

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 a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Greenland Broad Greenstate Group Company Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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China Greenland Broad Greenstate Group Company Limited

中國綠地博大綠澤集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1253)

(1) CONNECTED TRANSACTION — PROPOSED REISSUE OF NOTES AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

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



A letter from the Board is set out on pages 5 to 14 of this circular.

A letter from the Independent Board Committee is set out on pages 15 to 16 of this circular.

A letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 30 of this circular.

A notice convening the EGM of China Greenland Broad Greenstate Group Company Limited to be held at Conference Room No. 5, Crowne Plaza Shanghai Noah Square, No. 1699 Jinshajiang Road, Putuo District, Shanghai, China, on Monday, 15 January 2018 at 2:00 p.m. is set out on pages 36 to 38 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.greenland-broadgreenstate.com.cn/>).

Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM if they so wish, and in such event, the instrument appointing a proxy shall be deemed to be revoked.

29 December 2017

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors of the Company
“Broad Landscape International”	Broad Landscape International Company Limited (博大國際有限公司), a company incorporated under the laws of the British Virgin Islands, a substantial shareholder of the Company, which is owned as to 86.92% and 13.08% by Mr. Wu Zhengping (吳正平) and Ms. Xiao Li (肖莉)
“Business Day”	a day (other than a Saturday, Sunday or public holiday or days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which commercial banks are generally open for banking business in Hong Kong
“China” or the “PRC”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, Macao Special Administrative Region of the PRC and Taiwan
“Company” or “Issuer”	China Greenland Broad Greenstate Group Company Limited (中國綠地博大綠澤集團有限公司) (stock code: 1253), a limited company incorporated in the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange
“Company Share Charge”	the share charge entered into between the Company and Greenland Financial on 15 October 2015 in relation to the charge of all rights, entitlements, interests and benefits in the entire issued share capital of Greenstate Times, in favour of Greenland Financial
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules “connected transaction(s)” has the meaning ascribed thereto in the Listing Rules
“Deed of Consent”	the deed of consent entered into on 15 November 2017 between the Company and Greenland Financial in relation to the Proposed Reissue of Notes
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Eastern Greenstate International”	Eastern Greenstate International Company Limited (綠澤東方國際有限公司), a company incorporated in the British Virgin Islands on 9 October 2013, which is owned as to 2.81% by Ms. Zhu Wen (朱雯) and 87.39% by other parties
“EGM”	the extraordinary general meeting of the Company to be held at Conference Room No. 5, Crowne Plaza Shanghai Noah Square, No. 1699 Jinshajiang Road, Putuo District, Shanghai, China, on Monday, 15 January 2018 at 2:00 p.m. to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 36 to 38 of this circular, or any adjournment thereof
“Greenland”	Greenland Holding Group Company Limited* (綠地控股集團有限公司), a company incorporated under the laws of the PRC
“Greenland Financial”	Greenland Financial Overseas Investment Group Co., Ltd. (綠地金融海外投資集團有限公司), a company incorporated under the laws of the British Virgin Islands, an indirectly wholly-owned subsidiary of Greenland
“Greenstate International”	Greenstate International Company Limited (綠澤國際有限公司), a company incorporated in Hong Kong with limited liability on 12 November 2013 and a wholly-owned subsidiary of Greenstate Times
“Greenstate Times”	Greenstate Times International Company Limited (綠澤時代國際有限公司), a company incorporated in the British Virgin Islands on 30 October 2013 and a wholly-owned subsidiary of the Company
“Greenstate Times Charged Shares”	the share charge entered into between Greenstate Times and Greenland Financial on 15 October 2015 in relation to the charge of all rights, entitlements, interests and benefits in the entire issued share capital of Greenstate International, in favour of Greenland Financial
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	the independent committee of the Board, comprising Mr. Dai Guoqiang, Mr. Zhang Qing and Dr. Jin Hexian, the independent non-executive Directors of the Company, established for the purpose of making recommendations to the Independent Shareholders in respect of the Proposed Reissue of Notes and the transactions contemplated thereunder
“Independent Financial Adviser” or “Red Solar”	Red Solar Capital Limited, a corporation licensed by the Securities and Futures Commission to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“Independent Shareholders”	the Shareholders who are not required to abstain from voting in respect of the Proposed Reissue of Notes and the transactions contemplated thereunder
“Latest Practicable Date”	28 December 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Company Share Charge”	the charge of all rights, entitlements, interests and benefits in 50,000 ordinary shares of Greenstate Times, representing 50% of the entire issued share capital of Greenstate Times, legally and beneficially held by the Company as at the date of the Deed of Consent and charged in favour of Greenland Financial
“New Greenstate Times Share Charge”	the charge of all rights, entitlements, interests and benefits in 5,000 ordinary shares of Greenstate International, representing 50% of the entire issued share capital of Greenstate International, legally and beneficially held by Greenstate Times as at the date of the Deed of Consent and charged in favour of Greenland Financial
“New Note Instrument”	the instrument to be issued by the Company for the reissuance of the Notes in favour of Greenland Financial pursuant to the Deed of Consent
“New Share Charges”	the New Company Share Charge and the New Greenstate Times Share Charge

DEFINITIONS

“Notes”	the redeemable fixed coupon promissory note with a principal amount of US\$40,000,000 at the rate of 9.00% per annum issued pursuant to the terms and conditions set out in the Old Note Instrument and reissued pursuant to the terms and conditions set out in the New Note Instrument
“Obligors”	Greenstate Times as well as any future subsidiaries of the Company that owns capital stock of another subsidiary of the Company organized outside the PRC
“Old Note Instrument”	the instrument issued by the Company on 15 October 2015 for the creation and issue of the Notes in favour of Greenland Financial
“Old Share Charges”	the Company Share Charge and the Greenstate Times Share Charge
“Proposed Reissue of Notes”	the proposed reissue of the Notes by the Company to Greenland Financial on the terms and subject to the conditions set out in the New Note Instrument
“Share(s)”	ordinary share(s) of par value of HK\$0.025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

In this circular, if there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. Translation of company names in English, Chinese or another language which are marked with “*” is for identification purpose only.

LETTER FROM THE BOARD



China Greenland Broad Greenstate Group Company Limited

中國綠地博大綠澤集團有限公司

(formerly known as Broad Greenstate International Company Limited 博大綠澤國際有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1253)

Executive Directors:

Wu Zhengping

(Chairman and chief executive officer)

Xiao Li

Zhu Wen

Chen Min

Registered Office:

The offices of Maples Corporate

Services Limited

PO Box 309, Uglan House

Grand Cayman, KY1-1104

Cayman Islands

Independent Non-Executive Directors:

Dai Guoqiang

Zhang Qing

Jin Hexian

Headquarters and Principal

Place of business in the PRC:

Floor 8, Hong Quan Building

No. 1357, Mei Chuan Road

Putuo District

Shanghai, PRC

Place of Business in Hong Kong:

Level 54, Hopewell Centre

Queen's Road East

Hong Kong

29 December 2017

To the Shareholders

Dear Sir/Madam,

**(1) CONNECTED TRANSACTION — PROPOSED REISSUE OF NOTES
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

I. INTRODUCTION

References are made to:

- (i) the announcement of the Company dated 15 November 2017 in relation to the Proposed Reissue of Notes;

LETTER FROM THE BOARD

- (ii) the announcements of the Company dated 20 August 2015, 11 September 2015 and 19 October 2015 and the circular dated 21 September 2015 in relation to the issue of the Notes; and
- (iii) the announcement of the Company dated 11 October 2016 in relation to the extension of maturity date of the Notes.

The Proposed Reissue of Notes and the transactions contemplated thereunder is subject to the Shareholders' approval at the EGM. The purpose of this circular is to provide you, among other things:

- (i) further information on the Proposed Reissue of Notes and the transactions contemplated thereunder;
- (ii) a letter of advice containing the recommendations from the Independent Board Committee to the Independent Shareholders in relation to the Proposed Reissue of Notes and the transactions contemplated thereunder;
- (iii) a letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Reissue of Notes and the transactions contemplated thereunder; and
- (iv) the notice of the EGM.

II. PROPOSED REISSUE OF NOTES

References are made to the announcement of the Company dated 15 November 2017, 20 August 2015 and 11 September 2015 whereby the Company announced that on 15 November 2017, the Company and Greenland Financial entered into the Deed of Consent pursuant to which the parties conditionally agreed, among other things, that (i) Greenland Financial shall execute the New Note Instrument and release and discharge the Company from all of its present and future covenants, liabilities and obligations owing and/or payable to Greenland Financial under the Old Note Instrument and any further obligations that the Company may have under the Old Note Instrument, and (ii) Greenland Financial shall release the Old Share Charges by way of deeds of release and enter into the New Share Charges as security of the Notes. As at the date of this circular, the Notes in the principal amount of US\$40,000,000 remain outstanding.

III. DEED OF CONSENT

Date: 15 November 2017

Parties: The Company

Greenland Financial

LETTER FROM THE BOARD

Pursuant to the Deed of Consent, the parties conditionally agreed as follows:

1. Subject to entry and execution of the New Share Charges, Greenland Financial absolutely and irrevocably agreed to release the Old Share Charges by executing deeds of release of share charge in relation to the Old Share Charges.
2. The Old Conditions under the Old Note Instrument shall be amended and restated in their entirety (the “**New Conditions**”) with effect from the date of the New Note Instrument. For the avoidance of doubt, the Old Note Instrument shall become null and void with effect from the date of the New Note Instrument.
3. Between the period from 15 October 2017 (inclusive) to the date of the New Note Instrument, the Notes shall not bear any interest.
4. Between the period from 15 October 2017 (inclusive) to the date of the New Note Instrument, the Company and Greenland Financial shall waive their respective redemption rights in relation to the Notes under the Old Conditions.
5. Between the period from 15 October 2017 (inclusive) to the date of the New Note Instrument, Greenland Financial shall waive its rights under the Old Conditions.
6. Greenland Financial agreed to return to the Company the Notes certificate number 1 dated 15 October 2015, on the condition that a new Notes certificate in the principal amount of US\$40,000,000 due one year from the date of the New Note Instrument will be issued to, and registered in the name of, Greenland Financial on terms of the New Conditions.
7. Subject to entry and execution of the New Note Instrument, Greenland Financial absolutely, irrevocably and unconditionally agreed to release and discharge the Company from all of its present and future covenants, liabilities and obligations owing and/or payable to Greenland Financial under the Old Note Instrument and any further obligations that the Company may have under the Old Note Instrument.
8. The entry and execution of the New Share Charges and the New Note Instrument are subject to the approval of the shareholders of the Company. If the Company is unable to obtain approval from its shareholders on the entry and execution of the New Share Charges and the New Note Instrument within two months, the Company shall redeem the Notes at their principal amount within seven days.

LETTER FROM THE BOARD

Principle terms of the Notes under the New Note Instrument

The principal terms of the Notes are summarized as follows:

Issuer:	The Company
Principal amount of the Notes:	US\$40,000,000
Maturity date:	One year from the Issue Date (as defined below) or on the expiration date of the extended period in accordance with the new terms and conditions of the Notes under the New Note Instrument
Form:	The Notes are issued in certified form and will be issued upon approval of the shareholders of the Company at the EGM (the “ Issue Date ”).
Interest rate:	The Notes bear interest from and including the Issue Date to and excluding the maturity date or redemption date at the rate of 9.00% per annum (computed on the basis of a 365-day year), payable semi-annually in arrear, until the principal amount of the Notes shall have become due and payable, provided that the first interest shall be prepaid by the Issuer on the Issue Date.
Status of the Notes:	The Notes constitute direct, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Transferability	The Notes are freely transferable.
Security:	The Notes will have the benefit of the security constituted by the New Share Charges.

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Redemption: Unless previously redeemed, or purchased and cancelled, or extended by Greenland Financial as holder of the Notes in accordance with the terms of the Notes, the Notes will be redeemed at the principal amount on the date falling on the maturity date of the Notes.

In addition, following the occurrence of a change of control as defined in the terms of the Notes, the holder of any Notes will have the right to require the Issuer to redeem all, but not some of such holder's Notes at 101% of the principal amount together with accrued interest to the date of change of control.

The Notes may not be redeemed at the option of the Issuer other than for taxation reasons and in accordance with the terms of the Notes.

Events of default: Events of default include but not limited to the following:

- (a) the Issuer fails to pay the principal of or any interest on any of the Notes when due except in circumstances where such failure was caused by an administrative or technical error and payment of the amount due is made within three Business Days of the due date for payment;
- (b) the Issuer or the Obligors does not perform or comply with one or more of its respective obligations in the Notes or the New Share Charges, which default is incapable of remedy or, if capable of remedy, is not remedied within thirty days after notice of such default shall have been given to the Issuer by the holders of the Notes;
- (c) winding-up or insolvency of the Issuer or any of its principle subsidiaries; and
- (d) the New Share Charges are not in full force and effect, or any of the New Share Charges is modified, amended or terminated other than in accordance with its terms.

LETTER FROM THE BOARD

Reasons for and Benefits of the Proposed Reissue of Notes

The Company issued the Notes to Greenland Financial for the purpose of financing general working capital. Since the issuance of the Notes, the Group has used the funds for the construction of Public-Private Partnership (“PPP”) projects, contributing to the development of the Company. The costs incurred for the respective PPP projects are set out as follow:

PPP project	Approximate amount incurred (USD million)
Project A ⁽¹⁾	25.0
Project B ⁽²⁾	2.1
Project C ⁽³⁾	8.4
Project D ⁽⁴⁾	<u>4.5</u>
Total	<u><u>40.0</u></u>

Notes:

- (1) Project A is a construction by a joint venture (“JVA”) between the Group and the local government to which the Group invested RMB45.0 million, representing 90% of the share capital of the JVA. The JVA is a subsidiary of the Company. The Company is also responsible for the project financing of Project A, which is to be satisfied by way of bank loans or loans from other financial institutions, and the amount of which is the difference between the total investment amount of Project A and the registered share capital of the JVA. The JVA entered into a construction agreement with the Company pursuant to which the Company agreed to provide construction services to Project A at a consideration of RMB500 million which shall be paid to the Company in instalments according to the stage of construction using the bank loans and loans from other financial institutions. The local government shall pay the construction fees and related interests to the JVA upon completion and acceptance of construction during the operation and maintenance period of Project A.

As of the Latest Practicable Date, the Group has incurred RMB157.6 million (equivalent to approximately USD25.0 million based on the exchange rate of USD1 to RMB6.3) on the construction of Project A. The construction for Project A is almost complete and is under acceptance inspection by the local government. As JVA is a subsidiary of the Company, the Group will generate cash inflow when the local government pays the JVA during the operation and maintenance period of Project A.

- (2) Project B is a construction by a joint venture (“JVB”) to which the Group invested RMB570,000, representing approximately 0.57% of the share capital of the JVB. The Company is also responsible for the project financing of Project B, which is to be satisfied by way of bank loans or loans from other financial institutions, and the amount of which is the difference between the total investment amount of Project B and the registered share capital of the JVB. The JVB entered into a construction agreement with the Company pursuant to which the Company agreed to provide construction services to Project B at a consideration of RMB1.484 billion which shall be paid to the Company in instalments according to the stage of construction using the bank loans and loans from other financial institutions. The local government shall pay the construction fees and related interests to the JVB upon completion and acceptance of construction during the operation and maintenance period of Project B.

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As of the Latest Practicable Date, the construction for Project B is at the initial stage and the Group has incurred RMB13.5 million (equivalent to approximately USD2.1 million based on the exchange rate of USD1 to RMB6.3) on the construction of Project B. The Group expects to reach the first construction payment stage and generate cash inflow in 2018.

- (3) Project C is a construction by a joint venture (“JVC”) to which the Group invested RMB15.0 million, representing approximately 5% of the share capital of the JVC. The Company is also responsible for the project financing of Project C, which is to be satisfied by way of bank loans or loans from other financial institutions, and the amount of which is the difference between the total investment amount of Project C and the registered share capital of the JVC. The JVC entered into a construction agreement with the Company pursuant to which the Company agreed to provide construction services to Project C at a consideration of RMB1.098 billion which shall be paid to the Company in instalments according to the stage of construction using the bank loans and loans from other financial institutions. The local government shall pay the construction fees and related interests to the JVC upon completion and acceptance of construction during the operation and maintenance period of Project C.

As of the Latest Practicable Date, the construction for Project C is at the initial stage and the Group has incurred RMB53.0 million (equivalent to approximately USD8.4 million based on the exchange rate of USD1 to RMB6.3) on the construction of Project C. The Group expects to reach the first construction payment stage and generate cash inflow in 2018.

- (4) Project D is a construction by a joint venture (“JVD”) to which the Group invested RMB79.5 million, representing approximately 79.5% of the share capital of the JVD. The Company is also responsible for the project financing of Project D, which is to be satisfied by way of bank loans or loans from other financial institutions, and the amount of which is the difference between the total investment amount of Project D and the registered share capital of the JVD. The JVD is a subsidiary of the Company. The JVD entered into a construction agreement with the Company pursuant to which the Company agreed to provide construction services to Project D at a consideration of RMB1.484 billion which shall be paid to the Company in instalments according to the stage of construction using the bank loans and loans from other financial institutions. The local government shall pay the construction fees and related interests to the JVD upon completion and acceptance of construction during the operation and maintenance period of Project D.

As of the Latest Practicable Date, construction of Project D is expected to complete in 2019 and the Group has incurred RMB28.2 million (equivalent to approximately USD4.5 million based on the exchange rate of USD1 to RMB6.3) on the construction of Project D. As JVD is a subsidiary of the Company, the Group will generate cash inflow when the local government pays the JVD during the operation and maintenance period of Project D.

In addition to the cash flow generated by the ongoing projects and the bank loans and loans from other financial institutions, the Company still require additional funds to support the continuing construction of the relevant PPP projects. As a result, the Company proposes to renew the Old Note Instrument. The Company and Greenland Financial spent considerable time discussing the structure of the Proposed Reissue of Notes, resulting in a time gap between the maturity date of the Old Note Instrument and the effective date of the New Note Instrument, which is subject to approval of Shareholders. The Company admits that it has breached the disclosure and shareholders’ approval requirements under Rules 14A.35 and 14A.36 between the maturity date of the Old Note Instrument and the effective date of the New Note Instrument. Upon agreement with Greenland Financial on the structure of the Proposed Reissue of Notes, the Company immediately made arrangements to comply with the relevant disclosure requirements under the Listing Rules.

LETTER FROM THE BOARD

Greenland Financial is a substantial shareholder of the Company and the terms of the Deed of Consent and the transactions contemplated thereunder (including the interest rate), were agreed by the parties after arm's length negotiations.

The Directors (including independent non-executive Directors who will form an opinion after considering the recommendation from the independent financial adviser to be appointed by the Company for the purpose of the Deed of Consent and the transactions contemplated thereunder) consider that the terms of the Deed of Consent and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Information about the Parties

The Company is an investment holding company and the Group is a fast-growing integrated landscape architecture service provider in China. The Group focuses on major urban landscape projects across China and offers customers “one-stop” project based landscape architecture service solutions, including design and planning, design refinement, construction, seedlings cultivation and maintenance.

Greenland Financial is a company incorporated under the laws of the British Virgin Islands with limited liability in June 2014. Greenland Financial is principally engaged in IPO investments, pre-IPO investments, mergers and acquisitions, real estate finance, micro finance, financial leasing. It is directly wholly-owned by Greenland Financial Investment Holding Company Limited* (綠地金融投資控股有限公司), which in turn is directly wholly-owned by Greenland. Greenland Financial serves as Greenland's main investment and finance platform to conduct diversified domestic and overseas investments in accordance with Greenland's global strategy. Greenland Financial is a substantial shareholder of the Company.

Listing Rules Implications

Greenland Financial is a substantial shareholder of the Company directly holding 991,321,041 Shares, representing approximately 29.66% of the issued share capital of the Company. Greenland Financial is therefore a connected person of the Company. Accordingly, the Proposed Reissue of Notes and the transactions contemplated thereunder constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios as defined in Chapter 14 of the Listing Rules in respect of the Proposed Reissue of Notes and the transactions contemplated thereunder is more than 25%, the Proposed Reissue of Notes and the transactions contemplated thereunder are subject to the reporting, announcement and independent shareholders' approval requirement under the Listing Rules.

LETTER FROM THE BOARD

Approval by the Board

None of the Directors has a material interest in the Proposed Reissue of Notes and the transactions contemplated thereunder. As such none of the Directors were required to nor had abstained from voting on the resolution(s) of the Board approving the Proposed Reissue of Notes and the transactions contemplated thereunder.

Independent Board Committee and Independent Financial Adviser

The Independent Board Committee, comprising Mr. Dai Guoqiang, Mr. Zhang Qing and Dr. Jin Hexian has been established to advise the Independent Shareholders in respect of the Proposed Reissue of Notes and the transactions contemplated thereunder. All members of the Independent Board Committee are independent non-executive Directors who do not have any interest in the proposed transactions mentioned in this circular. Independent Financial Adviser has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

IV. EGM AND PROXY ARRANGEMENT

The EGM will be held at Conference Room No. 5, Crowne Plaza Shanghai Noah Square, No. 1699 Jinshajiang Road, Putuo District, Shanghai, China, on Monday, 15 January 2018 at 2:00 p.m. for the purpose of considering and, if thought fit, approving the Proposed Reissue of Notes and the transaction thereunder.

The notice convening the EGM is set out on pages 36 to 38 of this circular.

As of the Latest Practicable Date, Greenland Financial is beneficially interested in 991,321,041 Shares, representing approximately 29.66% of the issued share capital of the Company. As Greenland Financial has a material interest in the Proposed Reissue of Notes and is a party to certain transactions contemplated thereunder, Greenland Financial is required to abstain from voting on the resolutions approving the Proposed Reissue of Notes and the transactions contemplated thereunder at the EGM.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands pursuant to the Listing Rules. An announcement on the poll vote results will be published by the Company after the EGM in the manner prescribed under the Listing Rules.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.greenland-broadgreenstate.com.cn/>). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's transfer office in

LETTER FROM THE BOARD

Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish and in such event, the instrument appointing the proxy shall be deemed to have revoked.

V. RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in relation to the Proposed Reissue of Notes and the transactions contemplated thereunder set out on pages 15 to 16 of this circular; and (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 17 to 30 of this circular which contains its advice in respect of the fairness and reasonableness on the terms of the Proposed Reissue of Notes and the transactions contemplated thereunder.

The Directors consider that the Proposed Reissue of Notes is an appropriate means of fund raising without dilution effect on the shareholding of the existing Shareholders and provides the Group with the financial flexibility pending cash inflow upon the end of the construction period of the PPP projects. The terms of the Deed of Consent and the transactions contemplated thereunder, were agreed by the parties after arm's length negotiations having taken into account the prevailing market rates. The Directors consider that the terms of the Deed of Consent and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Proposed Reissue of Notes and the transactions contemplated thereunder.

VI. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of the Board
China Greenland Broad Greenstate Group Company Limited
Wu Zhengping
Chairman and Executive Director



China Greenland Broad Greenstate Group Company Limited

中國綠地博大綠澤集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1253)

29 December 2017

To the Independent Shareholders

Dear Sir/Madam,

CONNECTED TRANSACTION — PROPOSED REISSUE OF NOTES

We refer to the circular of the Company to the Shareholders dated 29 December 2017 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalize terms used in this letter will have the same meanings as defined in the Circular.

We have been authorized by the Board to form the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Proposed Reissue of Notes and the transactions contemplated thereunder 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.

We wish to draw your attention to the letter of advice from Red Solar, the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Proposed Reissue of Notes and the transactions contemplated thereunder as set out on pages 17 to 30 of the Circular and the letter from the Board as set out on pages 5 to 14 of the Circular.

Having considered, among other matters, the factors and reasons considered, and the opinion as stated in the letter of advice from the Independent Financial Adviser, we consider that the Proposed Reissue of Notes and the transactions contemplated thereunder are 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. The Proposed Reissue of Notes and the transactions contemplated thereunder

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned for the Company to use secured financing to finance needs for general working capital in the near future, and are in the interests of the Company and the Independent Shareholders as a whole and accordingly recommend the Independent Shareholders to vote in favour of the ordinary resolutions in relation to the Proposed Reissue of Notes and the transactions contemplated thereunder to be proposed at the EGM.

Yours faithfully,

For and on behalf of the

Independent Board Committee of

China Greenland Broad Greenstate Group Company Limited

Mr. Dai Guoqiang

Mr. Zhang Qing

Dr. Jin Hexian

Independent Non-executive Directors

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Red Solar to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Reissue of Notes and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.



11/F., Kwong Fat Hong Building
No. 1 Rumsey Street, Sheung Wan
Hong Kong

29 December 2017

*To: The Independent Board Committee and the Independent Shareholders of
China Greenland Broad Greenstate Group Company Limited*

Dear Sirs,

CONNECTED TRANSACTION — PROPOSED REISSUE OF NOTES

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Reissue of Notes 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 of the Company dated 29 December 2017 (the “**Circular**”), of which this letter of advice forms part. Unless the context requires otherwise, capitalised terms used in this letter of advice shall have the same meanings as ascribed to them under the section headed “Definitions” in this Circular.

Reference is made to the announcements of the Company dated 20 August 2015, 11 September 2015 and 19 October 2015, and the circular of the Company dated 21 September 2015, the Company executed the Old Note Instrument and issued the Notes in favour of Greenland Financial on 15 October 2015. According to the announcement of the Company dated 11 October 2016, the maturity date of the Notes was extended from 15 October 2016 to 15 October 2017.

With reference to the announcement of the Company dated 15 November 2017 (the “**Announcement**”), the Company and Greenland Financial entered into the Deed of Consent on 15 November 2017, pursuant to which the parties conditionally agreed, among other things, that (i) Greenland Financial shall execute the New Note Instrument and release and discharge the Company from all of its present and future covenants, liabilities and obligations owing and/or payable to Greenland Financial under the Old Note Instrument and any further obligations that the Company may have under the Old Note Instrument, and (ii) Greenland Financial shall release the Old Share Charges by way of deeds of release and enter into the New Share Charges as security of the Notes. According to the Letter from the Board, the Notes in the principal amount of US\$40,000,000 remained outstanding as at the date of this Circular.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

With reference to the Letter from the Board, Greenland Financial is a substantial shareholder of the Company and is therefore a connected person of the Company. Accordingly, the Proposed Reissue of Notes and the transactions contemplated thereunder constitute connected transactions for the Company under Chapter 14A of the Listing Rules. In addition, as the applicable percentage ratios as defined in Chapter 14 of the Listing Rules in respect of the Proposed Reissue of Notes and the transactions contemplated thereunder are more than 25%, the Proposed Reissue of Notes and the transactions contemplated thereunder are subject to the reporting, announcement and independent shareholders' approval requirement under the Listing Rules.

The Independent Board Committee, comprising Mr. Dai Guoqiang, Mr. Zhang Qing and Dr. Jin Hexian, all being the independent non-executive Directors, has been established to advise the Independent Shareholders as to (i) whether the Proposed Reissue of Notes is in the interests of the Company and the Shareholders as a whole; (ii) whether the terms of the Notes are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Proposed Reissue of Notes and the transactions contemplated thereunder at the EGM.

As at the Latest Practicable Date, apart from the existing engagement in connection with the Proposed Reissue of Notes and the transactions contemplated thereunder, we did not have any business relationship with the Company within the past two years. Save for the normal fees payable to us in connection with this appointment, no arrangement exists whereby we shall receive any fees or benefits from the Company and its subsidiaries or the Directors, chief executive or substantial shareholders of the Company or any of their associates (as defined in the Listing Rules). We consider ourselves independent to form our opinion in respect of the Proposed Reissue of Notes and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion with regard to the Proposed Reissue of Notes and the transactions contemplated thereunder, we have relied on the information and facts supplied, opinions expressed and representations made to us by the management of the Group (including but not limited to those contained or referred to in the Announcement and this Circular). We have assumed that the information and facts supplied, opinions expressed and representations made to us by the management of the Group were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of this Circular. We have also assumed that all statements of belief, opinions, expectation and intention made by the management of the Company in this Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in this Circular, or the reasonableness of the opinions expressed by the Company, its management and/or advisers, which have been provided to us.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in this Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in this

LETTER FROM INDEPENDENT FINANCIAL ADVISER

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 in this Circular or this Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of this Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs or future prospects of the Group and Greenland Financial, or their respective shareholders, subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Proposed Reissue of Notes. Our opinion is necessarily based on the market, financial, economic and other conditions in effect and the information made available to us as at the Latest Practicable Date. Any subsequent developments may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of such information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the Proposed Reissue of Notes and the transactions contemplated thereunder, we have considered the following principal factors and reasons:

1. Background of and reasons for the Proposed Reissue of Notes

(a) *Background information of the Group*

The Company is an investment holding company and the Group is a fast-growing integrated landscape architecture service provider in China. The Group focuses on major urban landscape projects across China and offers customers “one-stop” project-based landscape architecture service solutions, including design and planning, design refinement, construction, seedlings cultivation and maintenance.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The following is a summary of the key financial information of the Group for the six months ended 30 June 2017 and the two years ended 31 December 2016 and 2015 as extracted from the interim report of the Company for the six months ended 30 June 2017 (the “**2017 Interim Report**”) and the annual report of the Company for the year ended 31 December 2016 (the “**2016 Annual Report**”) respectively:

	For the six months ended 30 June 2017 RMB'000 (unaudited)	For the year ended 31 December 2016 RMB'000 (audited)	For the year ended 31 December 2015 RMB'000 (audited)
Revenue	759,197	724,805	622,693
Profit for the period/year	100,604	151,707	150,506
	As at 30 June 2017 RMB'000 (unaudited)	As at 31 December 2016 RMB'000 (audited)	As at 31 December 2015 RMB'000 (audited)
Cash and cash equivalents	154,656	127,860	257,367

According to the 2016 Annual Report, the Group actively took part in undertaking various domestic large-scale municipal and city level ecological landscape projects in 2016. As depicted by the above table, for the year ended 31 December 2016, the Group’s audited total revenue amounted to approximately RMB724.8 million, representing an increase of approximately 16.4% as compared to that of the prior year. There were 21 landscape projects in total which made a contribution to the revenue, six of which with initial contract value of RMB5 million or above, contributing approximately 97.4% of revenue of the Group. During the year under review, the Group also recorded an increase in audited net profit from approximately RMB150.5 million to approximately RMB151.7 million. The aforesaid growing momentum had accelerated during the first half of 2017. As extracted from the 2017 Interim Report, the Group’s total unaudited revenue increased from approximately RMB430.3 million for the six months ended 30 June 2016 to approximately RMB759.2 million for the six months ended 30 June 2017. There were 65 landscape projects in total which made a contribution to the Group’s revenue, seven of which with initial contract value of RMB30 million or above, contributing approximately 87.6% of revenue for the Group. The unaudited net profit of the Group was approximately RMB100.6 million for the six months ended 30 June 2017, representing a significant increase of approximately 26.5% as compared to that of the corresponding period in the prior year.

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According also to the 2016 Annual Report, the substantial decrease in audited cash and cash equivalents of the Group for the year ended 31 December 2016 was mainly due to the decrease in net cash inflow from financing activities of approximately RMB204.6 million, which was the combined effect of (i) absence of proceeds from issue of corporate bonds, compared to an amount of approximately RMB259.7 million received during 2015; (ii) absence of proceeds from issue of Shares, compared to an amount of approximately RMB101.3 million received during 2015; (iii) increase in dividends paid of approximately RMB11.6 million, from approximately RMB27.6 million for the year ended 31 December 2015 to approximately RMB39.2 million for the year ended 31 December 2016, as offset by (iv) increase in new bank loans of approximately RMB48.9 million, from approximately RMB168.6 million for the year ended 31 December 2015 to approximately RMB217.5 million for the year ended 31 December 2016; and (v) decrease in repayment of bank loans of approximately RMB117.3 million, from approximately RMB241.0 million for the year ended 31 December 2015 to approximately RMB123.6 million for the year ended 31 December 2016. As at 30 June 2017, the Group's unaudited cash and cash equivalents amounted to approximately RMB154.7 million.

With reference to the 2017 Interim Report, the Group believes the steady development of economy is the fundamental driving force for the rapid development of China's landscaping industry, where it creates huge market demand and ensuring promising prospects for the industry. At the same time, with the high-speed of China's urbanization process, new urban and urban construction area will drive up large scale landscape construction. The market scale of municipal landscaping will be further expanded. The Group expected that with the support of government policies in the development of landscaping industry, and the government promotion of urban ecological environment construction in encouraging the creation of a desirable living environment for citizens and a sustainable urban development, the environmental protection consciousness of people are constantly improved, which helps to create new opportunities for the design and construction industry related to ecological construction. The Group hopes to continue strengthening its business diversification, and making a transition to the eco-construction service provider with its experience accumulated in China's landscaping architecture and construction, prominent industry position, mature management style as well as high recognition gained from projects completed and delivered.

LETTER FROM INDEPENDENT FINANCIAL ADVISER
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(b) Equity fund raising activities in the past 12 months

As advised by the Directors, the Company has announced the following fund raising activities in the past 12 months immediately prior to the date of this Circular:

Date of announcement	Event	Amount of Shares (approximately)	Use of proceeds
30 November 2016	Issue of new shares as consideration shares under general mandate	RMB38.1 million	Partially financing the acquisition of 60.0% equity interest of Hangzhou Xiaoshan Jiangnan Garden Construction Company Limited [#] (杭州蕭山江南園林工程有限公司)
21 September 2017	Issue of new shares as consideration shares under general mandate (the new shares have not been issued as at the Latest Practicable Date pending completion of the relevant acquisition)	RMB48 million	Partially financing the acquisition of 60.3% equity interest of Shenyang Furui Garden Decoration Engineering Company Limited [#] (瀋陽福瑞園林裝飾工程有限公司)

[#] for identification purposes only

(c) Use of IPO proceeds

The Shares were listed on the Main Board of the Stock Exchange on 21 July 2014. With reference to the 2017 Interim Report, as at 30 June 2017, all proceeds from the initial listing have been utilized in accordance with the purposes stated in the Company's prospectus dated 30 June 2014.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

(d) Reasons for the Proposed Reissue of Notes and use of proceeds

As referred to in the Letter from the Board, the Company issued the Notes to Greenland Financial for the purpose of financing general working capital. Since the issuance of the Notes, the Company has used the funds for the construction of Public-Private Partnership (“**PPP**”) projects, contributing to the development of the Company.

According to the financial information provided by the management of the Company, the proceeds from the issue of the Notes in 2015 have been invested in four PPP projects (“**PPP Projects**”) with an aggregate initial contract value of approximately RMB3,043.0 million. It is expected that one of the four PPP Projects will be completed by early 2018, two by 2019 and the remaining one by 2020. The Directors advised us that funding of approximately RMB2,124.7 million is required for completion of the PPP Projects, and a substantial amount of revenue is expected to be generated by the PPP Projects upon completion. The Proposed Reissue of Notes will facilitate the extension of the maturity date of the Notes issued in 2015, thereby allowing the Group to allocate its limited financial resources to finance other projects in progress and the awarded projects.

As disclosed in the 2017 Interim Report and with reference to the financial information provided by the management of the Company, there are 3 major ecological construction projects in progress (“**Ecological Projects**”) other than the PPP Projects mentioned above which have an aggregate initial contract value of approximately RMB291.7 million during the six months ended 30 June 2017. It is expected that the Ecological Projects will be completed by 2017–2019. The Directors advised us that funding of approximately RMB218.8 million is required for completion of the Ecological Projects. And the amount of revenue recognized from the Ecological Projects was in aggregate approximately RMB56.8 million, representing approximately 7.5% of the total revenue of the Group for the six months ended 30 June 2017.

Moreover, as further disclosed in the 2017 Interim Report, the Company was awarded two ecological construction projects (“**Awarded Projects**”) by the Chinese government for the six months ended 30 June 2017 with an initial contract value of approximately RMB468.3 million. The Awarded Projects will commence construction in August 2017 and are expected to be completed by 2018 or 2019. As advised by the Directors, the funding required for the initial investment of the Awarded Projects are approximately RMB70.3 million, being the registered capital in aggregate to be contributed by the Company for the two project companies to be jointly set up by the Company and the Chinese government for development of the Awarded Projects.

We noted that the undertaking of the ecological construction projects is in line with the Company’s business expansion strategies.

Based on our discussion with the Directors, we understand that the Company has considered both debt financing and equity financing to raise additional fund to replace the Notes. Debt financing was considered by the Directors to be impracticable for the Group as firstly, the pledge of assets as security for additional borrowings was requested by banks while

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the Group has already pledged most of its fixed assets with an aggregate carrying amount of RMB15.5 million as security for its existing bank loans. The Directors also advised that bank deposit cannot be pledged as security of bank loans as it is reserved for the general working capital of the Group. Secondly, an annual interest rate on or above 10% is expected should the Group resort to borrowings from other financial institutions. On the other hand, in view of that equity financing is either relatively lengthy and requires underwriting (in the case of rights issue and open offer) or would create dilution to the existing shareholding of the Shareholders (in the case of placing), equity financing is also considered to be unfavorable to the Group. The Directors are of the opinion that the Proposed Reissue of Notes is the most preferable and feasible means of refinancing currently available to the Company.

Having considered (i) the funding required for completion of the PPP Projects, the Ecological Projects and the initial investment of the Awarded Projects amounted to approximately RMB2,413.8 million in total; and (ii) there are no better alternative refinancing methods available for the Group, we are of the view that the estimated interest payable of the Notes of approximately US\$3.6 million (US\$40 million* 9%) (equivalent to approximately RMB23.8 million (based on the exchange rate of US\$1: RMB6.61)) is fair and reasonable since the Proposed Reissue of Notes would facilitate the continued operations of the PPP Projects which the Group may otherwise fail to finance.

Given the foregoing reasons for the Proposed Reissue of Notes and the use of proceeds therefrom which is in line with the Company's business strategies, we concur with the Directors that the Proposed Reissue of Notes is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Company.

2. Principal terms of the Notes under the New Note Instrument

On 15 November 2017, the Company and Greenland Financial entered into the Deed of Consent pursuant to which the parties conditionally agreed, among other things, that (i) Greenland Financial shall execute the New Note Instrument and release and discharge the Company from all of its present and future covenants, liabilities and obligations owing and/or payable to Greenland Financial under the Old Note Instrument and any further obligations that the Company may have under the Old Note Instrument, and (ii) Greenland Financial shall release the Old Share Charges by way of deeds of release and enter into the New Share Charges as security of the Notes. According to the Letter from the Board, the Notes in the principal amount of US\$40,000,000 remained outstanding as at the date of this Circular. We have reviewed the Deed of Consent provided by the management of the Company and are of the view that the Deed of Consent facilitates the transition of the Old Note Instrument to the New Note Instrument between the parties. Major terms of the Deed of Consent are set out in the Letter from the Board.

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The principal terms of the Notes under the New Note Instrument are summarised as follows:

- Issuer:** The Company
- Principal amount of the Notes:** US\$40,000,000
- Maturity date:** One year from the Issue Date (as defined in the Letter from the Board) or on the expiration date of the extended period in accordance with the terms and conditions of the Notes under the New Note Instrument.
- Interest rate:** The Notes bear interest from and including the Issue Date to and excluding the maturity date or redemption date at the rate of 9% per annum (computed on the basis of a 365-day year), payable semi-annually in arrear, until the principal amount of the Notes shall have become due and payable, provided that the first interest shall be prepaid by the Issuer on the Issue Date.
- Status of the Notes:** The Notes constitute direct, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
- Security:** The Notes will have the benefit of the security constituted by the New Share Charges.
- Redemption:** Unless previously redeemed, or purchased and cancelled, or extended by Greenland Financial as holder of the Notes in accordance with the terms of the Notes, the Notes will be redeemed at the principal amount on the date falling on the maturity date of the Notes.
- In addition, following the occurrence of a change of control as defined in the terms of the Notes, the holder of any Notes will have the right to require the Issuer to redeem all, but not some of such holder's Notes at 101% of the principal amount together with accrued interest to the date of change of control.

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The Notes may not be redeemed at the options of the Issuer other than for taxation reasons and in accordance with the terms of the Notes.

Further details of the terms and conditions of the Notes are set out in the Letter from the Board.

The Directors advised, the terms of the Proposed Reissue of Notes and the transactions contemplated thereunder were agreed by the parties after arm's length negotiations having taken into account the prevailing market rates (the fairness and reasonableness of the interest rate of the Notes will be illustrated in the below section headed "Comparable analysis").

As security of the Notes, the Company, as legal and beneficial owner, has agreed to charge all rights, entitlements, interests and benefits in 50,000 ordinary shares of Greenstate Times in favor of Greenland Financial and Greenstate Times, as legal and beneficial owner, has agreed to charge all rights, entitlements, interests and benefits in 5,000 ordinary shares of Greenstate International in favor of Greenland Financial.

With reference to the Deed of Consent, the 50,000 ordinary shares of Greenstate Times represent 50% of its issued capital legally and beneficially held by the Company; whereas the 5,000 ordinary shares of Greenstate International represent 50% of its issued capital legally and beneficially held by Greenstate Times. The New Share Charges will be released when (i) all the obligations, contingent or otherwise, of the Company to Greenland Financial and the holders of the Notes arising under or pursuant to the New Note Instrument; and (ii) other obligations of the Company under the transaction documents relating to the transactions contemplated thereunder having been irrevocably and unconditionally paid and discharged in full.

Based on our enquiry with the Directors, we understand that in the event that the Company is unable to repay interest and/or the principal amount of the Notes when they fall due, the Company shall consider (i) re-negotiating the terms of the Notes with Greenland Financial, including but not limited to the extension of the maturity date of the Notes, interest rate adjustment; (ii) conducting other fund raising exercise(s) of higher costs; or (iii) selling off the assets of the Group, including profit-making projects, as and when appropriate to ensure that it will be able to comply with the relevant terms of the Notes.

In addition, based on the information provided by the Company, the unaudited consolidated net asset value of Greenstate Times as at 30 June 2017 was approximately RMB1,152.8 million. As at the Latest Practicable Date, save for a building with an aggregate carrying value of approximately RMB7.4 million, and an investment property with an aggregate carrying value of approximately RMB8.1 million which have both been pledged to commercial banks in the PRC for loan facilities obtained by the Group, there was no other asset underlying the New Share Charges that had been charged or pledged for any other liabilities of the Group. Upon our enquiry, the Directors advised us that the New Share Charges were determined taking into account: (i) Greenland Financial's holding of approximately 29.66% of the issued share capital of the Company;

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and (ii) the capability of realizing the New Share Charges into cash, on which the parties to the Deed of Consent have mutually agreed to provide a 30% discount. In this relation, we noted from the website of one of the big four state-owned commercial banks in Hong Kong that the minimum discount charged on pledged listed securities for securities-backed financing is 30%. As such, as both Greenstate Times and Greenstate International are not listed on any stock exchanges, we consider that it is fair and reasonable to apply a 30% marketability discount on the value of the Share Charges.

Given the aforesaid, the estimated value of the New Share Charges would be approximately RMB280.0 million, being RMB1,152.8 million minus RMB7.4 million and RMB8.1 million, then times 70.34% (i.e. 1–29.66%), 70% (i.e. 1–30%) and 50% for the charged equity interest. In light of (i) the principal amount of the Notes of US\$40,000,000 (equivalent to approximately RMB264.4 million (US\$1: RMB6.61)) is comparable to the estimated value of the New Share Charges; and (ii) the Proposed Reissue of Notes would facilitate the continued operations of the PPP Projects which were partially financed by the proceeds of the Notes in 2015, and are expected to generate profits for the Group upon project completion, we are of the view that the New Share Charges are fair and reasonable so far as the Independent Shareholders are concerned.

3. Comparable analysis

As part of our analysis to assess the fairness and reasonableness of the principal terms of the Notes, we have researched on connected transactions for issue of promissory notes by companies listed on the Stock Exchange for fund raising purpose from 16 November 2016 up to the date of the Deed of Consent (i.e. 15 November 2017) (the “**Comparable Period**”). However, we could not identify any companies fulfilling such criteria. As such, we have researched on connected transactions for issue of promissory notes as consideration for acquisition of equity interest by companies listed on the Stock Exchange (the “**Comparable Companies**”) during the Comparable Period. We noted that the business operations, financial positions and future prospects of the Comparable Companies were not identical to those of the Company. However, we consider the Comparable Companies to be fair and representative samples to assess the fairness and the reasonableness of the terms of the Notes as the Comparable Companies issued promissory notes to their respective connected persons as a way of financing, which is similar to the situation of the Company. Moreover, the terms of the promissory notes issued by the Comparable Companies were

LETTER FROM INDEPENDENT FINANCIAL ADVISER
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determined under comparatively similar market condition and sentiment from the date of the Deed of Consent. We therefore consider that the terms of the promissory notes issued by the Comparable Companies could provide a general reference for common market practices. Based on our best endeavor and as far as we are aware of, we have identified an exhaustive list of four Comparable Companies. The principal terms of the promissory notes issued by the Comparable Companies are summarised as below:

Date of announcement	Company	Stock code	Principal <i>HK\$ million</i>	Annual interest rate %	Maturity Year
8 February 2017	Kong Shum Union Property Management (Holding) Limited	8181	14	0	1.5
23 May 2017	China Packaging Holdings Development Limited	1439	90	4	2
6 June 2017	Evershine Group Holdings Limited	8022	35.5*	13	2
26 July 2017	Cybernaut International Holdings Company Limited	1020	220	0	2
15 November 2017	China Greenland Broad Greenstate Group Company Limited	1253	312*	9	1

* *US\$1: HK\$7.8*

As shown from the above table, all of the promissory notes issued by the Comparable Companies have maturity being longer than that of the Notes and their fund raising size are substantially smaller than that of the Notes. They carry interest from 0% to 13% per annum with an average of 4.25% per annum, while the Notes carry an interest rate of 9% per annum, which is within the range but above the average of interest rates of the promissory notes issued by the Comparable Companies.

Upon our enquiry, the Directors advised us that the Company has communicated with two financial institutions regarding the expected interest rate for the possible issue of promissory notes similar to the Notes in the open market. According to the Directors, a market rate of 10% per annum or more is expected by those financial institutions. As mentioned in the section headed “Reasons for the Proposed Reissue of Notes and use of proceeds”, the Company has also

LETTER FROM INDEPENDENT FINANCIAL ADVISER

considered both debt financing and equity financing to raise additional fund to replace the Notes. But having considered factors discussed in the section, the Directors are of the opinion that the Proposed Reissue of Notes is the most preferable and feasible means of refinancing currently available to the Company. On the other hand, as advised by the Directors, in view of that the principal amount of the Notes is significant, Greenland Financial requested to maintain the current interest rate in order to commensurate the credit risk and compensate its investment opportunity with the proceeds of the Notes. Given also the term of the Notes of one year could provide the Group with the flexibility to review its financial condition and funding need, and explore into other financing alternatives with lower interest rate should suitable opportunities arise upon maturity of the Notes, the Directors are of the view that the term and interest rate of the Notes are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

Although the result of the comparable analysis suggests that the interest rate of the Notes is higher than the average interest rate of the promissory notes issued by the Comparable Companies, as balanced by (i) the fact that as compared to the promissory notes issued by the Comparable Companies, the Notes have substantially larger principal amount and their annual interest rate is still within the interest rates range of the promissory notes issued by the Comparable Companies; (ii) the Directors' representation above; and (iii) as concluded in the section headed "Reasons for the Proposed Reissue of Notes and use of proceeds" of this letter of advice, the Proposed Reissue of Notes being the most preferable and feasible means of refinancing currently available for the Group, we consider that the terms of the Notes are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

4. Possible financial effects of the Proposed Reissue of Notes

(a) *Net asset value and gearing*

According to the 2017 Interim Report, the unaudited net asset value and gearing level (calculated as net debt divided by the total equity plus net debt, where net debt includes corporate bonds, trade and bills payable, other payables and accruals, interest-bearing bank borrowings, less cash and cash equivalents) of the Group amounted to approximately RMB847.0 million and 69.0% as at 30 June 2017, respectively. The Directors advised us that the Proposed Reissue of Notes would not have an immediate material effect on the net asset value as well as gearing level of the Group as there would not be any immediate change on assets of cash and cash equivalents and liabilities of Notes.

(b) *Working capital*

As aforementioned, the Company issued the Notes to Greenland Financial for the purpose of financing general working capital of the Group.

It should be noted that the above analyses are for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon completion of the Proposed Reissue of Notes.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the principal factors and reasons discussed above, we are of the opinion that (i) the Proposed Reissue of Notes is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Company; and (ii) the terms of the Notes are on normal commercial terms and 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 resolution(s) to be proposed at the EGM to approve the Proposed Reissue of Notes and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,

For and on behalf of

RED SOLAR CAPITAL LIMITED

Ernest Lam

Managing Director

Leo Chan

Managing Director

Mr. Ernest Lam is a licensed person and responsible officer of Red Solar Capital Limited registered with the SFC to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and has over 16 years of experience in corporate finance industry.

Mr. Leo Chan is a licensed person and responsible officer of Red Solar Capital Limited registered with the SFC to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and has over 12 years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

Directors' and chief executive's interests and short positions in the Shares and the underlying Shares and debentures

As at the Latest Practicable Date, so far as the Directors are aware, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were (i) 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 they were taken or deemed to have under such provisions of the SFO), or (ii) recorded in the register required to be kept under section 352 of the SFO, or (iii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director/ Chief Executive	Nature and Number of Shares/underlying Shares held ⁽¹⁾				Approximate Percentage of Issued Share Capital
	Personal interest	Corporate interest	Spouse interest	Total interest	
Mr. Wu Zhengping ⁽²⁾⁽³⁾⁽⁴⁾	24,000,000	991,321,041	18,000,000	1,033,321,041	30.91%
Ms. Xiao Li ⁽²⁾⁽³⁾⁽⁴⁾	18,000,000	—	1,015,321,041	1,033,321,041	30.91%
Ms. Zhu Wen ⁽⁴⁾	4,000,000	—	—	4,000,000	0.11%

Notes:

- (1) All the above Shares are held in long position (as defined under Part XV of the SFO).
- (2) Broad Landscape International is owned as to 86.92% and 13.08% by Mr. Wu Zhengping and Ms. Xiao Li and under the SFO, Mr. Wu Zhengping is deemed to be interested in the 991,321,041 Shares by Broad Landscape International.
- (3) Mr. Wu Zhengping is the spouse of Ms. Xiao Li. Under the SFO, Mr. Wu Zhengping is deemed to be interested in the same number of Shares in which Ms. Xiao Li is interested and Ms. Xiao Li is deemed to be interested in the same number of Shares in which Mr. Wu Zhengping is interested.
- (4) The number of underlying Shares in which the Directors and chief executives hold under the Share Option Scheme.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to any Director or the chief executive of the Company, none of the Directors or the chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations which were required to be (i) 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 they were taken or deemed to have under such provisions of the SFO), or (ii) recorded in the register required to be kept under section 352 of the SFO, or (iii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' interests and short positions in the Shares and the underlying Shares

As at the Latest Practicable Date, so far as the Directors are aware, the following persons had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Division 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 member of the Group:

Name of Shareholder	Nature of Interest	Number of Shares/ underlying Shares held ⁽¹⁾	Approximate Percentage of Issued Shares
Broad Landscape International ⁽²⁾	Beneficial owner	991,321,041	29.66%
Eastern Greenstate International ⁽⁴⁾	Beneficial owner	306,313,662	9.16%
Greenland Group ⁽³⁾	Interest in a controlled corporation	991,321,041	29.66%
Greenland Financial Holdings Company Limited (綠地金融投資控股集團有限公司) ⁽³⁾	Interest in a controlled corporation	991,321,041	29.66%
Greenland Financial ⁽³⁾	Beneficial owner	991,321,041	29.66%

Notes:

- (1) All the above Shares are held in long position (as defined under Part XV of the SFO).
- (2) Broad Landscape International is owned as to 86.92% and 13.08% by Mr. Wu Zhengping and Ms. Xiao Li and its interest duplicate certain interests of Mr. Wu Zhengping disclosed under the section "Directors' and Chief Executive's Interest and Short Positions in Shares, Underlying Shares and Debentures". Our Directors, Mr. Wu Zhengping and Ms. Xiao Li, are directors of Broad Landscape International.

- (3) Greenland Group wholly owns Greenland Financial Holdings Company Limited which in turn wholly owns Greenland Financial so that Greenland Group and Greenland Financial Holdings Company Limited are deemed to be interested in the Shares in which Greenland Financial is interested for the purpose of Part XV of the SFO.
- (4) Our Director, Ms. Zhu Wen, is a director of Eastern Greenstate International.

Save as disclosed above, as at the Latest Practicable Date, the Directors have not been notified by any person who had interests or short positions in the Shares or 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 member of the Group.

3. INTERESTS IN CONTRACT OR ARRANGEMENT AND INTERESTS IN ASSETS

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

As at the Latest Practicable Date, none of the Directors or the expert has any direct or indirect interest in any assets which have been, since 31 December 2016, being the date to which latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

4. SERVICE CONTRACTS

There is no existing or proposed service contract between any member of the Group and any Director (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation)).

5. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective associates was interested in any business (apart from the Group's business) which competes or is likely to compete, either directly or indirectly, with the Group's businesses.

6. MATERIAL ADVERSE CHANGE

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 2016, the date to which the latest published audited accounts of the Company were made up.

7. QUALIFICATION AND CONSENT OF EXPERT

The following are the qualifications of the expert who has given opinion and advice which is contained in this circular:

Name	Qualifications
Red Solar	a corporation licensed by the Securities and Futures Commission to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Red Solar has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and report dated 29 December 2017 and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, Red Solar was not beneficially interested in the share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and did not have any direct or indirect interest in any assets which had been acquired, disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2016, the date to which the latest audited financial statements of the Group was made up.

8. GENERAL

- (a) The registered office of the Company is located at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.
- (b) The headquarters and principal place of business of the Company in the PRC is located at Floor 8, Hong Quan Building, No. 1357, Mei Chuan Road, Putuo District, Shanghai, PRC.
- (c) The place of business of the Company in Hong Kong is located at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The transfer office of the Company in Hong Kong is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong during normal business hours from the date of this circular up to and including the date of the EGM:

- (a) The Deed of Consent;
- (b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 15 to 16 of this circular;
- (c) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 17 to 30 of this circular;
- (d) the written consent from Red Solar referred to in the section headed "Qualification and consent of Expert" in this appendix; and
- (e) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



China Greenland Broad Greenstate Group Company Limited

中國綠地博大綠澤集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1253)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of China Greenland Broad Greenstate Group Company Limited (the “Company”) will be held at Conference Room No. 5, Crowne Plaza Shanghai Noah Square, No. 1699 Jinshajiang Road, Putuo District, Shanghai, China, on Monday, 15 January 2018 at 2:00 p.m. for the following purposes:

ORDINARY RESOLUTION

1. “THAT:

- (a) the deed of consent dated 15 November 2017 (the “**Deed of Consent**”) entered into between the Company and Greenland Financial Overseas Investment Group Co., Ltd. 綠地金融海外投資集團有限公司 (the “**Greenland Financial**”), in respect of the proposed Reissue (the “**Proposed Reissue of Notes**”) of a redeemable fixed coupon promissory note with a principal amount of US\$40,000,000 at the rate of 9.00% per annum to Greenland Financial (a copy of the Deed of Consent marked “A” and signed by the chairman of the EGM for identification purpose has been tabled at the EGM), and the transactions contemplated thereunder be and are hereby approved and confirmed and ratified;
- (b) the reissue of the promissory note with a principal amount of US\$40,000,000 at the rate of 9.00% per annum in favour of Greenland Financial pursuant to the Deed of Consent (the “**New Note Instrument**”) (a copy of the final form of the New Note Instrument marked “B” and signed the chairman of the EGM for identification purpose has been tabled at the EGM) be and is hereby approved;
- (c) the new share charge (the “**New Company Share Charge**”) relating to all the charge of all rights, entitlements, interests and benefits in 50,000 ordinary shares of Greenstate Times, representing 50% of the entire issued share capital of Greenstate Times International Company Limited (綠澤時代國際有限公司) (“**Greenstate Times**”), legally and beneficially held by the Company as at the date of the Deed of Consent and charged in favour of Greenland Financial (a copy of the final form of the New Note Instrument marked “C” and signed the chairman of the EGM for identification purpose has been tabled at the EGM) be and is hereby approved;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (d) the new share charge (the “**New Greenstate Times Shares Charge**”) relating to the charge of all rights, entitlement, interest and benefits in 5,000 ordinary shares of Greenstate International Company Limited (綠澤國際有限公司) (“**Greenstate International**”), representing 50% of the entire issued share capital of Greenstate International, legally and beneficially held by Greenstate Times as at the date of the Deed of Consent and charged in favour of Greenland Financial (a copy of the final form of the New Note Instrument marked “D” and signed the chairman of the EGM for identification purpose has been tabled at the EGM) be and is hereby approved; and
- (e) any director of the Company (the “**Director**”) be and is hereby authorized to do all such things and acts, including but not limited to the execution, amendment, supplement, delivery, submission and implementation of any further documents or agreements, as he/she may in his/her absolute discretion consider necessary, desirable or expedient for the purpose of or in connection with the implementation and/or giving effect to any matters relating to the Deed of Consent Agreement, the New Note Instrument, the New Company Share Charge, the New Greenstate Times Share Charge and all transactions contemplated thereunder.”

For and on behalf of the Board

China Greenland Broad Greenstate Group Company Limited
Wu Zhengping

Chairman and Executive Director

Shanghai, the People’s Republic of China

29 December 2017

Notes:

1. All resolutions at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint more than one proxy to attend and on a poll, vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy.

In the case of a poll, every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.

3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

NOTICE OF EXTRAORDINARY GENERAL MEETING

4. For determining the entitlement to attend and vote at the above meeting, the record date will be Monday, 8 January 2018. In order to be eligible to attend and vote at the meeting, all unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 8 January 2018.
5. In case of joint holders of shares, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders are present at any meeting personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company.

As at the date of this notice, our executive directors are Mr. Wu Zhengping, Ms. Xiao Li, Ms. Zhu Wen and Ms. Chen Min and our independent non-executive directors are Mr. Dai Guoqiang, Mr. Zhang Qing and Dr. Jin Hexian.