in all documents issued or to be issued by the Company in relation to the Revised Proposed Restructuring.

The JPLs intend to remove all the existing Directors from office upon completion of the Acquisition, and the New Investor intends to nominate Mr. Yang and Mr. Hu as executive Directors with effect from completion of the Acquisition, and Mr. Hu Zhigang, Ms. Deng Qiyang and Mr. Bai Qiang as independent non-executive Directors with effect from Resumption (which will take place after completion of the Subscription, the Acquisition and the Open Offer), subject to compliance with the Takeovers Code. Their respective biographical details will be set out in the circular to be issued by the Company to the Shareholders.

CONDITIONS PRECEDENT TO THE REVISED RESTRUCTURING AGREEMENT

Completion is conditional on each of the following conditions precedent having been satisfied (or waived in accordance with the Revised Restructuring Agreement) in a manner reasonably satisfactory to each of the Company and the New Investor:

1. the entering into of the agreement to sell the entire issued share capital of the Target Company to the Group by the applicable shareholders of the Target Company;
2. all internal and external, legal, regulatory, tax and other clearances and approvals required to transfer the entire issued share capital of the Target Company to the Company having been obtained;
3. the entering into of the agreement to sell the entire issued share capital of Prospect Way to the Target Company by the shareholders of Prospect Way;
4. all internal and external, legal, regulatory, tax and other clearances and approvals required to transfer the entire issued share capital of Prospect Way to the Target Company having been obtained;
5. the entering into of the agreement to sell the entire issued share capital of Hongya to Prospect Way by the shareholders of Hongya;
6. all internal and external, legal, regulatory, tax and other clearances and approvals required to transfer the entire issued share capital of Hongya to Prospect Way having been obtained;

7. the SFC granting the Whitewash Waiver;
8. obtaining from the Stock Exchange of:
 - (a) approval of the Revised Resumption Proposal; and
 - (b) approval of the listing of and permission to deal in, the Subscription Shares;
9. the approval by the requisite majorities of Scheme Creditors and (if required) Shareholders of the Cayman Scheme and the Hong Kong Scheme;
10. the sanction of the Grand Court for the Cayman Scheme, and any other conditions precedent to the Cayman Scheme becoming effective, being satisfied;
11. the sanction of the High Court for the Hong Kong Scheme and any other conditions precedent to the Hong Kong Scheme becoming effective, being satisfied.
12. the approval of the requisite majority of the Shareholders for each of:
 - (a) the Capital Reduction;
 - (b) the Share Consolidation;
 - (c) the Authorised Share Capital Increase;
 - (d) the making of the Open Offer;
 - (e) the issue of the Subscription Shares; and
 - (f) the Whitewash Waiver;
13. the removal or resignation of existing Directors and appointment of the proposed Directors as designated by the New Investor with effect from the Completion Date;
14. approval of the Capital Reduction by the Grand Court, publication of a notice in relation to the Capital Reduction, the registration by the Registrar of Companies in the Cayman Islands of a copy of the Grand Court order and the minutes containing the particulars in compliance with the Companies Law and compliance with any conditions imposed by the Grand Court in respect of the Capital Reduction;
15. provision of the relevant court orders and other documentary evidence to the satisfaction of the New Investor that all liabilities of the Company will be extinguished subject to the terms of the Creditors' Schemes; and
16. all other necessary waivers, consents and approval including but not limited to those from the Stock Exchange, the SFC and other government or regulatory authorities, which are required (if any) for the implementation of the Revised Resumption Proposal and all transactions contemplated thereunder.

The Company may, at any time before the Completion Date, waive in whole or in part and conditionally or unconditionally the above conditions precedent, including condition precedent 7 in respect of obtaining the Whitewash Waiver. However, the Company will not waive conditions precedent in respect of the Whitewash Waiver (condition precedent 7), the listing approval for the

Subscription Shares, the approval for the New Listing Application and the shareholders' approvals for the transactions contemplated under the Revised Restructuring Agreement.

As at the date of this announcement, conditions precedent 1, 3, 4, 5 and 6 above have been satisfied.

The Company and the New Investor expect that completion of the Subscription, the Acquisition, the Open Offer and the Placing shall take place simultaneously prior to Resumption. The Revised Restructuring Agreement will terminate if completion of the transactions under the Revised Restructuring Agreement including the Subscription, the Acquisition, the Open Offer and the Placing does not take place before the Long Stop Date.

REASONS FOR AND BENEFITS OF THE REVISED RESTRUCTURING AGREEMENT AND USE OF PROCEEDS

The Capital Reorganisation, the Subscription, the Acquisition, the Open Offer, the Placing and the Creditors' Schemes form part of the Revised Proposed Restructuring under the Revised Restructuring Agreement.

The Company has been in financial difficulties since 2014, which difficulties became acute in 2015. The Company has no control over its operating subsidiaries in the PRC and has now ceased all operations. The Company is unable to settle its outstanding indebtedness and currently does not have sufficient assets/operation to support its listing status. Upon completion of the Revised Restructuring Agreement, a new business which is expected to satisfy the new listing requirements under the Listing Rules will be injected into the Company. The Group will have a sufficient level of operations, while the proceeds from the Subscription and the Open Offer will improve the financial and liquidity position of the Enlarged Group.

In addition, all claims and liabilities of the Company will be settled through the Creditors' Schemes. All existing Directors and management (including those who are subject to potential integrity issue raised by the Stock Exchange) will resign or be removed, and new Directors and senior management who are familiar with and experienced in the business and operation of the Target Group will be appointed.

The gross proceeds will be approximately HK\$246,510,000 from the Subscription and approximately HK\$34,237,500 from the Open Offer which will be applied as follows:

- (a) as to approximately HK\$140,510,000 for the Acquisition;
- (b) as to HK\$80,000,000 for the Creditors' Schemes; and
- (c) as to approximately HK\$60,237,500 for the professional costs and expenses for implementing the Revised Proposed Restructuring and the working capital of the Enlarged Group and other restructuring cost.

The JPLs believe that the terms of the Revised Restructuring Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

INFORMATION OF THE GROUP

The Group was principally engaged in production and sale of heat transfer products, wind turbine towers, mining and trading of alluvial gold and the services of waste heat power generation prior to trading suspension on 2 June 2015. The Group has now ceased all operations.

INFORMATION OF THE NEW INVESTOR

The New Investor is an investment holding company and is wholly owned by Mr. Yang.

Mr. Yang is the chief executive officer of the Predecessor Investor which is owned as to 74.38% by Mr. Yang, 20% by Beijing Jonghang Changli Energy Technology Limited and 5.62% by other minority shareholders.

Mr. Yang was appointed as a director of Hongya on 30 October 2017. He is also a director of the Target Company and Prospect Way. Mr. Yang has approximately 12 years of investment holding and management experience in various industries, including the financial and internet industry in the PRC. From February 1999 to August 2010, Mr. Yang founded and served as the general manager at Tianjin Nebula Technology Co., Ltd (天津市星雲網絡科技開發有限公司), a company primarily engaged in electronics, computer software and computer network maintenance. Mr. Yang served in Zhong Yong Nuo Xin (Beijing) Investment Co., Ltd (中永諾信(北京)投資有限公司), a company primarily engaged in investment management, consultancy and asset management, and has been serving as the chairman of the board of directors from June 2016 to January 2017. From September 2017 to December 2017, Mr. Yang was an executive director and the chairman of the board of directors of Kenford Group Holdings Limited (“**Kenford**”) (stock code: 464), the shares of which are listed on the Main Board of the Stock Exchange, which is primarily engaged in design, manufacture and sale of electrical haircare products and other small household electrical appliances.

Mr. Yang is also controlling shareholder of a number of non-listed companies, including but not limited to:

- Nuoxin Co., Limited, an investment holding company principally engaged in investment holding in oil and gas industry and the financial industry;
- Tianjin Zhongyong Nuoxin Investment Management Company Limited* (天津市中永諾信投資管理有限公司), a company principally engaged in, among others, investment management and investment information consulting, asset management, financial consulting, and wholesale and retail of general merchandise, building materials, decorative materials, metal, furniture, kitchen utensils and sanitary wares; and

- Shenzhen Nuoxin Financial Holdings Limited* (深圳市諾信金融控股有限公司), being the Predecessor Investor, which is an investment holding company principally engaged in, among others, investment in cultural industry, art works and industrial enterprises investment management; investment consultation and import and export of goods and technologies.

Mr. Liu Xuezhong, a substantial Shareholder who is interested in 214,150,000 Shares, representing approximately 17.2% of the issued share capital of the Company as at the date of this announcement, has business relationship with Mr. Yang, the ultimate beneficial owner of the New Investor. In particular, Mr. Yang and Mr. Liu Xuezhong are indirectly interested in 49% and 51% of the equity in Jiangsu Donghua Futures Company Limited (江蘇東華期貨有限公司) (“**Jiangsu Donghua**”) respectively. Jiangsu Donghua is established in the PRC and was principally engaged in the provision of brokerage of commodity futures and financial futures, and asset management, and is a member of Shanghai Commodity Exchange, Dalian Commodity Exchange and Zhengzhou Commodity Exchange. In addition, Mr. Yang was an executive director and the chairman of the board of directors of Kenford from September 2017 to December 2017, while Mr. Liu Xuezhong is the controlling shareholder of Kenford. As such, Mr. Liu Xuezhong is a party acting in concert with the New Investor pursuant to the Takeovers Code. Mr. Yang does not hold any shares in Kenford. Save for the above business relationship between Mr. Yang and Mr. Liu Xuezhong, the New Investor and its ultimate beneficial owner have confirmed to the Company that they and their concert parties together with their respective associates are Independent Third Parties.

FUTURE INTENTIONS OF THE NEW INVESTOR REGARDING THE GROUP

Upon Completion, the New Investor will become the single largest and the controlling shareholder of the Company. The New Investor intends to continue the businesses of Hongya and maintain the listing status of the Company on the Stock Exchange following Completion. The New Investor also intends to appoint new directors to the Board.

The New Investor also confirms that it has no intention or plan to dispose of its controlling interests in the Company within 12 months after the trading resumption in the New Shares, which is in line with the lock-up requirement of controlling shareholders of a normal new listing case under Rule 10.07 of the Listing Rules. The New Investor also confirms that it does not have any intention or plan, or is not a party to any agreement or arrangement and/or does not involve in any negotiation to dispose of, downsize or terminate the existing business operations of Hongya within 12 months after the trading resumption in the New Shares.

IMPLICATIONS UNDER THE TAKEOVERS CODE

Application for Whitewash Waiver

As at the date of this announcement, the New Investor and its ultimate beneficial owner are not interested in any securities of the Company. Mr. Liu Xuezhong is a party acting in concert of the New Investor pursuant to the Takeovers Code as set out in the preceding paragraph headed “Information of the New Investor” above. As Mr. Liu Xuezhong is interested in 214,150,000 Shares, the New Investor and parties acting in concert with it together hold 214,150,000 Shares, representing

approximately 17.20% of the issued share capital of the Company as at the date of this announcement.

Immediately upon completion of the Capital Reorganisation, the Subscription and the Open Offer, (i) assuming all Open Offer Shares are taken up by the existing Shareholders (including the companies in which Mr. Liu Xuezhong is interested), the New Investor and parties acting in concert with it will be interested in 1,168,683,750 New Shares, representing approximately 83.44% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares and the Open Offer Shares; and (ii) assuming none of the Open Offer Shares are taken up by the existing Shareholders, the New Investor and parties acting in concert with it will be interested in 1,141,915,000 New Shares, representing approximately 81.53% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares and the Open Offer Shares.

Immediately upon completion of the Capital Reorganisation, the Subscription, the Open Offer and the Placing, (i) assuming all Open Offer Shares are taken up by the existing Shareholders (including the companies in which Mr. Liu Xuezhong is interested), the New Investor and parties acting in concert with it will be interested in 1,098,652,500 New Shares, representing approximately 78.44% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares and the Open Offer Shares; and (ii) assuming none of the Open Offer Shares are taken up by the existing Shareholders, the New Investor and parties acting in concert with it will be interested in 1,071,883,750 New Shares, representing approximately 76.53% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares and the Open Offer Shares.

Under Rule 26.1 of the Takeovers Code, immediately upon completion of the Capital Reorganisation, the Subscription and the Open Offer, the New Investor and parties acting in concert with it would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by the New Investor and parties acting in concert with it, unless the Whitewash Waiver is obtained from the Executive. The New Investor will make an application to the Executive for the Whitewash Waiver in respect of the allotment and issue of the Subscription Shares. The Whitewash Waiver, if granted by the Executive, will be subject to, among others, approval by the Independent Shareholders at the EGM by way of poll. Completion is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders. The Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted by the Executive or is not approved by the Independent Shareholders, the Revised Restructuring Agreement will not become unconditional and the Subscription will not proceed.

If the Whitewash Waiver is granted by the Executive and approved by the Independent Shareholders and the Revised Restructuring Agreement becomes unconditional, the aggregate shareholding of the New Investor in the Company will exceed 50% upon Completion. The New Investor may further increase its shareholdings in the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.

As at the date of this announcement, the Company does not believe that the Revised Restructuring Agreement will give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the date of this

announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as practicable but in any event before the dispatch of the Circular. The Company notes that the Executive may not grant the Whitewash Waiver if the Revised Restructuring Agreement does not comply with other applicable rules and regulations.

Special Deal

As at the date of this announcement, the Interested Creditors (being the Scheme Creditors who are also Shareholders or whose associates are Shareholders) have claims of approximately HK\$67.8 million in aggregate against the Company. These Interested Creditors may receive payments under the Creditors' Schemes if they become effective and such payments are not extended to other Shareholders who are not Scheme Creditors. As such, the Creditors' Schemes constitute a special deal under Note 5 to Rule 25 of the Takeovers Code, and requires consent of the Executive. The Company will apply to the Executive for consent under Rule 25 of the Takeovers Code in relation to the Creditors' Schemes.

The Interested Creditors (being the Scheme Creditors who are also Shareholders or whose associates are Shareholders) comprise (i) Crown Max, a Shareholder which is interested in approximately 11.98% of the issued share capital of the Company, with a claim of approximately HK\$38.3 million (the "**Crown Max Loan**") with further details set out below; (ii) China Fund Limited, a Shareholder which is interested in approximately 15.42% of the issued share capital of the Company, with a claim of approximately HK\$2.2 million; and (iii) Shanghai Taiyan Investment Advisory Ltd, an associate of Mr. Liu Xuezhong (a substantial Shareholder) by virtue of it being wholly owned by Mr. Liu Xuezhong's daughter, with a claim of approximately HK\$27.3 million, as at 31 December 2017. The Interested Creditors and their associates including Mr. Liu Xuezhong (personally) and Luckever Holdings Limited (a company in which Mr. Liu Xuezhong owns 60.87%), in aggregate hold 363,333,750 Shares representing 29.18% in the issued Shares as at the date of this announcement.

The Crown Max Loan was made pursuant to a loan agreement between Crown Max and the Company dated 1 July 2013 as amended by three supplemental agreements dated 10 March 2014, 30 June 2014 and 30 September 2014 between the parties (the "**Loan Agreement**"). The Company has recently been informed by Mr. Frank Ellis and Ms. Chen Tianyi that, on 10 March 2018, Crown Max and Mr. Frank Ellis entered into a deed of assignment pursuant to which, with effect from the same date, Crown Max assigned to Mr. Frank Ellis all its rights, title, interest and benefits in and to the Loan Agreement and the Crown Max Loan. The JPLs have been informed by Mr. Frank Ellis and Ms. Chen Tianyi that the funds loaned by Crown Max were actually provided by Mr. Frank Ellis in the first instance, and the assignment is therefore intended to reflect the underlying commercial transaction. Mr. Frank Ellis was a substantial shareholder of the Company until 30 December 2014 and has not had any shareholding interest in the Company since that date.

The Executive will normally consent to a special deal under Note 5 to Rule 25 of the Takeovers Code provided that (i) the settlement terms under the Creditors' Schemes are arm's length transactions on normal commercial terms; (ii) the independent financial adviser to the Independent Shareholders publicly states that in its opinion the settlement terms are fair and reasonable; and (iii) the settlement terms are approved by the Independent Shareholders by way of poll at the EGM. If the Executive

does not consent to the Special Deal or if the Special Deal is not approved by the Independent Shareholders, the Revised Proposed Restructuring will lapse.

Shareholders, including the Interested Creditors, who are interested in or involved in the Creditors' Schemes, and their associates will be required to abstain from voting on the relevant resolutions to be proposed at the EGM.

DEALING AND INTEREST OF THE NEW INVESTOR AND PARTIES ACTING IN CONCERT WITH IT IN THE SECURITIES OF THE COMPANY

Save for the Revised Restructuring Agreement, the New Investor confirmed that as at the date of this announcement, neither it, nor any parties acting in concert with it:

- (a) owned, controlled or had direction over any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives or outstanding derivatives in respect of securities in the Company, or held any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company, save for Mr. Liu Xuezhong's interest in 214,150,000 Shares;
- (b) had received an irrevocable commitment to vote for the transactions contemplated under the Revised Restructuring Agreement, the Subscription and/or the Whitewash Waiver;
- (c) had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (d) save for entering into of the Revised Restructuring Agreement, the Subscription Agreement, the Acquisition Agreement and the Underwriting Agreement, had any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Subscriber, which might be material to the transactions contemplated under the Revised Restructuring Agreement, the Subscription and/or the Whitewash Waiver, with any other persons;
- (e) save for entering into of the Revised Restructuring Agreement, the Subscription Agreement, the Acquisition Agreement and the Creditors' Schemes, had any agreement or arrangement to which it is a party which relates to the circumstances in which it might or might not invoke or sought to invoke a pre-condition or a condition to the transactions contemplated under the Revised Restructuring Agreement, the Subscription and/or the Whitewash Waiver; or
- (f) had dealt in Shares, outstanding options, derivatives, warrants or other securities convertible or exchangeable into Shares, during the six months prior to the date of the Revised Restructuring Agreement.

IMPLICATIONS UNDER THE LISTING RULES

The Acquisition constitutes a reverse takeover for the Company under the Listing Rules. In addition, the Acquisition constitutes a connected transaction for the Company under Rule 14A.28 of the Listing Rules as Mr. Hu, who will be a substantial shareholder of the Target Company, will become an

executive Director upon Completion. The Acquisition is subject to the Independent Shareholders' approval under the Listing Rules.

Under Rule 14.54 of the Listing Rules, the Company will be treated as if it were a new listing applicant and the Acquisition is therefore subject to the approval by the Listing Committee of the New Listing Application. The Enlarged Group or the Target Group must be able to meet the requirements under Rule 8.05 of the Listing Rules and the Enlarged Group must be able to meet all the other basic conditions set out in Chapter 8 of the Listing Rules. The New Listing Application was initially submitted to the Stock Exchange on 13 February 2018 and was resubmitted to the Stock Exchange on 24 August 2018 as the initial new listing application has lapsed after six months. The Company will make further announcements to update its shareholders of its development as and when appropriate pursuant to the requirement of the Listing Rules.

Under Rule 7.24A of the Listing Rules, the Open Offer must be made conditional on minority shareholders' approval.

INDEPENDENT FINANCIAL ADVISER

As set out in the sub-section headed "Creditors' Schemes" above, Mr. Jack Michael Biddison is one of the Scheme Creditors. The Creditors' Schemes becoming effective is one of the conditions precedent to the Revised Restructuring Agreement. Mr. Jack Michael Biddison is interested or involved in the Revised Restructuring Agreement and is not suitable to be a member of the independent board committee to advise the Independent Shareholders in relation to the Subscription, the Acquisition, the Open Offer, the Whitewash Waiver and the Special Deal. Mr. Jack Michael Biddison is the only independent non-executive Director. As such, no independent board committee will be established to advise the Independent Shareholders in relation to the above matters.

Altus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Shareholders as to whether the terms of the Subscription, the Acquisition, the Open Offer, the Whitewash Waiver and the Special Deal are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, and to make a recommendation to the Independent Shareholders as to their voting on the proposed resolutions approving them at the EGM.

GENERAL

The EGM will be convened for the purpose of considering, and if thought fit, approving the resolutions in respect of, among others, (a) the Capital Reorganisation; (b) the Subscription; (c) the Acquisition; (d) the Open Offer; (e) the Whitewash Waiver and the Special Deal; and (f) the change of Directors. Voting in relation to the above resolutions at the EGM will be conducted by way of a poll.

The New Investor and parties acting in concert with it, and other Shareholders who are interested or involved (other than interests arising from being a Shareholder) in the Subscription, the Acquisition, the Open Offer, the Whitewash Waiver and/or the Special Deal shall abstain from voting on the relevant resolutions to be proposed at the EGM to approve the matters. Mr. Liu Xuezhong is a party acting in concert with the New Investor and shall abstain from voting on the relevant resolutions to be proposed at the EGM to approve the transactions contemplated under the Revised Proposed

Restructuring. Mr. Liu Xuezhong is interested in 214,150,000 Shares, representing approximately 17.20% of the total issued share capital of the Company as at the date of this announcement. The Interested Creditors and their associates including Mr. Liu Xuezhong (personally) and Luckever Holdings Limited (a company in which Mr. Liu Xuezhong owns 60.87%), in aggregate holding 363,333,750 Shares representing 29.18% in the issued Shares as at the date of this announcement, and any other Shareholders who are, as at the date of the EGM, interested in or involved in the Creditors' Schemes, and their associates will be required to abstain from voting on the relevant resolutions to be proposed at the EGM. Save as disclosed above, no Shareholders has any material interest in the Revised Proposed Restructuring, accordingly, no other Shareholders as at the date of this announcement is required to abstain from voting on the resolutions in respect of the transactions contemplated under the Revised Proposed Restructuring to be proposed at the EGM.

The Company will dispatch the Circular in accordance with the requirements of the Listing Rules and the Takeovers Code. The Circular will contain, among others, further details about (a) the Capital Reorganisation, (b) the Subscription, (c) the Acquisition including information about the business of the Target Group based on the disclosure requirements under the Listing Rules in respect of a deemed new listing application in connection with a reverse takeover, (d) the Open Offer, (e) the Placing, (f) the Creditors' Schemes, (g) the Whitewash Waiver and the Special Deal, (h) the change of Directors, and (i) a letter of advice from the Independent Financial Adviser to the Independent Shareholders in respect of the Subscription, the Acquisition, the Open Offer, the Whitewash Waiver and the Special Deal.

The Circular is subject to the requirements under the Takeovers Code and review and comments by the Stock Exchange, and will be dispatched to the Shareholders as soon as practicable after the Company has obtained the approval in principal from the Listing Committee with respect to the New Listing Application. Shareholders and potential investors of the Company should refer to the Circular for further details for each of the transactions contemplated under the Revised Proposed Restructuring.

Under Rule 8.2 of the Takeovers Code, the Company is required to dispatch to Shareholders a circular in respect of, among others, the Whitewash Waiver within 21 days from the date of publication of this announcement, that is, on or before 18 October 2018.

As the New Listing Application is subject to approval by the Stock Exchange, it is expected that more time may be needed for the Stock Exchange to approve the New Listing Application and for the preparation of the Circular.

The Company will apply to the Executive pursuant to Rule 8.2 of the Takeovers Code for its consent to extend the time limit for the dispatch of the Circular and the Company will make further announcement on the expected date of dispatch of the Circular.

At the request of the Company, trading in the Shares has been suspended from 9:00 a.m. on 2 June 2015 and will remain suspended until further notice.

The publication of this announcement does not indicate any decision or conclusion from the Stock Exchange nor warrant any approval from the Stock Exchange on the trading resumption

in the Shares. In addition, the transactions contemplated under the Revised Restructuring Agreement and trading resumption in the Shares are subject to the fulfillment of a number of conditions precedent and therefore may or may not materialise and proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	the conditional acquisition of the entire equity interest of the Target Company by the Company pursuant to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the acquisition agreement dated 30 November 2017 (as amended, supplemented or otherwise restated by an amendment letter dated 20 July 2018) entered into among the Company, the Vendors and the Guarantors pursuant to which the Vendors conditionally agreed to sell and the Company conditionally agreed to purchase the entire equity interest of the Target Company
“Acquisition Completion”	completion of the Acquisition pursuant to the Acquisition Agreement
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Authorised Share Capital Increase”	the proposed increase of the authorised share capital of the Company from its current level of US\$24,000,000 to US\$100,000,000
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday and public holidays) on which commercial banks are opened for business in Hong Kong
“BVI”	the British Virgin Islands
“Capital Reduction”	the proposed reduction of nominal value of each existing issued Share from US\$0.01 to US\$0.001
“Capital Reorganisation”	the proposed restructuring of the capital of the Company comprising, inter alia, the Capital Reduction, the Share Consolidation and the Authorised Share Capital Increase

“Cayman Scheme”	a scheme of arrangement under section 86 of the Companies Law
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the relevant circular in relation to, among others, the Capital Reorganisation, the Subscription, the Acquisition, the Open Offer, the Creditors’ Schemes, the Whitewash Waiver, the Special Deal and the change of Directors, to be dispatched by the Company
“Companies Law”	the Companies Law (Revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of The Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”	Greens Holdings Ltd (In Provisional Liquidation), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1318)
“Completion”	completion of the Revised Proposed Restructuring
“Completion Date”	the third Business Day after the date upon which all the conditions precedent under the Revised Restructuring Agreement have been satisfied or waived in accordance with the terms of the Revised Restructuring Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Creditors’ Schemes”	the Hong Kong Scheme and the Cayman Scheme
“Crown Max”	Crown Max Investments Limited
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purposes of considering, and if thought fit, approving, among other matters, the Capital Reorganisation, the Subscription, the Acquisition, the Open Offer, the Whitewash Waiver, the Special Deal and the change of Directors

“Enlarged Group”	the Group immediately following Completion
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Fei Yue”	Fei Yue Holding Limited, a company incorporated in the BVI with limited liability on 24 August 2017 and one of the Vendors, which has been wholly owned by Ms. Gao since its incorporation
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“Guarantors”	Ms. Gao, Mr. Hu and Mr. Yang
“High Court”	the High Court of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Scheme”	a scheme of arrangement under Part 13 of the Companies Ordinance
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hongya”	大城縣弘亞再生資源利用有限公司 (Dacheng Hongya Renewable Resources Limited), a company established in the PRC with limited liability on 15 July 2008 and is wholly owned by Prospect Way as at the date of this announcement
“Independent Financial Adviser”	Altus Capital Limited, a licensed corporation under the SFO authorised to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, the independent financial adviser to advise the Independent Shareholders in respect of the Subscription, the Acquisition, the Open Offer, the Whitewash Waiver and the Special Deal
“Independent Shareholders”	the Shareholder(s), who are not Vendors, the New Investor and parties acting in concert with it and/or not involved or interested in (other than solely as a Shareholder) any of the transactions contemplated under the Revised Proposed Restructuring
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons

“Interested Creditors”	the Scheme Creditors who are also Shareholders or whose associates are Shareholders, and their information is further set out in the section headed “Special Deal” in this announcement
“JPLs”	the joint provisional liquidators of the Company, Mr. Patrick Cowley, Ms. Chan Mei Lan and Mr. Alexander Lawson of KPMG, appointed by the Grant Court on 8 October 2015, and with effect from 12 February 2018 (Cayman Islands time), Ms. Chan Mei Lan and Mr. Alexander Lawson were replaced by Ms. Lui Yee Man and Mr. Jeffrey Stower
“Last Trading Day”	1 June 2015, being the last trading day of the Shares before trading suspension in the Shares
“Li Yang”	Li Yang Holding Limited, a company incorporated in the BVI with limited liability on 24 August 2017 and one of the Vendors, which has been wholly owned by Mr. Hu since its incorporation
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	31 December 2019 or such later date as the parties to the relevant agreements may agree
“Mr. Hu”	Mr. Hu Kezhi (胡克致先生), being a proposed executive Director, who wholly owned Li Yang and is indirectly interested in 49% equity interest of the Target Company as at the date of this announcement, and is the brother-in-law of Mr. Liu
“Mr. Liu”	Mr. Liu Bohui (劉伯會先生), being the proposed chief executive officer of the Company and the head of sales of the Enlarged Group, who is the spouse of Ms. Gao and the brother-in-law of Mr. Hu
“Mr. Yang”	Mr. Yang Yubin (楊玉斌先生), being a proposed executive Director and the proposed chairman of the Board, who wholly owned the New Investor and is indirectly interested in 2% equity interest of the Target Company as at the date of this announcement
“Ms. Gao”	Ms. Gao Runjie (高潤潔女士), who wholly owned Fei Yue and is indirectly interested in 49% equity interest of the Target Company as at the date of this announcement, and is the spouse of Mr. Liu
“New Investor”	Nuo Xiang Holding Limited, a company incorporated in the BVI with limited liability on 24 August 2017, one of the Vendors and the controlling Shareholder immediately after the Subscription, which has been wholly owned by Mr. Yang since its incorporation

“New Listing Application”	the new listing application initially submitted by the Company to the Stock Exchange on 13 February 2018 and resubmitted on 24 August 2018 relating to the transactions contemplated under the Revised Resumption Proposal (and the revision thereof) pursuant to the requirements and procedures set out in Chapters 8 and 9 of the Listing Rules
“New Share(s)”	ordinary shares of the Company of US\$0.01 each in the capital of the Company upon completion of the Capital Reorganisation
“Open Offer”	the proposed offer for subscription of the Open Offer Shares on the basis of five (5) Open Offer Shares for every four (4) New Shares held on the Open Offer Record Date at the Open Offer Price
“Open Offer Price”	the price of each Open Offer Share of HK\$0.22
“Open Offer Record Date”	being the date by reference to which entitlements to the Open Offer will be determined
“Open Offer Shares”	155,625,000 New Shares proposed to be issued under the Open Offer
“Placing”	the placing of a minimum of 70,031,250 New Shares to a maximum of 225,656,250 New Shares to be owned by the New Investor after completion of the Open Offer by a placing agent to the placees who are Independent Third Parties for the purpose of satisfying the minimum public float requirements under the Listing Rules
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Predecessor Investor”	Shenzhen Nuoxin Financial Holdings Limited (深圳市诺信金融控股有限公司), a company incorporated in the PRC with limited liability
“Previous Resumption Proposal”	the proposal submitted to the Stock Exchange for applying resumption of trading in the Shares on 28 September 2016 in respect of the Restructuring Agreement
“Prospect Way”	Prospect Way (HK) Limited (隆匯(香港)有限公司), a company incorporated in Hong Kong with limited liability on 10 August 2017, which is wholly owned by the Target Company as at the date of this announcement
“Qualifying Shareholders”	the Shareholders, other than the non-qualifying Shareholders, whose names appear on the register of members of the Company as at the close of business on the Open Offer Record Date

“Reorganisation”	the reorganisation arrangements undergone by the Target Group in preparation for the Acquisition as described in the sub-section headed “Information of the Target Company and the Target Group” in this announcement
“Restructuring Agreement”	the agreement dated 28 September 2016 entered into between the Company and the Predecessor Investor in respect of the transactions contemplated under the Previous Resumption Proposal, which shall be amended and restated by the Revised Restructuring Agreement
“Resumption”	the resumption of trading in the Shares on the Main Board of the Stock Exchange
“Revised Proposed Restructuring”	the proposed restructuring of the Group as contemplated under the Revised Resumption Proposal, involving, among other things, the Capital Reorganisation, the Subscription, the Acquisition, the Open Offer, the Placing, the Creditors’ Schemes, the Whitewash Waiver, the Special Deal and the change of Directors
“Revised Restructuring Agreement”	the amended and restated restructuring agreement dated 20 October 2017 (as amended, supplemented or otherwise restated by an amendment letter date 18 July 2018) entered into between the Company, the Predecessor Investor and the New Investor to amend and restate the Restructuring Agreement in respect of the Revised Proposed Restructuring
“Revised Resumption Proposal”	the resumption proposal dated 23 October 2017 submitted to the Stock Exchange in respect of the Revised Restructuring Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme Creditors”	the creditors under the Creditors’ Schemes
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share Consolidation”	the proposed consolidation of every 10 issued Shares of US\$0.001 each upon the Capital Reduction becoming effective into one New Share
“Shareholder(s)”	the holder(s) of the Shares from time to time

“Share(s)”	ordinary share(s) of US\$0.01 each in the existing share capital of the Company prior to the Capital Reorganisation
“Special Deal”	the settlement of the indebtedness due to certain Shareholders under the Creditors’ Schemes, which constitutes a special deal under Rule 25 of the Takeovers Code
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the New Investor under the Subscription Agreement
“Subscription Agreement”	the agreement dated 13 February 2018 (as amended, supplemented or otherwise restated by an amendment letter dated 23 July 2018) entered into between the Company and the New Investor in relation to the Subscription
“Subscription Price”	HK\$0.22, the price at which the Subscription Shares are to be issued under the Subscription Agreement
“Subscription Shares”	1,120,500,000 New Shares to be allotted and issued as fully paid by the Company to the New Investor under the Subscription Agreement
“Takeovers Code”	the Code on Takeovers and Mergers
“Target Company”	Shiny Wisdom Limited, a company incorporated in the BVI with limited liability on 25 August 2017 and is owned as to 49%, 49% and 2% by Li Yang, Fei Yue and the New Investor respectively as at the date of this announcement
“US\$”	United States dollars, the lawful currency of the United States
“Target Group”	the Target Company and its subsidiaries, including Prospect Way and Hongya
“Underwriter”	the underwriter to be appointed by the Company in respect of the Open Offer
“Underwriting Agreement”	the agreement to be entered into between the Company and the Underwriter in relation to the Open Offer
“Underwritten Shares”	all the Open Offer Shares which are fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement

“Vendors”	Fei Yue, Li Yang and the New Investor
“Whitewash Waiver”	a whitewash waiver pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code granted or to be granted by the Executive in respect of the obligations of the New Investor to make a mandatory general offer for all the securities of the Company not already owned or agreed to be acquired by the New Investor and parties acting in concert with it which may arise as a result of the issue of the Subscription Shares
“%”	per cent.

For and on behalf of
GREENS HOLDINGS LTD
(In Provisional Liquidation)
Patrick Cowley, Lui Yee Man and Jeffrey Stower
Joint Provisional Liquidators

Hong Kong, 27 September 2018

As at the date of this announcement, the Board comprises three executive directors, namely Mr. XIE Zhiqing, Ms. CHEN Tianyi, and Mr. GE Lingyue, and one independent non-executive director, namely Mr. Jack Michael BIDDISON.

The Joint Provisional Liquidators jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than the information relating to the New Investor, the Vendors and the Target Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The sole director of the New Investor, being Mr. YANG Yubin accepts full responsibility for the accuracy of the information contained in this announcement (other than those in relation to the Group or the Joint Provisional Liquidators) and confirm, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this announcement (other than those expressed by the Company or the Joint Provisional Liquidators) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

** for identification purposes only*