
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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GREENHEART GROUP LIMITED

綠心集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 94)

CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF SPECIAL GENERAL MEETING

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



中國通海企業融資
CHINA TONGHAI CAPITAL

A letter from the Board is set out on pages 4 to 12 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 13 to 14 of this circular.

A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 25 of this circular.

A notice convening the Special General Meeting to be held at Basement 2, Function Room, The Wharney Guang Dong Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong at 11:00 a.m. on 4 August 2020 is set out on pages 33 to 35 of this circular. Whether or not you intend to attend and vote at the Special General Meeting in person, please complete the enclosed form of proxy and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as practicable but in any event not later than 48 hours before the time appointed for holding the Special General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Special General Meeting or any adjournment thereof should you so wish and in such event, the proxy shall be deemed to be revoked.

PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

In compliance with the HKSAR Government's directive on social distancing, personal and environmental hygiene, and the guidelines issued by the Centre for Health Protection of the Department of Health on the prevention of coronavirus disease 2019 ("COVID-19"), the Company will implement additional precautionary measures at the SGM including, without limitation:

- compulsory body temperature screening;
- mandatory use of surgical face masks;
- mandatory health declaration – anyone subject to quarantine, has any flu-like symptoms or has travelled overseas within 14 days immediately before the SGM ("recent travel history"), or has close contact with any person under quarantine or with recent travel history will not be permitted to attend the SGM;
- anyone attending the SGM is reminded to observe good personal hygiene at all times; and
- appropriate distancing and spacing in line with the guidance from the HKSAR Government will be maintained and as such, the Company may limit the number of attendees at the SGM as may be necessary to avoid over-crowding.

Any person who does not comply with the precautionary measures or is subject to any HKSAR Government prescribed quarantine may be denied entry into the meeting venue. In light of the continuing risks posed by the COVID-19 pandemic, the Company reminds Shareholders that they may appoint the Chairman of the SGM as their proxy to vote according to their indicated voting instructions as an alternative to attending the SGM in person. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

16 July 2020

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Additional Facility Limit”	an additional facility limit of HK\$29 million
“Banking Day”	a day (excluding Saturday, Sunday and public holidays in Hong Kong) on which banks are open for business in Hong Kong
“Board”	the board of Directors
“Company”	Greenheart Group Limited 綠心集團有限公司, a company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“Drawdown Period”	the drawdown period as defined in the Facility Agreement (as amended and supplemented by the Supplemental Facility Agreement, the Second Supplemental Facility Agreement, the Third Supplemental Facility Agreement and the Fourth Supplemental Facility Agreement)
“Effective Date”	the date on which the Fifth Supplemental Facility Agreement becomes effective
“Event(s) of Default”	event(s) of default as set out in the Facility Agreement (as amended and supplemented by the Supplemental Facility Agreement, the Second Supplemental Facility Agreement, the Third Supplemental Facility Agreement and the Fourth Supplemental Facility Agreement)
“Facility”	the revolving loan facility granted by Silver Mount to Greenheart Resources pursuant to the Facility Agreement (as amended and supplemented by the Supplemental Facility Agreement, the Second Supplemental Facility Agreement, the Third Supplemental Facility Agreement and the Fourth Supplemental Facility Agreement)
“Facility Agreement”	the facility agreement dated 14 May 2008 entered into between Silver Mount and Greenheart Resources in respect of provision of a HK\$50 million loan facility

DEFINITIONS

“Facility Limit”	the maximum total principal amount available during the Drawdown Period of the Facility
“Fifth Supplemental Facility Agreement”	the fifth supplemental facility agreement dated 15 June 2020 entered into between Silver Mount and Greenheart Resources in respect of the Facility
“Fourth Supplemental Facility Agreement”	the fourth supplemental facility agreement dated 26 January 2018 entered into between Silver Mount and Greenheart Resources in respect of the Facility for, inter alia, the extension of the repayment date of the outstanding amount drawn under the Facility to 30 November 2020 and the extension of the Drawdown Period
“Greenheart Resources”	Greenheart Resources Holdings Limited, a company incorporated under the laws of the British Virgin Islands and currently a 60.39% indirect subsidiary of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising the independent non-executive Directors, namely Mr. Wong Man Chung, Francis and Mr. Cheung Pak To, Patrick, formed for the purpose of advising the Independent Shareholders in respect of the continuing connected transactions
“Independent Financial Adviser” or “China Tonghai”	China Tonghai Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions
“Independent Shareholders”	independent Shareholders other than those who have interest in the relevant continuing connected transactions
“Latest Practicable Date”	13 July 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Newforest”	Newforest Limited, an exempted company incorporated with limited liability in the Cayman Islands, the controlling shareholder of the Company
“Second Supplemental Facility Agreement”	the second supplemental facility agreement dated 4 November 2013 entered into between Silver Mount and Greenheart Resources for, inter alia, the extension of the Drawdown Period and the repayment date of the Facility and the change of the interest payment periods of the Facility from monthly payments in arrears to six-monthly payments in arrears
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the shareholder(s) of the Company
“Shares”	the shares of the Company
“Silver Mount”	Silver Mount Group Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company
“Special General Meeting” or “SGM”	a special general meeting of the Shareholders to be convened and held to consider and, if thought fit, approve, inter alia, the Fifth Supplemental Facility Agreement and the transactions contemplated thereunder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed thereto in the Listing Rules
“Supplemental Facility Agreement”	the supplemental facility agreement dated 22 November 2010 entered into between Silver Mount and Greenheart Resources for, inter alia, the increase of the Facility Limit to HK\$215 million, the extension of the Drawdown Period and the repayment date of the Facility
“Third Supplemental Facility Agreement”	the third supplemental facility agreement dated 12 December 2016 entered into between Silver Mount and Greenheart Resources for, inter alia, the extension of the repayment date of the outstanding amount drawn under the Facility for 3 years and the extension of the Drawdown Period
“%”	per cent.

LETTER FROM THE BOARD



GREENHEART GROUP LIMITED

綠心集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 94)

Executive Directors:

Mr. Ding Wai Chuen

Mr. Lim Hoe Pin

Non-executive Directors:

Mr. Cheng Chi-Him, Conrad

Mr. Cheng Yang

Mr. Simon Murray

Mr. Tsang On-Yip, Patrick

Independent non-executive Directors:

Mr. Wong Man Chung, Francis

Mr. Cheung Pak To, Patrick

Registered office:

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM 10 Bermuda

***Head office and principal place of
business in Hong Kong:***

32/F., Fortis Tower,

Nos. 77-79 Gloucester Road,

Wan Chai, Hong Kong

16 July 2020

To the Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

The Company refers to its announcements dated 1 June 2010, 22 November 2010, 4 November 2013, 12 December 2016 and 26 January 2018, and its circular dated 30 November 2010, 6 November 2013, 6 January 2017 and 15 February 2018. Silver Mount, a wholly-owned subsidiary of the Company, granted to Greenheart Resources a revolving facility up to a maximum of HK\$371 million, which was approved by the Independent Shareholders at a special general meeting of the Company held on 12 March 2018. The Facility bears an interest at the rate of the prime rate for Hong Kong dollars per annum from time to time as quoted by The Hongkong and Shanghai Banking Corporation Limited (or such other bank as may be designated by Silver Mount).

LETTER FROM THE BOARD

As at the Latest Practicable Date, an amount of HK\$356,194,000 has been drawn down. The repayment date of the Facility, which was approved by the Independent Shareholders at a special general meeting of the Company held on 12 March 2018, is on or before 30 November 2020.

Reference is also made to the announcement of the Company made on 15 June 2020 in relation to the Fifth Supplemental Facility Agreement. The transactions to be effected by the Fifth Supplemental Facility Agreement constitute continuing connected transactions of the Company.

The purposes of this circular are to provide you with, among other things, (i) information in relation to the Fifth Supplemental Facility Agreement; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the Special General Meeting to consider and, if thought fit, approve the resolution in relation to the Fifth Supplemental Facility Agreement.

PARTICULARS OF THE FIFTH SUPPLEMENTAL FACILITY AGREEMENT

On 15 June 2020, Silver Mount entered into the Fifth Supplemental Facility Agreement with Greenheart Resources pursuant to which the parties conditionally agreed to:

- (a) extend the repayment date of the outstanding amount drawn under the Facility to the date falling three years after the Effective Date;
- (b) extend the Drawdown Period to the earlier of (i) the date falling three years after the Effective Date; and (ii) the date on which the Facility is terminated upon the occurrence of an Event of Default under the provisions of the Facility Agreement (as amended by the Supplemental Facility Agreement, the Second Supplemental Facility Agreement, the Third Supplemental Facility Agreement, the Fourth Supplemental Facility Agreement and the Fifth Supplemental Facility Agreement); and
- (c) increase the Facility Limit by HK\$29 million (i.e. the Additional Facility Limit) from HK\$371 million to HK\$400 million.

Apart from the above, other terms of the Facility remain unchanged from the original terms.

The Fifth Supplemental Facility Agreement will become effective on the Effective Date upon the Company having convened the Special General Meeting at which the resolution shall have been duly passed by the Independent Shareholders to approve, confirm and ratify the Fifth Supplemental Facility Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps).

PARTICULARS OF THE FACILITY

The principal terms of the Facility after the Fifth Supplemental Facility Agreement becomes effective are as follows:

LETTER FROM THE BOARD

- (i) Facility Limit: A revolving facility up to a maximum of HK\$400 million at any time during the Drawdown Period.
- (ii) Drawdown Period: The period commencing on the date of the Facility Agreement and ending on but excluding the earlier of (i) the date falling three years after the Effective Date; and (ii) the date on which the Facility is terminated upon the occurrence of an Event of Default under the provisions of the Facility Agreement as amended by the Supplemental Facility Agreement, the Second Supplemental Facility Agreement, the Third Supplemental Facility Agreement, the Fourth Supplemental Facility Agreement and the Fifth Supplemental Facility Agreement.
- (iii) Interest: Prime rate for Hong Kong dollars per annum from time to time as quoted by The Hongkong and Shanghai Banking Corporation Limited (or such other bank as may be designated by Silver Mount), i.e. 5% as at the Latest Practicable Date.
- Interest is calculated on the basis of the actual number of days elapsed on a 365-day year and is paid six-monthly in arrears.
- (iv) Repayment: Greenheart Resources may repay the whole or any part of the amount drawn under the Facility on or before the date falling three years after the Effective Date.
- (v) Prepayment: Greenheart Resources may on any Banking Day prepay the whole or any part of the amount drawn under the Facility together with interest accrued thereon by giving Silver Mount not less than two Banking Days' prior notice specifying the date of prepayment.
- (vi) Security: None.
- (vii) Conditions: Greenheart Resources may draw under the Facility provided that:
- (a) it gives Silver Mount a notice of drawing in the manner set out in the Facility Agreement;
 - (b) no Event of Default or prospective Event of Default has occurred and all representations and warranties given by Greenheart Resources under the Facility Agreement are true and correct as at the date of each drawing; and
 - (c) the amount of such drawing shall, when aggregated with the principal amount then outstanding, not exceed the Facility Limit.

LETTER FROM THE BOARD

- (viii) Events of Default: Events of Default include but are not limited to:
- (a) failure of Greenheart Resources to pay any sum payable under the Facility Agreement (as amended by the Supplemental Facility Agreement, the Second Supplemental Facility Agreement, the Third Supplemental Facility Agreement, the Fourth Supplemental Facility Agreement and the Fifth Supplemental Facility Agreement) when due;
 - (b) failure of Greenheart Resources to perform or comply with any of its obligations or undertakings under the Facility Agreement (as amended by the Supplemental Facility Agreement, the Second Supplemental Facility Agreement, the Third Supplemental Facility Agreement, the Fourth Supplemental Facility Agreement and the Fifth Supplemental Facility Agreement);
 - (c) any representation, warranty or statement made by Greenheart Resources under the Facility Agreement, the Supplemental Facility Agreement, the Second Supplemental Facility Agreement, the Third Supplemental Facility Agreement, the Fourth Supplemental Facility Agreement and the Fifth Supplemental Facility Agreement, being or proving to have been untrue, inaccurate, incorrect or misleading in any material respect;
 - (d) failure of Greenheart Resources to pay any other indebtedness when due by reason of a default or an event of default;
 - (e) any litigation, arbitration or administrative proceedings before any court, arbitration or other relevant authority being current, pending or threatened against Greenheart Resources or any of its subsidiaries which Silver Mount considers will have or is likely to have a material adverse effect on Greenheart Resources and its subsidiaries; and
 - (f) any material adverse change in the financial condition and/or business of Greenheart Resources.

LETTER FROM THE BOARD

PROPOSED ANNUAL CAPS

As mentioned above, an amount of HK\$356,194,000 has been drawn down by Greenheart Resources as at the Latest Practicable Date. In line with the amendment to the principal terms of the Facility under the Fifth Supplemental Facility Agreement, the Group seeks to revise the existing annual cap of HK\$460 million for the financial year ending 31 December 2020 (which was approved by the Independent Shareholders at a special general meeting of the Company held on 12 March 2018) and set new annual caps for each of the financial years ending 31 December 2021, 2022 and 2023. In view of the fact that the Additional Facility Limit will increase the Facility Limit under the Fifth Supplemental Facility Agreement, the maximum principal amount advanced under the Facility plus the outstanding interest accrued thereon from time to time are not expected to exceed HK\$540 million for each of the financial years ending 31 December 2020, 2021, 2022 and 2023 (the “**Proposed Annual Caps**”). The Proposed Annual Caps were determined based on the Facility Limit, the current principal loan amount advanced under the Facility and the interest rate of the Facility.

REASONS FOR AND BENEFITS OF THE FIFTH SUPPLEMENTAL FACILITY AGREEMENT

The repayment date of the Facility is the date falling three years after the Effective Date unless further extended. As disclosed in the announcements of the Company dated 1 June 2010, 22 November 2010, 4 November 2013, 12 December 2016 and 26 January 2018, and the circulars dated 30 November 2010, 6 November 2013, 6 January 2017 and 15 February 2018, the Facility is used to facilitate the business development of Greenheart Resources, which is currently operating forestry and timber businesses in Suriname. As at the Latest Practicable Date, Greenheart Resources holds and operates a total of 185,000 hectares, of which 25,000 hectares have just expired and are now in the process of renewal, of tropical hardwood concessions and a tropical hardwood processing plant in West Suriname (“**West Suriname Operation**”). In addition, the Facility is also being used to provide part of the funding for the working capital of Greenheart Resources, which includes staff costs and other running costs in operating the forestry and processing plant. If the Fifth Supplemental Facility Agreement is approved by the Independent Shareholders at the SGM, the Group intends to continue to use the Facility for business development and general working capital purposes.

In order to provide funding to Greenheart Resources to complete its processing plant in West Suriname (the “**WS Processing Plant**”), including the reconfiguration of the machineries layout in 2015 and to replenish its operating working capital, Silver Mount and Newforest have also each provided loan facilities in the aggregate amount of US\$27,951,000 and US\$18,333,000 respectively, which are proportional to their respective shareholdings in Greenheart Resources. As at the Latest Practicable Date, Greenheart Resources had undrawn loan facilities from Silver Mount and Newforest of US\$631,000 in aggregate.

The said US\$27,951,000 loan facilities granted by Silver Mount to Greenheart Resources constitutes continuing connected transactions of the Company. Such financial assistance was provided (i) for the benefit of Greenheart Resources in which Silver Mount is a shareholder; (ii) not in the ordinary and usual course of business but on normal commercial terms, (iii) in proportion to Silver Mount’s equity interest in Greenheart Resources, and (iv) no guarantee was given by the Company or Silver Mount. Accordingly, such financial assistance is exempt from the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.89 of the Listing Rules.

LETTER FROM THE BOARD

As at 31 December 2017, 31 December 2018 and 31 December 2019, respectively, Greenheart Resources had net liabilities of US\$86,000,000, US\$95,026,000 and US\$106,475,000, respectively; and cash and bank balances (exclude pledged deposit) of US\$201,000, US\$223,000 and US\$241,000, respectively. During the year ended 31 December 2017, 31 December 2018 and 31 December 2019, Greenheart Resources had net losses of US\$8,940,000, US\$9,026,000 and US\$11,449,000, respectively.

As mentioned in the Company's 2019 interim report and 2019 annual report, Greenheart Resources had eventually received the revised concession license of its largest concession in west Suriname from the Suriname government and restarted operation in the end of the third quarter of 2019 with first logs arriving at its sawmill in November 2019, and first lumber sales order fulfilled in February 2020. Despite the impact of the COVID-19 on the demand for tropical hardwood, revenue from West Suriname Operation has gradually increased in the first five months of 2020 following the resumption of West Suriname Operation. A subsidiary of Greenheart Resources has just obtained LegalSource certification (governed by NEPCon), which is an EU Timber Regulation accepted in Europe and the United States and by some of our clients in Asia. This certification can help Greenheart Resources expand its reach to premium customers who need to meet tighter sourcing policies or key market regulations.

Globally, due to the increasing supply constraints imposed on some major tropical hardwood exporting countries, such as Malaysia, Indonesia etc, the availability of good quality tropical hardwoods is diminishing over years. The Company believes that with an increasing affluent population, there will continue to be a demand for high quality and high value premium tropical hardwood products in China and India. As a result, the Company remains cautiously optimistic on the global demand for Suriname tropical hardwood in the future. With the resumption of operation late last year, achievement in some major cost reduction in the harvesting and logistic costs and the LegalSource certification, the Company is cautiously positive about the outlook of the West Suriname Operation. In order to develop the West Suriname Operation into a sustainable business, Greenheart Resources will need the Facility as bridging working capital to maintain and turnaround its daily operation.

The transactions under the Fifth Supplemental Facility Agreement require Independent Shareholders' approval at the SGM. Greenheart Resources has considered other financing options including bank financing. The Group has approached several banks in Hong Kong, but as these banks do not have operation in Suriname, they did not respond to the request for financing proposals. The Group has also tried to obtain quotations from a few banks in Suriname as alternatives to enter into the Fifth Supplemental Facility Agreement. Those banks that responded to our request require a significant cash deposit or assets as security for the loan, and they may also charge arrangement fees or commitment fees for providing the loans. There are also significant expenses to be incurred, including but not limited to notary fee and stamp duty (around 2-3% of the loan amount) in respect of the loans. In light of the stringent collateral requirement and the fees and expenses involved in arranging bank financing, the Group considers that it is more desirable to enter into the Fifth Supplemental Facility Agreement. Also, in view of the fact that Newforest has already provided sizeable loan facilities of approximately US\$18,333,000 in support of the financial needs of the Group over the years, the Group had not sought further financial support from Newforest. As Greenheart Resources has just received the revised concession license from the Suriname government and restarted its operation, and has not yet fully realized and reflected its full potential value, it is not considered to be in the best interests of the Company to liquidate Greenheart Resources' assets to repay the loan drawn down under the Facility, as it

LETTER FROM THE BOARD

would have negative impact on the operation and the overall value of Greenheart Resources. Therefore, Greenheart Resources and Silver Mount have entered into the Fifth Supplemental Facility Agreement, in order to maintain, on broadly the same terms, the present loan with the Additional Facility Limit which should allow Greenheart Resources to continue its operation and generate returns which reflects its full value after the recently completed restructuring.

Notwithstanding the above, in the event that the Fifth Supplemental Facility Agreement is not approved by the Independent Shareholders at the SGM, the Company will continue to explore financing options including bank financing. In the event that approval by Independent Shareholders is not obtained and Greenheart Resources is unable to pursue other financing options and unable to repay the loan drawn under the Facility by 30 November 2020, it would constitute an event of default under the Fourth Supplemental Facility Agreement, in which case Silver Mount shall be entitled to declare that the loan drawn under the Facility, together with all interests and other moneys due under the Facility, becomes immediately due and payable. Under such circumstances, Greenheart Resources may have to liquidate its assets to repay the loan, and it may have an adverse effect on the liquidity and financial conditions of Greenheart Resources, as well as the Group's operation in Suriname.

The Directors (including the independent non-executive Directors whose view is set out in the "Letter from the Independent Board Committee" of this circular) consider that the entering into of the Fifth Supplemental Facility Agreement and the transactions contemplated thereunder are on normal commercial terms, and the terms of the Fifth Supplemental Facility Agreement were determined after arm's length negotiation and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Company

The principal activity of the Company is investment holding. The principal activities of its subsidiaries comprise log harvesting, timber processing, marketing, sales and trading of logs and timber products, provision of forest management services and shipping services and managing harvest right of concession.

Greenheart Resources

Greenheart Resources is owned as to approximately 60.39% by the Company (which is held via Silver Mount) and 39.61% by Newforest. Greenheart Resources and its subsidiaries hold forest concessions for the exploitation of timber on a parcel of land in West Suriname. Their principal business activities include log harvesting, timber processing and sale of logs and timber products.

Silver Mount

Silver Mount is a wholly-owned subsidiary of the Company. Its principal activity is investment holding.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Newforest (the ultimate parent of which is Chow Tai Fook Enterprises Limited), directly holds approximately 60.49% of the existing issued share capital of the Company, and is therefore a substantial Shareholder and a connected person of the Company. It holds approximately 39.61% of the issued share capital of Greenheart Resources, a non wholly-owned subsidiary of the Company. Greenheart Resources is therefore a connected person of the Company under Rule 14A.07(5) and Rule 14A.16 of the Listing Rules. The transactions to be effected by the Fifth Supplemental Facility Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the Proposed Annual Caps represent more than 5% of certain applicable percentage ratios (as defined under the Listing Rules) of the Company, the continuing connected transactions contemplated under the Fifth Supplemental Facility Agreement are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

In view of the shareholding interest of Newforest in Greenheart Resources, Newforest and its associates will abstain from voting at the Special General Meeting to be convened to consider the resolution approving the abovementioned continuing connected transactions.

DIRECTOR'S INTEREST IN THE FIFTH SUPPLEMENTAL FACILITY AGREEMENT

None of the Directors has a material interest in the transactions contemplated under the Fifth Supplemental Facility Agreement and thus no Director is required to abstain from voting on the board resolution(s) approving the Transactions.

SPECIAL GENERAL MEETING

The Special General Meeting will be held by the Company at Basement 2, Function Room, The Wharney Guang Dong Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong, at 11:00 a.m. on 4 August 2020 at which an ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve, inter alia, the Fifth Supplemental Facility Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps). A notice of the Special General Meeting is set out on pages 33 to 35 of this circular.

Newforest and its associates will abstain from voting at the Special General Meeting with respect to the resolution approving the continuing connected transactions. As at the Latest Practicable Date, to the best of the Director's knowledge, Newforest and its associates hold 1,122,005,927 Shares, representing approximately 60.49% of the issued share capital of the Company.

For the purpose of the Special General Meeting, the Board has established the Independent Board Committee to consider and advise the Independent Shareholders with respect to the Fifth Supplemental Facility Agreement. The Company has also appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the continuing connected transactions.

LETTER FROM THE BOARD

Whether or not you are able to attend the Special General Meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 54th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the Special General Meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the Special General Meeting or any adjournment thereof (as the case may be) should you so wish and in such event, the proxy shall be deemed to be revoked.

All the resolution(s) proposed to be approved at the Special General Meeting will be taken by poll and an announcement will be made by the Company on the poll results of the Special General Meeting as soon as possible after the meeting.

RECOMMENDATION

The Directors (including all the independent non-executive Directors whose view is set out in the "Letter from the Independent Board Committee" of this circular) consider that the transactions under the Fifth Supplemental Facility Agreement are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. The Directors therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the Special General Meeting to approve the Fifth Supplemental Facility Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Additional information is also set out in the Appendix of this circular for your information.

Yours faithfully,
For and on behalf of the Board
Greenheart Group Limited
Ding Wai Chuen
Executive Director and Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in the circular, from the Independent Board Committee to the Independent Shareholders regarding the Fifth Supplemental Facility Agreement and the transactions contemplated thereunder.



GREENHEART GROUP LIMITED

綠心集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 94)

16 July 2020

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 16 July 2020 issued by the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider the continuing connected transactions contemplated under the Fifth Supplemental Facility Agreement and to advise the Independent Shareholders whether, in our opinion, the terms of the Fifth Supplemental Facility Agreement are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. The Independent Financial Adviser, China Tonghai Capital Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 12 of the Circular, which contains, inter alia, information on the Fifth Supplemental Facility Agreement, and the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders in connection with the Fifth Supplemental Facility Agreement as set out on pages 15 to 25 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

After taking into account the factors and reasons considered by the Independent Financial Adviser and its conclusion and advice, we concur with the views of the Independent Financial Adviser and consider that the transactions under the Fifth Supplemental Facility Agreement are on normal commercial terms and are determined after arm's length negotiation, and are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the Special General Meeting to approve the Fifth Supplemental Facility Agreement.

Yours faithfully

For and on behalf of the

Independent Board Committee

Cheung Pak To, Patrick

Wong Man Chung, Francis

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from China Tonghai, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Fifth Supplemental Facility Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of incorporation in this circular.



16 July 2020

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Fifth Supplemental Facility Agreement and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 16 July 2020 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 15 June 2020, Silver Mount, a wholly-owned subsidiary of the Company, entered into the Fifth Supplemental Facility Agreement with Greenheart Resources, an indirect non wholly-owned subsidiary of the Company, pursuant to which the parties conditionally agreed to, among others, (i) increase the Facility Limit with the Additional Facility Limit; (ii) extend the repayment date of the outstanding amount drawn under the Facility to the date falling three years after the Effective Date; and (iii) extend the Drawdown Period.

Greenheart Resources is a connected person of the Company under Rule 14A.07(5) and Rule 14A.16 of the Listing Rules by virtue of the fact that (i) Newforest (the ultimate parent of which is Chow Tai Fook Enterprises Limited), which directly holds approximately 60.49% of the existing issued share capital of the Company and thus a substantial Shareholder, also directly holds approximately 39.61% of the total issued share capital of Greenheart Resources; and (ii) the Company through Silver Mount, is interested in approximately 60.39% of the total issued share capital of Greenheart Resources. Accordingly, the provision of the loan facility by Silver Mount to Greenheart Resources (the “**Transactions**”) under the Facility Agreement (as supplemental by the Supplemental Facility Agreement, the Second Supplemental Facility Agreement, the Third Supplemental Facility Agreement, the Fourth Supplemental Facility Agreement and the Fifth Supplemental Facility Agreement) (collectively, the “**Revised Agreement**”) constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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As disclosed in the Letter from the Board, as certain applicable percentage ratios (as defined in the Listing Rules) in respect of the Proposed Annual Caps pursuant to the Fifth Supplemental Facility Agreement are more than 5%, the Transactions are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The Special General Meeting will be convened and held for the purpose to consider and, if thought fit, to approve the Fifth Supplemental Facility Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps). Newforest and its associates will abstain from voting at the Special General Meeting with respect to the resolution approving the Fifth Supplemental Facility Agreement and the transactions contemplated thereunder. Save as disclosed above, to the best of the Director's knowledge, information and belief having made all reasonable enquiries, no other Shareholders or any of its associates has a material interest in the Transactions and hence, no other Shareholders would be required to abstain from voting on the relevant resolution to be proposed at the Special General Meeting.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Cheung Pak To, Patrick and Mr. Wong Man Chung, Francis, has been established to advise the Independent Shareholders in respect of the Fifth Supplemental Facility Agreement and the transactions contemplated thereunder. We have been appointed as an independent financial adviser to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

As at the Latest Practicable Date, China Tonghai did not have any relationships with or interests in the Company, Newforest, or any of their respective ultimate beneficial owners which could reasonably be regarded as relevant to our independence. In the last two years, there was no engagement between the Group and us other than the current appointment in relation to the Transactions. Apart from normal professional fees paid or payable to us in connection with this appointment as the independent financial adviser, no arrangements exist whereby we had received any fees or benefits from the Company or Newforest. Accordingly, we are qualified to give independent advice in respect of the Transactions.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on, among other things, (i) the information and facts contained or referred to in the Circular; (ii) the information provided by the Company; (iii) the opinions expressed by and the representations of the Directors and the management of the Group (the "**Management**"); and (iv) our review of the relevant public information.

We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the

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information and representations provided to us by the Directors and the Management. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the Management are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Special General Meeting.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position, financial forecast or future prospects of the Group, including Greenheart Resources and its subsidiaries.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation, we have considered the following principal factors and reasons:

1. Background of the Fifth Supplemental Facility Agreement

The principal activities of the Group comprise log harvesting, timber processing, marketing, sales and trading of logs and timber products, provision of forest management services and shipping services and managing harvest right of concession. The Group holds all its plantation assets in New Zealand, forest concessions and sawmills in Suriname.

Greenheart Resources and its subsidiaries hold forest concessions for the exploitation of timber on certain parcels of land in West Suriname. Their principal business activities include log harvesting, timber processing and sales of logs and timber products. Greenheart Resources, through its wholly owned subsidiaries, holds and operates forest concessions for the exploitation of timber over a total of approximately 185,000 hectares in West Suriname. While Greenheart Resources is currently undergoing the process of renewal for a tropical hardwood concession of approximately 25,000 hectares which was expired on 19 May 2020 in West Suriname, the revised concession license of its largest concession in West Suriname (and also in Suriname) in respect of a land area covering a total of approximately 127,000 hectares, which originally expired on 9 June 2017, was successfully renewed for a period of 20 years from 17 April 2019 to 16 April 2039 (the “**2019 Renewal**”).

To facilitate the business development of Greenheart Resources and its subsidiaries, Silver Mount has provided the unsecured revolving Facility to Greenheart Resources, which bears interest at prime rate for Hong Kong dollars from time to time as quoted by The Hongkong and Shanghai Banking Corporation Limited, details of which are set out in the paragraph below.

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On 14 May 2008, Greenheart Resources and Silver Mount entered into the Facility Agreement in relation to the provision of the loan facility of HK\$50 million by Silver Mount to Greenheart Resources for a term of three years. In order to further develop the timber business operated under Greenheart Resources, Silver Mount, entered into the Supplemental Facility Agreement subsequently on 22 November 2010, with Greenheart Resources pursuant to which both parties agreed to increase the Facility Limit to HK\$215 million and extended the drawdown period and repayment date of the Facility to 22 November 2013. Subsequently, the Second Supplemental Facility Agreement and the Third Supplemental Facility Agreement were entered on 4 November 2013 and 12 December 2016 respectively between the two parties to extend the drawdown period and the respective repayment date of the Facility to 22 November 2016 and to 22 November 2019. On 26 January 2018, the Facility Limit has been increased to HK\$371 million and the drawdown period and repayment date has been extended to 30 November 2020 pursuant to the Fourth Supplemental Facility Agreement.

Up to the Latest Practicable Date, an amount of HK\$356,194,000 had been drawn down by Greenheart Resources under the Facility in respect of the provision for the funding of (i) the completion of the West Suriname processing plant; (ii) its operating working capital including the funding needs during the unexpected prolonged renewal process for the forest concession license in respect of the 2019 Renewal; and (iii) the repayment of the unsecured loan of US\$10,000,000 provided by Chow Tai Fook Enterprises Limited, which is the holding company of Newforest.

2. Reasons for and benefits of entering into the Fifth Supplemental Facility Agreement

As at 31 December 2017, 31 December 2018, 31 December 2019, respectively, Greenheart Resources had consolidated net liabilities. During the year ended 31 December 2017, 31 December 2018 and 31 December 2019, Greenheart Resources recorded consolidated net losses.

As disclosed in the 2019 Annual Report, a subsidiary of Greenheart Resources had received the revised concession license of its largest concession in West Suriname from the Suriname government and resumed operation in the end of third quarter of 2019 with first logs arriving at its sawmill in November 2019, and first lumber sales order fulfilled in February 2020. The prolonged unexpected renewal process of almost two years in respect of the 2019 Renewal had inevitably caused disruptions to the financial performance of Greenheart Resources as the production and harvesting activities were temporarily suspended.

During the process of renewal of its Forest Steward Council Certificate (the “**FSC Certificate**”), the Group was informed that Forest Steward Council (“**FSC**”) has changed its rules by placing a more restrictive total harvesting area on virgin forests, which represents the majority of the Group’s Suriname concessions. This change could potentially and significantly limit the business growth of Greenheart Resources and its subsidiaries. Therefore, instead of the FSC Certificate, the Group decided to apply for LegalSource certification, which is governed by NEPCon and is an EU Timber Regulation accepted in Europe and US and by some of the Greenheart Resources’ existing customers in Asia. The LegalSource standard is designed to be compatible with laws that are established or coming into place in the US, EU and Australia, with the aim of excluding material originating from illegal harvesting from their markets. The standard is also applicable to forest operations and companies that export to such markets or simply want to

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reduce the risk of sourcing illegal forest products. Given LegalSource would provide the third party certification and assurance over Greenheart Resources to the extent that they exercise due care to reduce the risk of sourcing and trading illegally harvested forest products, the Management believed that the LegalSource certification could help Greenheart Resources to expand its reach to premium customers and broaden its customer base who need to meet tighter sourcing policies or key market regulations. The Management considers that such accreditation will further open up the European and US markets to Greenheart Resources.

In addition, the operations in Suriname including those of West Suriname where Greenheart Resources primarily operates in has experienced extensive changes over the past 12-15 months prior to the fiscal year ended 31 December 2019, including new management, continuous implement measures to enhance production facilities to reach production level, rationalization of its workforce to a scalable level together with the aforementioned recertification to access Europe and US markets. We were given to understand by the Management that such ongoing strategic changes have started to bring positive impacts to the business performance of Greenheart Resources. In view of the aforementioned factors, revenue from West Suriname Operation has still gradually increased in the first five months of 2020 following the resumption of West Suriname Operation.

As per our understanding from the Management, due to the increasing supply constraints globally imposed on some major tropical hardwood exporting countries, such as Malaysia, Indonesia etc, the availability of good quality tropical hardwoods has been diminishing over years. The Company believes that with an increasing affluent population, demand for high quality and high value premium tropical hardwood products will continue in China and India. As a result, the Company remains cautiously positive on the global demand for Suriname tropical hardwood in the future. According to the data published by Food and Agriculture Organization of the United Nations (“FAO”) in December 2019, global production and trade of all major wood-based products recorded their highest ever values in 2018 and reached their maximum quantities since 1947 when FAO started reporting such global forest product statistics, with the value of recorded trading and production volumes of wood-based products approximately 11% higher than in 2017. It was stated that the fastest growth occurred in the Asia-Pacific, Northern American and European regions, likely due to positive economic growth in these areas.

As Greenheart Resources has resumed its operations following the 2019 Renewal, together with the changes in business strategy including (i) the adoption of an aggressive pricing strategies for a much longer period of time to maintain competitiveness until the economy returns to normal; (ii) the adoption of an asset-light approach; and (iii) the focus to preserve its resources to areas that can deliver stronger result, it is expected that Greenheart Resources will gradually improve its financial performance. Also, we were given to understand that a number of active steps have been taken to materially reshape the Suriname division by the Group, aiming at simplifying its operation structure and reducing its cost base in order to achieve a more sustainable operation for the future. Actions already taken included granting the right to subcontractor to operate in certain forest concession areas at fixed rates, downsizing the workforce and simplifying the product mix. Based on our discussion with the Management, the effects of such costs reduction and efficiency enhancement measures implemented by Greenheart Resources have started to kick in and will be more notable in the years to come.

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As Greenheart Resources has resumed operation following the 2019 Renewal, there has been achievements in some major cost reduction in the harvesting and logistic costs and in the obtaining of LegalSource certification. The Company is cautiously positive about the outlook of the West Suriname Operation. In order to develop the West Suriname Operation into a sustainable business as soon as possible, Greenheart Resources will need the loan facility under the Revised Agreement as bridging working capital to maintain its daily operation and for business development purpose.

Greenheart Resources has been considering other financing options including external bank financing. In particular, we were given to understand that the Group has approached several banks in Hong Kong, but as these banks do not have operation in Suriname, they did not respond to the request for financing proposals. While the Group has also tried to obtain quotations from a few banks in Suriname, those banks that responded required a significant cash deposit or assets as security for the loan and may charge arrangement fees or commitment fees for providing the loans. There are also significant expenses to be incurred, including but not limited to notary fee and stamp duty (around 2-3% of the loan amount) in respect of the loans. As such, Greenheart Resources is of the view that those options are not as commercially desirable as compared to the entering into of the Fifth Supplemental Facility Agreement, having considered the relevant factors including, among others, the collateral required by a bank, interest rates, financial covenants, the expenses involved such as arrangement fees, commitment fees, notary fee and stamp duty, and disclosure of information required by a bank. The transactions under the Fifth Supplemental Facility Agreement require Independent Shareholders' approval at the Special General Meeting. Notwithstanding the above, in the event that the Fifth Supplemental Facility Agreement is not approved by the Independent Shareholders at the Special General Meeting, the Company will continue to explore financing options including bank financing.

Greenheart Resources and Silver Mount have entered into the Fifth Supplemental Facility Agreement, in order to maintain, on broadly the same terms, the present loan with the Additional Facility Limit which should allow Greenheart Resources to continue its operation and generate returns which reflects its value after the recently completed restructuring. Having considered (i) the resumption of West Suriname Operation in late 2019 following the obtaining of the revised concession license of Greenheart Resources' largest concession in West Suriname; (ii) a subsidiary of Greenheart Resources has just obtained LegalSource certification, which can help Greenheart Resources expand its reach to premium customers; (iii) the recent strategic changes of Greenheart Resources including pricing, cost reduction and efficiency enhancement; (iv) loans to be provided under the Additional Facility Limit are for maintaining the daily operations and for business development of Greenheart Resources; (v) the Additional Facility Limit of HK\$29 million, representing approximately 17.23% of bank balances and cash of the Group as at 31 December 2019, the Management advised that the provision of the Additional Facility Limit will not result in any material adverse financial impact on the Group, we consider that the entering into the Fifth Supplemental Facility Agreement is in the interests of the Company and the Shareholders as a whole. Furthermore, we consider that the extension of the loans to Greenheart Resources under the Revised Agreement are conducted in the ordinary and usual course of business of the Group.

3. Principal terms of the Fifth Supplemental Facility Agreement

Pursuant to the Fifth Supplemental Facility Agreement, Silver Mount and Greenheart Resources agreed to:

- (a) extend the repayment date of the outstanding amount drawn from the Facility to the date falling three years after the Effective Date;

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- (b) extend the Drawdown Period to the earlier of (i) the date falling three years after the Effective Date; and (ii) the date on which the Facility is terminated upon the provisions of the Revised Agreement; and
- (c) increase the Facility Limit from HK\$371 million to HK\$400 million.

Apart from the above, other terms of the Facility remain unchanged from the original terms. The Fifth Supplemental Facility Agreement will become effective upon the Company having convened the Special General Meeting at which the resolution shall have been duly passed by the Independent Shareholders to approve, confirm and ratify the Fifth Supplemental Facility Agreement and the transactions contemplated thereunder.

4. Principal terms of the Revised Agreement

Particulars of the Revised Agreement after the Fifth Supplemental Facility Agreement becomes effective are set out below:

- (a) Facility Limit: A revolving facility up to a maximum of HK\$400 million at any time during the Drawdown Period.
- (b) Drawdown Period: The period commencing on the date of the Facility Agreement and ending on but excluding the earlier of (i) the date falling three years after the Effective Date; and (ii) the date on which the Facility is terminated under the provisions of the Revised Agreement.
- (c) Interest: Prime rate for Hong Kong dollars per annum from time to time as quoted by The Hongkong and Shanghai Banking Corporation Limited (or such other bank as may be designated by Silver Mount).

Interest is calculated on the basis of the actual number of days elapsed on a 365-day year and is paid six-monthly in arrears.
- (d) Repayment: Greenheart Resources may repay the whole or any part of the amount drawn under the Facility on or before the date falling three years after the Effective Date.
- (e) Prepayment: Greenheart Resources may on any Banking Day prepay the whole or any part of the amount drawn under the Facility together with interest accrued thereon by giving Silver Mount not less than two Banking Days' prior notice specifying the date of prepayment.
- (f) Security: None.

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- (g) Conditions: Greenheart Resources may draw under the Facility provided that:
- (a) it gives Silver Mount a notice of drawing in the manner set out in the Facility Agreement;
 - (b) no Event of Default or prospective Event of Default has occurred and all representations and warranties given by Greenheart Resources under the Facility Agreement are true and correct as at the date of each drawing; and
 - (c) the amount of such drawing shall, when aggregated with the principal amount of then outstanding, not exceed the Facility Limit.
- (h) Events of Default: Events of Default include but are not limited to:
- (a) failure of Greenheart Resources to pay any sum payable under the Revised Agreement when due;
 - (b) failure of Greenheart Resources to perform or comply with any of its obligations or undertakings under the Revised Agreement;
 - (c) any representation, warranty or statement made by Greenheart Resources under the Revised Agreement being or proving to have been untrue, inaccurate, incorrect or misleading in any material respect;
 - (d) failure of Greenheart Resources to pay any other indebtedness when due by reason of a default or an event of default;
 - (e) any litigation, arbitration or administrative proceedings before any court, arbitration or other relevant authority being current, pending or threatened against Greenheart Resources or any of its subsidiaries which Silver Mount considers will have or is likely to have a material adverse effect on Greenheart Resources and its subsidiaries; and
 - (f) any material adverse change in the financial condition and/or business of Greenheart Resources.

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5. Assessment of terms of the Fifth Supplemental Facility Agreement

The terms to be revised under the Fifth Supplemental Facility Agreement include extension of the repayment date, extension of the Drawdown Period and increase of the Facility Limit. It is not uncommon for commercial loan agreements to revise such terms. Other terms of the Facility including interest rate remain unchanged. The loan facility provided under the Revised Agreement is unsecured in nature.

For the current outstanding unsecured borrowings of Greenheart Resources, they are either loans from the immediate holding company of Greenheart Resources, being Silver Mount, or the controlling Shareholder, being Newforest. The loans bear interest rate at Hong Kong prime rate, which is the same interest rate charged under the Revised Agreement.

The Additional Facility Limit will be solely financed by Silver Mount. Under the current arrangement, Newforest is not required to provide financial assistance of approximately HK\$11.5 million based on its 39.61% equity interest in Greenheart Resources. It is noted that loan facilities provided from immediate holding company, Newforest, were approximately US\$18.3 million as at 31 December 2019, and the Management advised that it had not sought further financial support from Newforest. In view of the sizeable loan facilities provided by Newforest over the years to meet the financial needs of the Group, we consider that the Additional Facility Limit to be solely financed by Silver Mount is normal and in the interests of the Company and the Shareholders as a whole.

Based on the aforesaid, we consider that the terms of the Fifth Supplemental Facility Agreement are on normal commercial terms and are fair and reasonable.

6. The Proposed Annual Caps

In line with the amendment to the principal terms of the Facility under the Fifth Supplemental Facility Agreement, the Group seeks to revise the existing annual cap of HK\$460 million for the financial year ending 31 December 2020 (which was approved by the Independent Shareholders at a special general meeting of the Company held on 12 March 2018) and set new annual caps for each of the financial years ending 31 December 2021, 2022 and 2023. In view of the fact that the Additional Facility Limit will increase the Facility Limit under the Fifth Supplemental Facility Agreement, the maximum principal amount advanced under the Facility plus the outstanding interest accrued thereon from time to time are not expected to exceed HK\$540 million for each of the financial years ending 31 December 2020, 2021, 2022 and 2023. The Proposed Annual Caps were determined based on the Facility Limit and the current principal loan amount advanced under the Facility and the interest rate of the Facility.

Up to the Latest Practicable Date, an amount of HK\$356,194,000 had been drawn down and outstanding by Greenheart Resources pursuant to the Facility.

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In assessing the reasonableness of the Proposed Annual Caps, we have discussed with the Management the basis and assumptions underlying the projections of the Proposed Annual Caps. The Company has determined the Proposed Annual Caps based on the estimated funding requirements of Greenheart Resources and, thus, the outstanding balance of the loan facility for the remaining of the year and the coming three years as well as the projected Hong Kong prime rate of 7% which is based on the current Hong Kong prime rate of 5% as quoted by The Hongkong and Shanghai Banking Corporation Limited and the additional rate to cater for any increase in Hong Kong prime rate up to 2023. Taking into consideration the current outstanding balance of the Facility, the projected increase in drawdown of loans and the possible increase in Hong Kong prime rate, we are of the view that the Proposed Annual Caps are fair and reasonable.

7. Annual review of the Transactions

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the Transactions are subject to the following annual review requirements:

- (i) the independent non-executive Directors must review the Transactions every year and confirm in the annual reports that the Transactions have been entered into:
 - (a) in the ordinary and usual course of business of the Group;
 - (b) on normal commercial terms or better; and
 - (c) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (ii) the Company must engage its auditors to report on the Transactions for each financial year of the Company and that the Company's auditors must provide a letter to the Board (with a copy provided to the Stock Exchange at least ten business days prior to the bulk printing of the Company's annual report) confirming whether anything has come to their attention that causes them to believe that the Transactions:
 - (a) have not been approved by the Board;
 - (b) are not, in all material respects, in accordance with the pricing policies of the Group (if applicable);
 - (c) are not entered into, in all material respects, in accordance with the relevant agreements governing the Transactions; and
 - (d) have exceeded the Proposed Annual Caps;
- (iii) the Company shall allow, and shall procure the relevant counterparties to the Transactions to allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the Transactions as set out in paragraph (ii); and

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- (iv) the Company shall promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that the independent non-executive Directors and/or auditors of the Company will not be able to confirm the matters set out in paragraphs (i) and/or (ii) respectively.

In light of the reporting requirements in relation to the Transactions, in particular, the restriction of the value of the Transactions by way of the Proposed Annual Caps and the ongoing review by the independent non-executive Directors and auditors of the Company of the Transactions, we are of the view that appropriate measures will be in place to monitor the conduct of the Transactions and assist to safeguard the interests of the Independent Shareholders.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Fifth Supplement Facility Agreement are on normal commercial terms, in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (ii) the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolution to be proposed at the Special General Meeting to approve the Fifth Supplemental Facility Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the relevant resolution in this regard.

Yours faithfully,
For and on behalf of
China Tonghai Capital Limited
Noelle Hung
Managing Director

Noelle Hung is a licensed person and a responsible officer of China Tonghai registered with the Securities and Futures Commission to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. She has over 20 years of experience in corporate finance.

RESPONSIBILITY STATEMENT

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

MATERIAL ADVERSE CHANGE

As disclosed in the Group's annual report dated 31 March 2020, the outbreak of COVID-19 and the corresponding restrictive measures imposed by many countries in 2020 have caused significant disruption to the global supply chains and negative impact on the operations of the Group in New Zealand and Suriname. The demands and selling price for New Zealand softwood and Suriname hardwood may continue to be affected if the restrictive measures in different regions of China and different parts of the world persisted during 2020. This may have negative impact on the revenue of the Group in 2020, and may affect the carrying amounts of the Group's assets in different aspects.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited accounts of the Company were made up.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interests in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executives of the Company were taken or deemed to have under such provisions of the SFO), or were required to be entered in the register required to be kept pursuant to Section 352 of the SFO or otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers contained in Appendix 10 to the Listing Rules (the "**Model Code**") adopted by the Company were as follows:

(i) Long Positions in Shares and underlying shares of the Company

Name of Director	Capacity	Number of Shares and underlying shares interested	Approximate percentage of the total issued share capital of the Company
Cheng Chi-Him, Conrad	Beneficial owner	5,500,000 <i>(Note 1)</i>	0.30%
Lim Hoe Pin	Beneficial owner	6,600,000 <i>(Note 1)</i>	0.36%
Simon Murray	Beneficial owner	3,339,477 <i>(Note 2)</i>	0.18%
Tsang On-Yip, Patrick	Beneficial owner	5,500,000 <i>(Note 1)</i>	0.30%
Wong Man Chung, Francis	Beneficial owner	2,200,000 <i>(Note 1)</i>	0.12%

Notes:

1. It represents number of share options granted by the Company.
2. The number includes 1,100,000 share options granted by the Company.

(ii) Long Positions in shares and underlying shares of Integrated Waste Solutions Group Holdings Limited (“IWS”) (an associated corporation) *(Note 1)*

Name of Director	Capacity	Number of shares and underlying shares interested	Approximate percentage of the total issued share capital of IWS
Tsang On-Yip, Patrick	Beneficial owner	15,000,000 <i>(Note 2)</i>	0.31%
Wong Man Chung, Francis	Beneficial owner	8,800,000 <i>(Note 2)</i>	0.18%

Notes:

1. IWS is a fellow subsidiary of the Company.
2. It represents number of share options granted by IWS.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were taken or deemed to have under such provisions of the SFO), or required to be entered in the register required to be kept pursuant to Section 352 of the SFO, or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following persons (other than Directors or chief executives of the Company) had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or held any option in respect of such capital:

Long Positions in Shares and underlying Shares:

Name of Shareholder	Capacity	Number of Shares	Number of underlying Shares	Approximate percentage of issued share capital of the Company %
Newforest Limited	Beneficial owner (Notes 1, 3 & 4)	1,122,005,927	–	60.49
Cheng Yu Tung Family (Holdings) Limited	Interest of controlled corporation (Note 1)	1,122,005,927	–	60.49
Cheng Yu Tung Family (Holdings II) Limited	Interest of controlled corporation (Note 1)	1,122,005,927	–	60.49
Wu Wai Leung, Danny	Interest of controlled corporation and beneficial owner (Notes 1 & 2)	1,122,005,927	–	60.49
Chow Tai Fook (Holding) Limited	Interest of controlled corporation (Notes 1 & 4)	1,122,005,927	–	60.49
Chow Tai Fook Capital Limited	Interest of controlled corporation (Note 1)	1,122,005,927	–	60.49
Chow Tai Fook Enterprises Limited	Interest of controlled corporation (Notes 1 & 4)	1,122,005,927	–	60.49
Gateway Asia Resources Limited	Interest of controlled corporation (Notes 1 & 2)	1,122,005,927	–	60.49
Sharpfield Holdings Limited	Interest of controlled corporation (Notes 1, 3 & 4)	1,122,005,927	–	60.49

Name of Shareholder	Capacity	Number of Shares	Number of underlying Shares	Approximate percentage of issued share capital of the Company %
China Forestry Group Corporation	Interest of controlled Corporation (<i>Note 5</i>)	110,000,000	–	5.93
Hong Kong Genghis Khan Group Limited	Beneficial owner (<i>Note 6</i>)	110,000,000	–	5.93
Ge Jian	Interest of controlled Corporation (<i>Note 6</i>)	110,000,000	–	5.93
Koo Chi Sum and Simon Rhys Thomas	Agent of Charged Shares (<i>Note 7</i>)	1,122,005,927	–	60.49
Idea Perfect Holdings Limited	Person having a security interest in shares (<i>Note 8</i>)	448,802,370	–	24.19
VMS Investment Group Limited	Interest of controlled Corporation (<i>Note 8</i>)	473,588,370	–	25.53
Mak Siu Hang Viola	Interest of controlled Corporation (<i>Note 8</i>)	473,588,370	–	25.53

Notes:

1. Newforest Limited is directly and beneficially owned as to 40% by Gateway Asia Resources Limited (a direct wholly-owned company of Mr. Wu Wai Leung Danny) and as to 60% by Sharpfield Holdings Limited (a direct wholly-owned subsidiary of Chow Tai Fook Enterprises Limited). Chow Tai Fook Enterprises Limited is a wholly-owned subsidiary of Chow Tai Fook (Holding) Limited, a 81.03% owned subsidiary of Chow Tai Fook Capital Limited. Chow Tai Fook Capital Limited is owned as to 48.98% and 46.65% by Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited, respectively. As such, Mr. Wu Wai Leung, Danny, Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited are deemed to be interested in the Shares in which Newforest Limited is interested by virtue of Part XV of the SFO.
2. Mr. Wu Wai Leung, Danny is a director of Gateway Asia Resources Limited.
3. Mr. Cheng Chi-Him, Conrad is a director of Newforest Limited and Sharpfield Holdings Limited.
4. Mr. Tsang On-Yip, Patrick is a director of Chow Tai Fook (Holding) Limited, Chow Tai Fook Enterprises Limited, Newforest Limited and Sharpfield Holdings Limited.
5. The 110,000,000 shares are held by China Forestry International Resource Company Limited which is wholly owned by China Forestry Group Corporation. By virtue of the SFO, China Forestry Group Corporation is deemed to be interested in the 110,000,000 shares.
6. The 110,000,000 shares are held by Hong Kong Genghis Khan Group Limited which is wholly-owned by Mr. Ge Jian. By virtue of the SFO, Mr. Ge Jian is deemed to be interested in the 110,000,000 shares.

7. Mr. Koo Chi Sum and Mr. Simon Rhys Thomas were appointed as joint and several receivers in respect of (1) 400 shares of Newforest Limited representing 40% of the entire issued share capital of Newforest Limited and (2) the entire issued share capital of Gateway Asia Resources Limited. As such, Mr. Koo Chi Sum and Mr. Simon Rhys Thomas are deemed to be interested in the Shares in which Newforest Limited is interested by virtue of Part XV of the SFO.
8. Idea Perfect Holdings Limited acquired a security interest in 40% of the entire issued share capital of Newforest Limited. Idea Perfect Holdings Limited is a wholly-owned subsidiary of VMS Investment Group Limited, which is in turn 100% controlled by Ms. Mak Siu Hang Viola. As such, VMS Investment Group Limited and Ms. Mak Siu Hang Viola are deemed to be interested in the Shares in which Newforest Limited is interested by virtue of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, no person (other than Directors or the chief executive of the Company) had any interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or held any options in respect of such capital.

DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to, any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2019, being the date to which the latest published audited accounts of the Group were made up.

DIRECTORS' SERVICE CONTRACTS

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

EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given its opinion and advice which are included in this circular:

Name	Qualification
China Tonghai Capital Limited	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, China Tonghai did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, China Tonghai did not have any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to, any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2019, being the date to which the latest published audited financial statements of the Group were made up.

China Tonghai has given and has not withdrawn its written consent to the issue of this circular, with the inclusion herein of its opinion or report and the references to its name and/or its opinion or report in the form and context in which they are included.

GENERAL

- (a) The registered office of the Company is situated at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10 Bermuda
- (b) The head office and principal place of business of the Company in Hong Kong is at 32/F., Fortis Tower, Nos.77-79 Gloucester Road, Wan Chai, Hong Kong
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited which is situated at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the head office and principal place of business of the Company in Hong Kong at 32/F., Fortis Tower, Nos. 77-79 Gloucester Road, Wan Chai, Hong Kong during normal business hours (public holidays excluded) from the date of this circular up to and including the date of the Special General Meeting:

- (1) the letter from the Board, the text of which is set out on pages 4 to 12 of this circular;
- (2) the letter from the Independent Financial Adviser, the text of which is set out on pages 15 to 25 of this circular;
- (3) the written consent from China Tonghai referred to in the section headed “Expert’s Qualification and Consent” of this appendix;
- (4) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 13 to 14 of this circular;
- (5) the Facility Agreement;
- (6) the Supplemental Facility Agreement;
- (7) the Second Supplemental Facility Agreement;
- (8) the Third Supplemental Facility Agreement;
- (9) the Fourth Supplemental Facility Agreement;
- (10) the Fifth Supplemental Facility Agreement; and
- (11) this circular.

NOTICE OF SPECIAL GENERAL MEETING



GREENHEART GROUP LIMITED

綠心集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 94)

NOTICE IS HEREBY GIVEN that the Special General Meeting of Greenheart Group Limited (the “**Company**”) will be held at Basement 2, Function Room, The Wharney Guang Dong Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong at 11:00 a.m. on 4 August 2020 for the purpose of considering and, if thought fit, passing with or without amendments the following resolution(s) of the Company. Terms defined in the circular of the Company dated 16 July 2020 bear the same meanings herein unless the context otherwise requires.

ORDINARY RESOLUTION

1. **“THAT:**

- (a) the Fifth Supplemental Facility Agreement entered into between Silver Mount and Greenheart Resources, the terms and conditions thereof and transactions contemplated thereunder (including the Proposed Annual Caps) be and are hereby approved, confirmed and ratified; and
- (b) any one or more of the Directors be and is/are hereby authorized to sign, seal, execute, perfect, deliver all such documents and to do all such things and acts as he/they may in his/their discretion consider necessary, expedient or desirable to effect the transactions contemplated under the Fifth Supplemental Facility Agreement, variation or modification of the terms and conditions of the Fifth Supplemental Facility Agreement upon such terms and conditions as he/they may think fit.”

By Order of the Board
Greenheart Group Limited
Tse Nga Ying
Company Secretary

Hong Kong, 16 July 2020

NOTICE OF SPECIAL GENERAL MEETING

Registered office:
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda

*Head office and principal place of business
in Hong Kong:*
32/F., Fortis Tower
Nos. 77-79 Gloucester Road
Wanchai
Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the Bye-laws of the Company, vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the offices of the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting.
3. Completion and return of the form of proxy will not preclude members from attending and voting at the Special General Meeting or any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
4. Where there are joint registered holders of any Share(s), any one of such joint holders may attend and vote at the meeting, either in person or by proxy, in respect of such Share(s) as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting or any adjourned meeting thereof (as the case may be), the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. The resolution is to be voted by way of poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.
6. All the ordinary resolution(s) proposed to be approved at the Special General Meeting will be taken by poll and an announcement will be made by the Company on the poll results of the Special General Meeting as soon as possible after the conclusion of the meeting.
7. In compliance with the HKSAR Government's directive on social distancing, personal and environmental hygiene, and the guidelines issued by the Centre for Health Protection of the Department of Health on the prevention of coronavirus disease 2019 (COVID-19), the Company will implement additional precautionary measures at the Special General Meeting including, without limitation:
 - compulsory body temperature screening;
 - mandatory use of surgical face masks;
 - mandatory health declaration – anyone subject to quarantine, has any flu-like symptoms or has travelled overseas within 14 days immediately before the Special General Meeting ("recent travel history"), or has close contact with any person under quarantine or with recent travel history will not be permitted to attend the Special General Meeting;
 - anyone attending the Special General Meeting is reminded to observe good personal hygiene at all times; and
 - appropriate distancing and spacing in line with the guidance from the HKSAR Government will be maintained and as such, the Company may limit the number of attendees at the Special General Meeting as may be necessary to avoid over-crowding.

NOTICE OF SPECIAL GENERAL MEETING

8. Any person who does not comply with the precautionary measures or is subject to any HKSAR Government prescribed quarantine may be denied entry into the meeting venue. In light of the continuing risks posed by the COVID-19 pandemic, the Company reminds Shareholders that they may appoint the Chairman of the Special General Meeting as their proxy to vote according to their indicated voting instructions as an alternative to attending the Special General Meeting in person. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

As at the date hereof, the Board comprises two executive Directors, namely Messrs. Ding Wai Chuen and Lim Hoe Pin, four non-executive Directors, namely Messrs. Cheng Chi-Him, Conrad, Tsang On-Yip, Patrick, Simon Murray and Cheng Yang, and two independent non-executive Directors, namely Messrs. Wong Man Chung, Francis and Cheung Pak To, Patrick.