

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**



Red Solar Capital Limited

A letter from the Board is set out on pages 6 to 17 of this circular.

A letter from the Independent Board Committee is set out on pages 18 to 19 of this circular.

A letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 20 to 34 of this circular.

A notice convening the EGM of China Greenland Broad Greenstate Group Company Limited to be held at Primus conference room, 3rd Floor, Primus Hotel Shanghai Hongqiao, No. 100, 1588 Lane, Zhuguang Road, Xujing Town, Qingpu District, Shanghai, China, on Monday, 20 January 2020 at 2:00 p.m. is set out on pages 40 to 42 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 branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. not later than 2:00 p.m. on Saturday, 18 January 2020) 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.

6 January 2020

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DEFINITIONS

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

“2015 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 2015 Note Instrument
“2015 Note Instrument”	the instrument issued by the Company on 15 October 2015 for the creation and issue of the 2015 Notes in favour of Greenland Financial
“2017 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 2017 Deed of Consent and charged in favour of Greenland Financial
“2017 Deed of Consent”	the deed of consent entered into between the Company and Greenland Financial on 15 November 2017 in relation to, among others, the execution of 2017 Note Instrument and 2017 Share Charges
“2017 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 2017 Deed of Consent and charged in favour of Greenland Financial
“2017 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 2015 Note Instrument and reissued pursuant to the terms and conditions set out in the 2017 Note Instrument
“2017 Note Instrument”	the instrument executed by the Company on 15 January 2018 for the reissue of the 2017 Notes in favour of Greenland Financial pursuant to the 2017 Deed of Consent
“2017 Share Charges”	the 2017 Company Share Charge and the 2017 Greenstate Times Share Charge

DEFINITIONS

“2019 Company Share Charge”	the charge of all rights, entitlements, interests and benefits in 43,000 ordinary shares of Greenstate Times, representing 43% of the entire issued share capital of Greenstate Times, legally and beneficially held by the Company as at the date of the 2019 Deed of Consent and charged in favour of Greenland Financial
“2019 Deed of Consent”	the deed of consent entered into between the Company and Greenland Financial on 4 December 2019 in relation to the Proposed Reissue of Notes
“2019 Greenstate Times Share Charge”	the charge of all rights, entitlements, interests and benefits in 4,300 ordinary shares of Greenstate International, representing 43% of the entire issued share capital of Greenstate International, legally and beneficially held by Greenstate Times as at the date of the 2019 Deed of Consent and charged in favour of Greenland Financial
“2019 Note Instrument”	the instrument to be executed by the Company for reissuing the Notes in favour of Greenland Financial pursuant to the 2019 Deed of Consent
“2019 Share Charges”	the 2019 Company Share Charge and the 2019 Greenstate Times Share Charge
“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 on 8 October 2013, 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), respectively as of the date of this circular
“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

DEFINITIONS

“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
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Eastern Greenstate International”	Eastern Greenstate International Company Limited (綠澤東方國際有限公司), a company incorporated under the laws of the British Virgin Islands on 9 October 2013, which is owned as to 2.81% by Ms. Zhu Wen (朱雯) and 97.19% by other parties respectively as at the date of this Circular
“EGM”	the extraordinary general meeting of the Company to be held at Primus conference room, 3rd Floor, Primus Hotel Shanghai Hongqiao, No. 100, 1588 Lane, Zhuguang Road, Xujing Town, Qingpu District, Shanghai, China, on Monday, 20 January 2020 at 2:00 p.m. to consider and, if appropriate, to approve the Proposed Reissue of Notes and the transactions contemplated thereunder
“Exchange Act”	Securities Exchange Act of 1934
“Greenland”	Greenland Holdings Corporation Limited* (綠地控股集團股份有限公司), 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

DEFINITIONS

“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
“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
“Independent Board Committee”	the independent committee of the Board, comprising Mr. Dai Guoqiang, Dr. Jin Hexian and Dr. Chan Wing Bun, 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 at the EGM approving the Proposed Reissue of Notes and the transactions contemplated thereunder
“Latest Practicable Date”	3 January 2020, 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
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
“New Conditions”	the terms and conditions of the Notes pursuant to the 2019 Note Instrument, the details of which are stated in the paragraph headed “Letter from the Board — Proposed Reissue of Notes — Principle terms and conditions of Notes under the 2019 Note Instrument” of this circular

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“Notes”	the principal amount of US\$35,000,000 at the rate of 12.00% per annum reissued pursuant to the terms and conditions set out in the 2019 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 Conditions”	the terms and conditions of the 2017 Notes pursuant to the 2017 Note Instrument
“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 2019 Note Instrument
“Relevant Indebtedness”	any indebtedness owed to any creditor which is organized in a jurisdiction other than the PRC which has an original maturity of no less than 365 days, provided that, for the avoidance of doubt, Relevant Indebtedness shall not include any indebtedness under any transferrable loan facility or agreement (including any drawing down of any existing credit line or facility of the Issuer or any of its subsidiaries)
“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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1253)

Executive Directors:

Mr. Wu Zhengping

(Chairman and chief executive officer)

Ms. Xiao Li

Ms. Zhu Wen

Ms. Chen Min

Registered Office:

The offices of Maples Corporate

Services Limited

PO Box 309, Ugland House

Grand Cayman, KY1-1104

Cayman Islands

Independent Non-Executive Directors:

Mr. Dai Guoqiang

Dr. Jin Hexian

Dr. Chan Wing Bun

Headquarters and Principal

Place of Business in the PRC:

Floor 8, Block D3, 5th Building

Hongqiao World Center

1588 Lane, Zhuguang Road

Shanghai, the PRC

*Principal Place of Business
in Hong Kong:*

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

6 January 2020

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 4 December 2019 in relation to the Proposed Reissue of Notes;

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- (ii) the announcement of the Company dated 15 November 2017 and the circular dated 29 December 2017 in relation to the reissue of 2017 Notes; and
- (iii) the announcement of the Company dated 15 January 2019 in relation to the extension of maturity date of the 2017 Notes.

The Proposed Reissue of Notes and the transactions contemplated thereunder are 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

The Board hereby announces that after trading hours on 4 December 2019, the Company and Greenland Financial entered into the 2019 Deed of Consent pursuant to which the parties conditionally agreed, among other things, that (i) Greenland Financial shall execute the 2019 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 2017 Note Instrument and any further obligations that the Company may have under the 2017 Note Instrument, and (ii) Greenland Financial shall release the 2017 Share Charges by way of deeds of release and enter into the 2019 Share Charges as security of the Notes. As at the date of this circular, the 2017 Notes in the principal amount of US\$40,000,000 remain outstanding. The Company plans to repay US\$5,000,000 of the principal amount of the 2017 Notes plus all interests accrued thereon on or prior to the maturity date of the 2017 Notes (i.e. 15 January 2020).

III. 2019 DEED OF CONSENT

Date: 4 December 2019

Parties: The Company

Greenland Financial

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Pursuant to the 2019 Deed of Consent, the parties conditionally agreed as follows:

1. Subject to execution of (i) the 2019 Company Share Charges and (ii) the 2019 Greenstate Times Share Charge, Greenland Financial absolutely, irrevocably and unconditionally agreed to release the 2017 Share Charges by executing deeds of release of share charge in relation to the 2017 Company Share Charge and the 2017 Greenstate Time Share Charge.
2. The Old Conditions under the 2017 Note Instrument shall be amended and restated in their entirety (the “**New Conditions**”) with effect from the date of the 2019 Note Instrument. For the avoidance of doubt, the 2017 Note Instrument shall become null and void with effect from the date of the 2019 Note Instrument.
3. Greenland Financial agreed to return to the Company the 2017 Notes certificate number 2 dated 15 January 2018, on the condition that a new Notes certificate in the principal amount of US\$35,000,000 due six months from the date of the 2019 Note Instrument, will be issued to, and registered in the name of, Greenland Financial on terms of the New Conditions.
4. Subject to entry and execution of the 2019 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 2017 Note Instrument and any further obligations that the Company may have under the 2017 Note Instrument.

Principle terms and conditions of the Notes under the 2019 Note Instrument

The principal terms and conditions of the Notes are summarized as follows:

Issuer:	China Greenland Broad Greenstate Group Company Limited (中國綠地博大綠澤集團有限公司)
Principal amount of the Notes:	US\$35,000,000
Maturity date:	14 July 2020 (unless previously redeemed, or purchased and cancelled or extended) and the term of Notes may be extended for an additional six months with the same interest coupon, terms and conditions as described under the 2019 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 ”).

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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 12.00% per annum (computed on the basis of a 365-day year), payable semi-annually in arrear on the 15th day of January and July of each year.

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 and subject to the Negative Pledge, 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 2019 Share Charges.

Redemption: Unless previously redeemed, or purchased and cancelled, or extended 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 stated below, 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 followings:

- (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;

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- (b) the Issuer or the Obligors does not perform or comply with one or more of its respective obligations in the Notes or the 2019 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 2019 Share Charges are not in full force and effect, or any of the 2019 Share Charges is modified, amended or terminated other than in accordance with its terms.

Negative Pledge: as long as any Note remains outstanding, the Issuer will not, and will ensure that none of its subsidiaries will cease or have outstanding, any mortgage, charge, lien, pledge or other security, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes the same security as it created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by the holders of the majority of the outstanding Notes.

Change of Control: Change of control means:

- (a) any person (including a holder of depositary receipts) or group of persons (including any holders of depositary receipts), other than Permitted Holders, who become entitled to exercise or control the exercise of 30% or more of the voting power of the voting stock at general meetings of the Issuer, or who become in a position to control the composition of the majority of the board of directors of the Issuer;
- (b) the merger or consolidation of the Issuer with or into another person or the merger of another person with or into the Issuer, unless the holders of a majority of the aggregate voting power of the voting stock of the Issuer, immediately prior to such transaction, hold securities of the surviving or transferee person that represent, immediately after such transaction, at least a majority of the aggregate voting power of the voting stock of the surviving or transferee person;

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- (c) the sale, assignment, conveyance, transfer, lease or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its subsidiaries, taken together as a whole, to any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than transactions with one or more Permitted Holders; or
- (d) any “person” or “group” of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) owns more of the total voting power of the voting stock of the Issuer than the Permitted Holders own in the aggregate.

For the purpose for this subsection:

- (a) “**Permitted Holders**” means Mr. Wu Zhengping, Ms. Xiao Li and any affiliate of Mr. Wu Zhengping or Ms. Xiao Li, and Greenland Financial and its subsidiaries; and
- (b) a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer’s board of directors or any other governing board and does not include the Issuer’s wholly-owned direct or indirect subsidiaries.

LETTER FROM THE BOARD

Reasons for and Benefits of the Proposed Reissue of Notes

The Company reissued the 2017 Notes to Greenland Financial for the purpose of financing general working capital and has used the amount of USD40 million for construction of the following five Public-Private Partnership (“PPP”) projects:

PPP project	Approximate amount of funds has been used (USD million)
Project A ⁽¹⁾	2.2
Project B ⁽²⁾	3.9
Project C ⁽³⁾	8.2
Project D ⁽⁴⁾	20.0
Project E ⁽⁵⁾	<u>5.7</u>
Total	<u><u>40</u></u>

Notes:

- (1) Project A is a construction by a joint venture (“JVA”) between the Group and four private companies and one state-owned enterprise of a local government which are independent third parties. USD2.2 million (equivalent to approximately RMB15.36 million) were financed by the 2017 Notes.

As of the Latest Practicable Date, Project A is under construction. The Company expects Project A to generate cash inflow in 2021.

- (2) Project B is a construction by a joint venture (“JVB”) between the Group and a company designated by a local government. USD3.9 million (equivalent to approximately RMB27.22 million) were financed by the 2017 Notes.

As of the Latest Practicable Date, Project B is under construction. The Company expects Project B to generate cash inflow in 2020.

- (3) Project C is a construction by a joint venture (“JVC”) between the Group and a company designated by a local government. USD8.2 million (equivalent to approximately RMB57.24 million) were financed by the 2017 Notes.

As of the Latest Practicable Date, Project C is under construction. The Company expects Project C to generate cash inflow in 2021.

- (4) Project D is a construction by a joint venture (“JVD”) between the Group and a company designated by a local government. USD20.0 million (equivalent to approximately RMB139.60 million) were financed by the 2017 Notes.

As of the Latest Practicable Date, Project D is under construction. The Company expects Project D to generate cash inflow in 2020.

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- (5) Project E is a construction by a joint venture (“JVE”) between the Group and a company designated by a local government. USD5.7 million (equivalent to approximately RMB39.79 million) were financed by the 2017 Notes.

As of the Latest Practicable Date, Project E is under construction. The Company expects Project E to generate cash inflow in 2021.

The Company expects that the funding of approximately RMB2,882.0 million will be required for completion of the above five PPP projects, which will be settled by project loans from commercial banks.

Although the development of the industry has been cautious due to the downturn trend of macro-economy, the Company is still able to maintain the basic cashflow for the operation, and therefore our Directors are of the view that the current financial position of the Company is sound.

In respect of the funding needs, the majority of our projects are conducted in the form of joint venture, which are mainly funded by the initial investments by the shareholders pursuant to their respective shareholding of equity interests, bank loans and shareholders’ loans. On the other hand, the operation of the Company is mainly funded by (i) the revenue for construction services provided to the projects during the construction stage; (ii) the profits distribution from joint ventures for projects during the operation stage and the handover stage; (iii) the proceeds from sale of certain amount of the equity interests of the joint ventures for certain projects after the construction stage. In light of aforesaid, our Directors are of the view that the Company has sufficient financial resources to fund its operation.

As disclosed, the above five PPP projects will start to generate cash inflow from 2020 to 2021. The Company does have needs of funding to cover the self-financing amount of four new PPP projects. The funding required for the four new PPP projects are funded approximately 19.48% by the Company’s initial investments and approximately 80.52% by project loans from commercial banks and capital contributions by the government partners. The 19.48% of the funding to be borne by the Company’s initial investments amounted to approximately RMB800 million in total among which, (i) approximately RMB500 million is expected to be funded by the account receivable to be collected from the government partners; and (ii) the remaining of approximately RMB300 million is expected to be supported by the internal financial resources. Based on the timetable of the four new PPP projects, the Company expects to contribute approximately RMB323 million for the two new PPP projects before first half of 2020 and approximately RMB477 million for the other two new PPP projects before the end of 2020. In spite of the imminent financial needs of the Group, the Company decided to repay US\$5.0 million to maintain the strategic cooperation relationship with Greenland.

The Company confirmed that its cash flows are sufficient to repay the 2017 Notes. For the benefits of long term development of the Company, the Company and Greenland Financial re-negotiate the structure of the Proposed Reissue of Notes and reached an agreement on the terms of the 2019 Deed of Consent and transactions contemplated thereunder (including the interest rate) after arm’s length negotiation, so that the Company would utilize the said cash

LETTER FROM THE BOARD

flows into its four new PPP projects. In light of the above, the Company would have sufficient financial resources to repay the 2017 Notes upon expiry and fund its operations, and the Directors are of the view that the said arrangement is in the interest of the Shareholders.

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 2019 Deed of Consent and the transactions contemplated thereunder) consider that the terms of the 2019 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 due to the following reasons:

- (1) the interest rate of the Notes is more favourable as compared to those of promissory notes of similar terms and conditions in the open market with a market rate of 15% per annum or more expected by the financial institutions that our Directors have made enquiries upon; and
- (2) as compared to the 2017 Notes, a higher interest rate of the Notes is justified by a shorter term of maturity and an option for extension for another six months with the same terms and conditions upon maturity.

It is the Company's intention to repay the Notes upon its expiry in July 2020. The Company currently has account receivables of approximately RMB1,100 million which are due within one year, among which (i) approximately RMB500 million will be used as the self-funding by the Company for the four new PPP projects as mentioned above and (ii) the remaining can be used to repay the Notes. In the macroeconomic aspect, the People's Bank of China announced that it would lower its reserve requirement ratio for all banks by 0.5 percentage point, effective from 6 January 2020, and such measure is a signal of loose monetary policy to be adopted by the Chinese government so as to help boost economic growth. In light of the aforesaid, the Company expects that it is likely to have cash inflows of the said receivables at an earlier point of time in 2020. The Company may also have more opportunities to obtain other source of financing options in the market. Therefore, the Company expects that it will have sufficient financial resources to repay the Notes upon its expiry. Nevertheless, depending on (i) financing costs of the Company by then; and (ii) the bidding results of the new projects and the progress of the current projects, the Company is not excluding the option of discussing with Greenland to further renew the notes for another six months if it is in the benefit of the Company as a whole.

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.

LETTER FROM THE BOARD

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 Holdings Group Company Limited* (綠地金融投資控股集團有限公司), 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. The ultimate beneficial owner of Greenland Financial is the State-owned Assets Supervision and Administration Commission (“SASAC”) of Shanghai Municipal Government (上海市國資委).

Listing Rules Implications

As at the Latest Practicable Date, 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 (i) the highest applicable percentage ratio in respect of the Proposed Reissue of Notes and the transactions contemplated thereunder (including the 2019 Share Charges) is more than 5%, and (ii) the exemption provided under Rule 14A.90 of the Listing Rules is not applicable as the Proposed Reissue of Notes is secured by the 2019 Share Charges, the Proposed Reissue of Notes and the transactions contemplated thereunder (including the 2019 Share Charges) are subject to the reporting, announcement and independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

Independent Board Committee and Independent Financial Adviser

The Independent Board Committee, comprising Mr. Dai Guoqiang, Dr. Chan Wing Bun 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

LETTER FROM THE BOARD

any interest in the proposed transactions mentioned in this circular. Red Solar 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 Primus conference room, 3rd Floor, Primus Hotel Shanghai Hongqiao, No. 100, 1588 Lane, Zhuguang Road, Xujing Town, Qingpu District, Shanghai, China, on Monday, 20 January 2020 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 40 to 42 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. Save as the above, as at the Latest Practicable Date, to the best knowledge of the Directors, none of the Shareholders have a material interest in the Proposed Reissue of Notes.

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 notarially certified copy of that power of attorney or authority at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, 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 (i.e. not later than 2:00 p.m. on Saturday, 18 January 2020) 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 be 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 18 to 19 of this circular; and (ii) the

LETTER FROM THE BOARD

letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 20 to 34 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 2019 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 2019 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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

6 January 2020

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 6 January 2020 (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 Capital Limited, 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 20 to 34 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
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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

Dr. Chan Wing Bun

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 Capital Limited to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Reissue of Notes and the transactions contemplated thereunder for the purpose of inclusion in this Circular.



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

6 January 2020

*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 6 January 2020 (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.

With reference to the announcement of the Company dated 15 November 2017 and the circular of the Company dated 29 December 2017, the Company executed the 2017 Note Instrument and issued the 2017 Notes in favour of Greenland Financial upon approval of the shareholders of the Company at the extraordinary general meeting of the Company which was held on 15 January 2018. According to the announcement of the Company dated 15 January 2019, the maturity date of the 2017 Notes was extended from 15 January 2019 to 15 January 2020.

With reference to the announcement of the Company dated 4 December 2019 (the “**Announcement**”), the Company and Greenland Financial entered into the Deed of Consent on 4 December 2019, pursuant to which the parties conditionally agreed, among other things, that (i) Greenland Financial shall execute the 2019 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 2017 Note Instrument and any further obligations that the Company may have under the 2017 Note Instrument, and (ii) Greenland Financial shall release the 2017 Share Charges by way of deeds of release and enter into the 2019 Share Charges as security of the

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Notes. According to the Letter from the Board, the 2017 Notes in the principal amount of US\$40,000,000 remained outstanding as at the date of this Circular. The Company plan to repay US\$5,000,000 of the principal amount of the 2017 Notes plus all interests accrued thereon on or prior to the maturity date of the 2017 Notes (i.e. 15 January 2020).

With reference to the Letter from the Board, as at the Latest Practicable Date, 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.

As (i) the highest applicable percentage ratios in respect of the Proposed Reissue of Notes and the transactions contemplated thereunder (including the 2019 Share Charges) is more than 5%, and (ii) the exemption provided under Rule 14A.90 of the Listing Rules is not applicable as the Proposed Reissue of Notes is secured by the 2019 Share Charges, the Proposed Reissue of Notes and the transactions contemplated thereunder (including the 2019 Share Charges) are subject to the reporting, announcement and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising Mr. Dai Guoqiang, Dr. Chan Wing Bun and Dr. Jin Hexian, all being the independent non-executive Directors who do not have any interest in the proposed transactions mentioned in this Circular, has been established to advise the Independent Shareholders as to (i) whether the Proposed Reissue of Notes and the transactions contemplated thereunder 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; (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.

During the past two years, we have acted as the independent financial adviser to the independent board committee and independent shareholders of the Company in relation to the connected transaction as detailed in the Company's circulars dated 29 December 2017 and 19 November 2018. The past engagements were limited to providing independent advisory services to independent board committee and independent shareholders of the Company pursuant to the Listing Rules. Under the past engagements, we received normal professional fees from the Company. Notwithstanding the past engagements, as at the Last Practicable Date, apart from the existing engagement in connection with the Proposed Reissue of Notes, we did not have any business relationship with the Company. 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.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion and recommendation, 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 reviewed the documents including but not limited to (i) the Circular; (ii) the Letter from the Board; (iii) the interim report of the Company for the six months ended 30 June 2019 (the “**2019 Interim Report**”); (iv) the annual report of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”); (v) the 2019 Deed of Consent; (vi) the 2017 Note Instrument; (vii) the 2019 Note Instrument; (viii) the management account of Greenstate Times as at 31 October 2019; and; (ix) the supporting document provided by the Company to formulate our opinion and recommendation. 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 the EGM. 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 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.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

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*

With reference to the Letter from the Board, 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.

The following is a summary of the key financial information of the Group for the six months ended 30 June 2019 and the two years ended 31 December 2018 and 2017 as extracted from the 2019 Interim Report and the 2018 Annual Report respectively:

	For the six months ended 30 June 2019 RMB'000 (unaudited)	For the year ended 31 December 2018 RMB'000 (audited)	For the year ended 31 December 2017 RMB'000 (audited)
Revenue	353,941	889,548	1,336,327
Profit for the period/year	51,026	42,090	144,244

	As at 30 June 2019 RMB'000 (unaudited)	As at 31 December 2018 RMB'000 (audited)	As at 31 December 2017 RMB'000 (audited)
Cash and cash equivalents	373,792	431,093	522,295

LETTER FROM INDEPENDENT FINANCIAL ADVISER

As illustrated by the above table, for the year ended 31 December 2018, the Group's audited total revenue amounted to approximately RMB889.5 million, representing a decrease of approximately 33.4% as compared to that of the prior year. With reference to the 2018 Annual Report, the decrease in revenue of the Group for the year ended 31 December 2018 was mainly due to the cautious development of the industry in general result from the downturn trend of macro-economy. Due to the situation mentioned above, the Group was more cautious in bidding for the new landscape projects which resulted in fewer projects being operated compared with prior year. Furthermore, the Group voluntarily slowdown the commencement of construction and the construction progress with an aim to maintain a reasonable profit margin and a continuous and stable cashflow. Also, the Group recorded a decrease in audited net profit from approximately RMB144.2 million for the year ended 31 December 2017 to approximately RMB42.1 million for the year ended 31 December 2018 which was mainly due to (i) the decrease in gross profit by approximately RMB132.8 million as a result of the decrease in operating revenue generated from construction services and design and maintenance service, (ii) one-off investment loss of RMB12.9 million resulting from the sales of non-performing assets, and (iii) the increase in interest on bank loan, overdrafts and other borrowings by approximately RMB21.3 million as a result of the increase in interest-bearing bank loans balance. As extracted from the 2019 Interim Report, the Group's total unaudited revenue decreased from approximately RMB617.6 million for the six months ended 30 June 2018 to approximately RMB353.9 million for the six months ended 30 June 2019. The unaudited net profit of the Group was approximately RMB51.0 million for the six months ended 30 June 2019, representing a significant decrease of approximately 22.3% as compared to that of the corresponding period in the prior year.

According also to the 2018 Annual Report, the decrease in audited cash and cash equivalents of the Group for the year ended 31 December 2018 was mainly due to the decrease in net cash inflow from financing activities of approximately RMB308.2 million, which was the combined effect of (i) decrease in new bank loans of approximately RMB303.4 million, from approximately RMB752.8 million for the year ended 31 December 2017 to approximately RMB449.4 million for the year ended 31 December 2018; (ii) increase in the repayment of bank loans of approximately RMB19.1 million, from approximately RMB328.0 million for the year ended 31 December 2017 to approximately RMB347.1 million for the year ended 31 December 2018; (iii) absence of sales of a subsidiary's shares to non-controlling shareholders of approximately RMB18.5 million received during 2017; (iv) decrease in contribution from non-controlling shareholders of approximately RMB16.1 million, from RMB21.6 million for the year ended 31 December 2017 to approximately RMB5.5 million for the year ended 31 December 2018 as offset by (v) increase in amounts due to related parties of approximately RMB66.2 million, from nil for the year ended 31 December 2017 to approximately RMB66.2 million for the year ended 31 December 2018. As at 30 June 2019, the Group's unaudited cash and cash equivalents amounted to approximately RMB373.8 million.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Notwithstanding the cautious development of the industry in general, with reference to the 2019 Interim Report, the Group believes that during the recent years, the ecological restoration market in the PRC and its investments in ecological protection had been expanding and increasing continuously. According to the Public-Private Partnership (“PPP”) Center of the Ministry of Finance, by the end of June 2019, there were 9,036 projects included in the PPP comprehensive information platform project database of the Ministry of Finance with an investment amount of RMB13.6 trillion. In particular, transportation, municipal projects, and ecological construction and environmental protection ranked top three by accumulated investment amount since 2014, and the above sectors also ranked top places by net increase in investment amount in the first half of 2019. At the same time, with the high-speed of China’s urbanization process, new urban and urban construction area will drive up large scaled 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. As such, it is expected that during the 13th Five-Year Plan period, investment in ecological protection and environmental treatment in the PRC will be further increased, and the eco-environmental protection industry will be developed rapidly. 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.

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

As mentioned in the above sub-section headed “Background information of the Group”, the Group focuses on major urban landscape projects in the PRC and offers customers “one-stop” project-based landscape architecture service solutions, including design and planning, design refinement, construction, seedlings cultivation and maintenance. Based on our discussion with the Directors, most of the eco-construction projects conducted by the Group belonged to PPP projects. According to the nature of PPP projects, it will not be generating cash inflows until the end of their respective construction periods. As a result, the Company is required to have financing activities regularly in order to having sufficient working capital to complete eco-construction projects and bidding more eco-construction projects to expand its project bases to capture the growth in the ecological construction industry in PRC. As discussed with the Directors, most of the major PPP projects are conducted in the form of joint venture, which are funded 19.5% by the Company’s initial investments and 80.5% by project loans from commercial banks and capital contribution by the government partners. The commercial banks in the PRC has been taking cautious steps to approve loan facilities to

LETTER FROM INDEPENDENT FINANCIAL ADVISER

companies that are mainly engaged in PPP projects as a result of the implementation of control policies over PPP projects since 2018. As such, the Group and Greenland Financial re-negotiated the structure of the Proposed Reissue of Notes, and reached an agreement on the terms of the 2019 Deed of Consent

As referred to in the Letter from the Board, the Company reissued the 2017 Notes to Greenland Financial for the purpose of financing general working capital. Since the issuance of the 2017 Notes, the Company has used the funds for the construction of PPP projects which contributed 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 2017 have been invested in five PPP projects (“**PPP Projects**”). As advised by the management of the Company, among the net proceeds of the reissued 2017 Notes, (i) RMB15.4 million has been invested into Project A, which is expected to be completed by 2021 and generate approximately RMB239.0 million; (ii) RMB27.2 million has been invested into Project B, which is expected to be completed by 2020 and generate approximately RMB500.0 million; (iii) RMB57.2 million has been invested into Project C, which is expected to be completed by 2021 and generate approximately RMB577.0 million; (iv) RMB139.6 million has been invested into Project D, which is expected to be completed by 2020 and generate approximately RMB1,347.0 million; and (v) RMB39.8 million has been invested into Project E, which is expected to be completed by 2021 and generate approximately RMB651.0 million. The Directors also advised us that funding of approximately RMB2,882.0 million will be required, which will be settled by project loans from commercial bank, for completion of the PPP Projects, and a substantial amount of revenue is expected to be generated by the PPP Projects upon completion.

With reference to the 2019 Interim Report, the Group successfully bid two PPP projects from the Chinese government during the six months ended 30 June 2019 with required funding for the completion of these two PPP projects are approximately RMB2,461.0 million in total. It is expected that these two PPP projects will be completed by 2022. As advised by the management of the Company, these two PPP projects are expected to be generated approximately RMB2,926.0 million upon completion.

Moreover, the Group bid two PPP projects from the Chinese government on February and September 2018 with required funding for the completion of these two PPP projects are approximately RMB1,802.0 million in total. It is expected that these two PPP projects will be completed by 2022. As advised by the management of the Company, these two PPP projects are expected to be generated approximately RMB2,125.0 million upon completion.

As a result, the funding required for completion of the four bid PPP projects are funded 19.5% by the Company’s initial investments and 80.5% by project loans from commercial banks and capital contribution by the government partners. As advised by the

LETTER FROM INDEPENDENT FINANCIAL ADVISER

management of the Company, the 19.5% of the funding to be borne by the Company's initial investments amounted to approximately RMB800.0 million in total among which, (i) approximately RMB500.0 million is expected to be funded by the account receivable to be collected by the government partners in 2020 from three projects which commenced construction in 2016 and are expected to be completed in the first half of 2020; (ii) the remaining of approximately RMB300.0 million is expected to be supported by the internal financial resources. Based on the timetable of the four bided PPP Projects, the Company expects to contribute approximately RMB323 million for the two bided PPP Projects before first half of 2020 and approximately RMB477 million for the remaining two bided PPP Projects before the end of 2020. In spite of the imminent financial need of the Group, the Company decided to repay US5.0 million in order to maintain the Strategic cooperation relationship with Greenland

The Company confirmed that its cash flows are sufficient to repay the 2017 Notes. For the benefits of long term development of the Company, the Company and Greenland Financial re-negotiate the structure of the Proposed Reissue of Notes and reached an agreement on the terms of the 2019 Deed of Consent and transactions contemplated thereunder (including the interest rate) after arm's length negotiation, so that the Company would utilize the said cash flows into its four bided PPP projects. In light of the above, the Company would have sufficient financial resources to repay the 2017 Notes upon expiry and fund its operations, and the Directors are of the view that the said arrangement is the interest of the Shareholders.

In view of (i) the continuing construction costs of approximately RMB4,263.0 million to be incurred in 2020 and there is insufficient cash inflow in 2020; (ii) the cash level compared with the continuing construction costs of the Group is low, which is approximately of RMB373.8 million as at 30 June 2019; (iii) the shortfall amount will be enlarged of approximately RMB250.0 million if the Group does not reissue of 2017 Notes and (iv) the four bided PPP projects are in line with the Company's business expansion strategies, we consider that the Proposed Reissue of Notes is necessary for the Group to maintain sufficient working capital for the first half year of 2020 to enable the Group to allocate its limited financial resources to finance other projects in progress. Thus, we consider that the Proposed Reissue of Notes is conducted in the ordinary and usual course of business of the Company and is in the interests of the Company and the Shareholders as a whole.

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. Firstly, the pledge of assets as security for additional borrowings was requested by banks while the Group has already pledged most of its assets with an aggregate carrying amount of RMB729.8 million as security for its existing bank loans as at 30 June 2019. In the view of high gearing ratio of the Group and the cautious steps of the commercial bank has been taken in 2018, the Group is difficult to obtain extra bank loan

LETTER FROM INDEPENDENT FINANCIAL ADVISER

with lower interest rate. We have discussed with the Directors and have obtained and reviewed the latest loan agreement engaged between a financial institution and the Company, an annual interest rate on or above 20% is expected should the Group resort to borrowings from other financial institutions, which is higher than the interest rate of the Notes carry an interest rate of 12% per annum. 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 and we are of the view that the annual interest rates of the Notes are not less favourable than the annual interest rate offer by the independent financial institutions and in the interests of the Company and the Shareholders as a whole.

Having considered (i) the funding required for the four bided PPP projects for the 19.5% of the funding to be borne by the Company's initial investments which amounted to approximately RMB800.0 million in total of the construction cost to be incurred in the whole construction period; (ii) the repayment amounted of US\$5.0 million upon expiry of 2017 Notes can be fulfilled by its internal financial resources; and (iii) 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\$4.2 million (US\$35 million \times 12%) (equivalent to approximately RMB29.3 million (based on the exchange rate of US\$1 : RMB6.98)) 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 2019 Note Instrument

On 4 December 2019, 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 2019 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 2017 Note Instrument and any further obligations that the Company may have under the 2017 Note Instrument, and (ii) Greenland Financial shall release the 2017 Share Charges by way of deeds of release and enter into the 2019 Share Charges as security of the Notes. According to the Letter from the Board, the 2017 Note Instrument in the principal amount of US\$40,000,000 remained outstanding as at the date of this Circular. The Company plan to repay US\$5,000,000 of the principal amount of the 2017

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Notes plus all interests accrued thereon or prior to the maturity date of the 2017 Note (i.e. 15 January 2020). 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 2017 Note Instrument to the 2019 Note Instrument between the parties. Major terms of the Deed of Consent are set out in the Letter from the Board.

The principal terms of the Notes under the 2019 Note Instrument are summarised as follows:

Issuer:	The Company
Principal amount of the Notes:	US\$35,000,000
Maturity date:	14 July 2020 (unless previously redeemed, or purchased and cancelled or extended) and the terms of Notes maybe extended for an additional six months with the same interest coupons, terms and conditions as described under the 2019 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 12.00% per annum (computed on the basis of a 365-day year), payable semi-annually in arrear on the 15th day of January and July of each year, until the principal amount of the Notes shall have become due and payable.
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 and subject to the Negative Pledge, 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 2019 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.

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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 options of the Issuer other than for taxation reasons and in accordance with the terms of the Notes.

Negative Pledge: As long as any Note remains outstanding, the Issuer will not, and will ensure that none of its subsidiaries will cease or have outstanding, any mortgage, charge, lien, pledge or other security, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined in the 2019 Note Instrument), or any guarantee or indemnity in respect of any Relevant Indebtedness (as defined in the 2019 Note Instrument), without at the same time or prior thereto according to the Notes the same security as it created or subsisting to secure any such Relevant Indebtedness (as defined in the 2019 Note Instrument), guarantee or indemnity or such other security as shall be approved by the holders of the majority of the outstanding 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").

For the terms of maturity date, the terms of Notes may be extended for an additional six months with the same interest coupons, terms and conditions as described under the 2019 Note Instrument. As discussed with the management of the Company, the Company intend to repay the 2019 Notes upon its expiry in July 2020. The Company has account receivables of approximately RMB1,100.0 million which are due within one year, among which (i) approximately RMB500.0 million will be used as the self-funding by the Company for the four bided PPP projects as mentioned before, and (ii) the remaining can be used to repay the 2019 Notes. In the macroeconomic aspect, the People's Bank of China announced that it would lower its reserve requirement ratio for all banks by 0.5 percentage point, effective from 6 January 2020, and such measure is a signal of loose monetary policy to be adopted by the Chinese government so as to help boost economic growth. In light of the aforesaid, the Company expects that it is likely to have cash inflows of the said receivables at an earlier point of time in 2020, the Company may also have more opportunities to obtain other source

LETTER FROM INDEPENDENT FINANCIAL ADVISER

of financing options in the market. Therefore, the Company expects that it will have sufficient financial resources to repay the 2019 Notes upon its expiry. Nevertheless, depending on (i) financing costs of the Company by then; and (ii) the bidding results of the new projects and the progress of the current projects, the Company is not excluding the option of discussing with Greenland for further renewal of the notes for another six months if it is in the benefit of the Company and Shareholders as a whole. We are of the view that the term could facilitate the Group to have sufficient working capitals to complete the PPP projects if the progress of the project expected to be completed in the first half of 2020 is delayed as mentioned in the section “Reasons for and benefit of the Proposed Reissue of Notes and use of proceeds”. As a result, we are of the view that the term of maturity date is in the interests of the Company and the Shareholders.

As security of the Notes, the Company, as legal and beneficial owner, has agreed to charge all rights, entitlements, interests and benefits in 43,000 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 4,300 ordinary shares of Greenstate International in favor of Greenland Financial.

With reference to the 2019 Deed of Consent, the 43,000 ordinary shares of Greenstate Times represent 43% of its issued capital legally and beneficially held by the Company; whereas the 4,300 ordinary shares of Greenstate International represent 43% of its issued capital legally and beneficially held by Greenstate Times. The 2019 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 2019 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.

In addition, based on the information provided by the Company, the unaudited consolidated net asset value of Greenstate Times as at 31 October 2019 was approximately RMB1,479.2 million. As at the Latest Practicable Date, save for the pledged assets with an aggregate carrying value of approximately RMB729.8 million, which has been pledged to commercial banks in the PRC for loan facilities obtained by the Group, there was no other asset underlying the 2019 Share Charges that had been charged or pledged for any other liabilities of the Group. Upon our enquiry, the Directors advised us that the 2019 Share Charges were determined based on Greenland Financial’s holding of approximately 29.66% of the issued share capital of the Company.

Given the aforesaid, the estimated value of the 2019 Share Charges would be approximately RMB226.7 million, being RMB1,479.2 million minus RMB729.8 million, then times 70.34% (i.e. 1–29.66%) and 43% for the charged equity interest. In light of (i) the principal amount of the Notes of US\$35,000,000 (equivalent to approximately RMB246.4 million (US\$1: RMB7.04)) is comparable to the estimated value of the 2019 Share Charges; and (ii) the Proposed Reissue of Notes would facilitate the continued operations of the PPP

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projects which were partially financed by the proceeds of the 2017 Notes, and are expected to generate profits for the Group upon project completion, we are of the view that the 2019 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 21 November 2018 up to the date of the Deed of Consent (i.e. 4 December 2019) (the “**Comparable Period**”). However, we could not identify any companies fulfilling such criteria. Subsequently, 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 during the Comparable Period. We also could not identify any companies fulfilling such criteria. As a result, we have researched on disclosable transactions for issue of promissory notes to independent third parties by companies listed on the Stock Exchange for fund raising purpose or as consideration for acquisition of equity interest (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 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 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 three 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 HK\$ million	Annual interest rate %	Maturity Year
18 January 2019	Ming Lam Holdings Limited (formerly known as Sino Haijing Holdings Limited)	1106	60	2	2
11 June 2019	Mayer Holdings Limited	1116	158	3	~2.75
4 October 2019	Food Idea Holdings Limited	8179	37.36	5	2
4 December 2019	China Greenland Broad Greenstate Group Company Limited	1253	273*	12	0.5

* US\$1: HK\$7.8

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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 2% to 5% per annum with an average of 3.33% per annum, while the Notes carry an interest rate of 12% per annum, which is out of the range and above the average of interest rates of the promissory notes issued by the Comparable Companies.

In view of the carrying interest rate of the Notes is relative higher than 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 and the email conversation between two financial institutions and the Company which we have obtained and reviewed, a market rate of 15% per annum or more is expected by those financial institutions if we issue promissory notes with similar terms in the open market. As mentioned in the section headed “Reasons for and benefits of the Proposed Reissue of Notes”, the Company has also 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 management of the Company, in view of that the principal amount of the Notes is significant, Greenland Financial requested to adjust 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 half 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 averaged interest rate of the promissory notes issued by the Comparable Companies, as balanced by (i) the business operations, financial positions and future prospects of the Comparable Companies were not identical to those of the Company; (ii) the fact that as compared to the promissory notes issued by the Comparable Companies, the Notes have substantially larger principal amount and shorter maturity period; (iii) the Directors’ representation and the email conversations between two financial institutions and the Company that a market rate of 15% per annum or more is expected for the possible issue of promissory notes similar to the Notes in the open market above; and (iv) as concluded in the section headed “Reasons for the Proposed Reissue of Notes” 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.

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4. Possible financial effects of the Proposed Reissue of Notes

(a) *Net asset value and gearing*

According to the 2019 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, short-term lease liabilities, less cash and cash equivalents) of the Group amounted to approximately RMB30.8 million and 65.0% as at 30 June 2019, 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.

RECOMMENDATION

Having considered the principal factors and reasons discussed above, we are of the opinion that (i) the Proposed Reissue of Notes and the transactions contemplated thereunder 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

Leo Chan

Managing Director

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⁾	9,000,000	991,321,041	6,750,000	1,007,071,041	30.12%
Ms. Xiao Li ⁽²⁾⁽³⁾⁽⁴⁾	6,750,000	—	1,000,321,041	1,007,071,041	30.12%
Ms. Zhu Wen ⁽⁴⁾	1,500,000	—	—	1,500,000	0.04%

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 which would be required, pursuant to section 336 of the SFO, to be entered in the register required referred to therein, are as follows:

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%
Cithara Global Multi-Strategy SPC-Series 6 SP	Beneficial owner	235,365,000	7.04%
Cithara Investment International Limited	Investment Manager	236,073,000	7.06%
Eastern Greenstate International ⁽⁴⁾	Beneficial owner	306,313,662	9.16%
Greenland ⁽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 and the underlying Shares and debentures”. Our Directors, Mr. Wu Zhengping and Ms. Xiao Li, are directors of Broad Landscape International.
- (3) Greenland wholly owns Greenland Financial Holdings Company Limited which in turn wholly owns Greenland Financial so that Greenland 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 (not being the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept pursuant to section 336 of the SFO.

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 2018, 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

Reference is made to the profit warning announcement of the Company dated 15 March 2019 (the “**Profit Warning Announcement**”) in relation to an expectation of decrease in the profit attributable to the owners of the Company of over 60% for the year ended 31 December 2018 as

compared to the corresponding period in 2017 due to the macroeconomic downturn, the cautious development of the industry in general, the slowdown of the launching of projects and one-off investment loss resulting from the sale of non-performing assets.

As at the Latest Practicable Date, the Directors, taking into account the content of the Profit Warning Announcement including the factors attributing to the decrease in profits for the year ended 31 December 2018 as compared to the corresponding in 2017, are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, 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 6 January 2020 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 2018, 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, Block D3, 5th Building, Hongqiao World Center, 1588 Lane, Zhuguang Road, Shanghai, PRC.
- (c) The principal 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 branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at Level 54, 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 2019 Deed of Consent;
- (b) the 2019 Note Instrument;
- (c) the 2019 Company Share Charge;
- (d) the 2019 Greenstate Times Share Charge;
- (e) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 18 to 19 of this circular;
- (f) 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 20 to 34 of this circular;
- (g) the written consent from Red Solar referred to in the section headed "Qualification and consent of Expert" in this appendix; and
- (h) 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 Primus conference room, 3rd Floor, Primus Hotel Shanghai Hongqiao, No. 100, 1588 Lane, Zhuguang Road, Xujing Town, Qingpu District, Shanghai, China, on Monday, 20 January 2020 at 2:00 p.m. for the purposes of considering and, if thought fit, passing the following resolutions, with or without amendments, as ordinary resolutions of the Company:

ORDINARY RESOLUTION

1. “**THAT:**

- (a) the deed of consent dated 4 December 2019 (the “**2019 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\$35,000,000 at the rate of 12.00% per annum to Greenland Financial (a copy of the 2019 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\$35,000,000 at the rate of 12.00% per annum in favour of Greenland Financial pursuant to the 2019 Deed of Consent (the “**2019 Note Instrument**”) (a copy of the final form of the 2019 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 share charge (the “**2019 Company Share Charge**”) relating to all the charge of all rights, entitlements, interests and benefits in 43,000 ordinary shares of Greenstate Times, representing 43% 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 2019 Deed of Consent and charged in favour of Greenland Financial (a copy of the final

NOTICE OF EXTRAORDINARY GENERAL MEETING

form of the 2019 Company Share Charge marked “C” and signed the chairman of the EGM for identification purpose has been tabled at the EGM) be and is hereby approved;

- (d) the share charge (the “**2019 Greenstate Times Shares Charge**”) relating to the charge of all rights, entitlement, interest and benefits in 4,300 ordinary shares of Greenstate International Company Limited (綠澤國際有限公司) (“**Greenstate International**”), representing 43% of the entire issued share capital of Greenstate International, legally and beneficially held by Greenstate Times as at the date of the 2019 Deed of Consent and charged in favour of Greenland Financial (a copy of the final form of the 2019 Greenstate Times Share Charges 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 2019 Deed of Consent, the 2019 Note Instrument, the 2019 Company Share Charge, the 2019 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

6 January 2020

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 (<http://www.hkexnews.hk>) and the Company (<http://www.greenland-broadgreenstate.com.cn>) 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.

NOTICE OF EXTRAORDINARY GENERAL MEETING

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 notarially certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting (i.e. not later than 2:00 p.m. on Saturday, 18 January 2020) 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.
4. For determining the entitlement to attend and vote at the above meeting, the record date will be Tuesday, 14 January 2020. 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 branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 14 January 2020.
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, Dr. Chan Wing Bun and Dr. Jin Hexian.