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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)**

### **CONNECTED TRANSACTION — PROPOSED REISSUE OF NOTES**

Reference is made to the announcement of the Company dated 15 November 2017 and the circular of the Company dated 29 December 2017 in relation to the reissue of the 2017 Notes. Reference is also made to the announcement of the Company dated 15 January 2019 in relation to the extension of maturity date of the 2017 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 announcement, 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).

As at the date of this announcement, Greenland Financial is a substantial shareholder of the Company and the Proposed Reissue of Notes constitutes a financial assistance from a connected person of the Company to the Group. Accordingly, the Proposed Reissue of Notes and the transactions contemplated thereunder constitute connected transactions of 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.

The EGM will be held for the purpose of considering and, if thought fit, approving the Proposed Reissue of Notes and the transactions contemplated thereunder. As Greenland Financial is a party to the Proposed Reissue of Notes, 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. A circular containing, *inter alia*, (a) further information on the Proposed Reissue of Notes and the transactions contemplated thereunder; (b) 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; (c) 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 (d) a notice convening the EGM, will be despatched to the Shareholders on or before 30 December 2019.

## **BACKGROUND**

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 announcement, 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).

## **2019 DEED OF CONSENT**

Date: 4 December 2019

Parties: The Company

Greenland Financial

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 Times 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 of the Notes under the 2019 Note Instrument**

The principal terms of the Notes are summarized 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 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 “ <b>Issue Date</b> ”).

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:	<p>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.</p> <p>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.</p> <p>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.</p>
Events of default:	<p>Events of default include but not limited to the following:</p> <p>(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;</p>

- (b) the Issuer or the Obligor 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 (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.

## **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. Since the reissue of the 2017 Notes, the Company has used the funds for the construction of Public-Private Partnership (“**PPP**”) projects, contributing to the development of the Company. As the amount used in PPP projects will not be generating cash inflows until the end of their respective construction periods, the Company 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 and the transactions contemplated thereunder (including the interest rate) after arm’s length negotiations.

The Directors (excluding independent non-executive Directors who will form an opinion after considering the recommendation from the independent financial advisor 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.

## **LISTING RULES IMPLICATIONS**

Greenland Financial is a substantial shareholder of the Company directly holding 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 of 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.

## **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.

## **GENERAL**

The EGM will be held for the purpose of considering and, if thought fit, approving the Proposed Reissue of Notes and the transactions contemplated thereunder. As Greenland Financial is a party to the Proposed Reissue of Notes and the 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. A circular containing, *inter alia*, (a) further information on the Proposed Reissue of Notes and the transactions contemplated thereunder; (b) 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; (c) 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 (d) a notice convening the EGM, will be despatched to the Shareholders on or before 30 December 2019.

## DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday or days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which commercial banks are generally open for banking business in Hong Kong
“China” or the “PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	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
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Proposed Reissue of Notes and the transactions contemplated thereunder
“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



“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”	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 Shareholders”	the Shareholders who are not required to abstain from voting at the EGM approving in respect of the Proposed Reissue of Notes and the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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 of 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
“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
“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 executed 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
“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 to be entered into between the Company and Greenland Financial on 4 December 2019 in relation to, among others, the execution of 2019 Note Instrument and 2019 Share Charges
“2019 Note Instrument”	the instrument to be executed by the Company on 4 December 2019 for reissuing the Notes in favour of Greenland Financial
“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 Share Charges”	the 2019 Company Share Charge and the 2019 Greenstate Times Share Charge
“%”	per cent.

By Order of the Board  
**China Greenland Broad Greenstate Group Company Limited**  
**Wu Zhengping**  
*Chairman and Executive Director*

Shanghai, the People’s Republic of China  
4 December 2019

\* *for identification purposes only*

*As at the date of this announcement, 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. Jin Hexian and Dr. Chan Wing Bun.*