

**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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This circular appears for information purposes only and does not constitute an invitation or offer to sell, dispose, acquire, purchase or subscribe for securities in the Company.



**Greenland Financial Overseas Investment Group Co., Ltd.**      **China Greenland Broad Greenstate Group Company Limited**

**綠地金融海外投資集團有限公司**      **中國綠地博大綠澤集團有限公司**

*(Incorporated in the British Virgin Islands with limited liability)*      *(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 1253)

- (1) CONNECTED TRANSACTION IN RELATION TO  
ENTERING INTO THE CONVERSION AGREEMENT AND  
ISSUE OF CONVERSION SHARES UNDER SPECIFIC MANDATE;  
(2) ISSUE OF SETTLEMENT SHARES UNDER SPECIFIC MANDATE;  
(3) APPLICATION FOR WHITEWASH WAIVER;  
(4) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL; AND  
(5) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Financial Adviser to Greenland Financial**



**Shenwan Hongyuan Capital (H.K.) Limited**

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



**Euto Capital Partners Limited**

Capitalised terms used in this cover page have the same meanings as defined in this circular unless otherwise provided.

A letter from the Board is set out on pages 8 to 30 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 31 to 32 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 33 to 69 of this circular.

A notice convening the EGM to be held at Floor 8, Block D3, 5th Building, Hongqiao World Center, 1588 Lane, Zhuguang Road, Shanghai, the PRC at 10:00 a.m. on Wednesday, 27 December 2023 is set out on pages EGM-1 to EGM-4 of this circular. A form of proxy for use in connection with the EGM is also enclosed.

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 in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, 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 10:00 a.m. on Monday, 25 December 2023) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you 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.

<b>CONTENTS</b>
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	<i>Page</i>
<b>DEFINITIONS .....</b>	1
<b>LETTER FROM THE BOARD .....</b>	8
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE .....</b>	31
<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER .....</b>	33
<b>APPENDIX I — FINANCIAL INFORMATION OF THE GROUP .....</b>	I-1
<b>APPENDIX II — GENERAL INFORMATION .....</b>	II-1
<b>NOTICE OF EGM .....</b>	EGM-1

## DEFINITIONS

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

“2022 Note”	the redeemable fixed coupon promissory note with a principal amount of US\$30,000,000 at the rate of 12.00% per annum issued by the Company to Greenland Financial, which was due on 15 January 2023 but subsequently extended to 15 January 2024 by a deed of consent executed by Greenland Financial on 14 January 2023
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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 and a substantial shareholder of the Company, which is owned as to 86.92% and 13.08% by Mr. Wu Zhengping (吳正平) (a former executive Director (resigned on 1 September 2023)), and Ms. Xiao Li (肖莉) (a former executive Director of the Company (resigned on 29 April 2023) and the spouse of Mr. Wu Zhengping)
“Business Day”	any day (excluding a Saturday, Sunday or public holiday) on which banks generally are open for normal banking business to the public in Hong Kong
“BVI”	the British Virgin Islands
“Company”	China Greenland Broad Greenstate Group Company Limited (中國綠地博大綠澤集團有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1253)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion”	the subscription of the Conversion Shares by Greenland Financial in settlement of the corresponding amounts of outstanding and overdue indebtedness owed by the Company to Greenland Financial, pursuant to the terms of the Conversion Agreement

## DEFINITIONS

“Conversion Agreement”	the conversion agreement entered into between the Company and Greenland Financial in relation to the Conversion
“Conversion Completion”	the completion of the Conversion
“Conversion Shares”	a total of 1,979,000,000 new Shares to be allotted and issued by the Company to Greenland Financial pursuant to the Conversion Agreement
“Creditors”	Inscription Capital and Easten Capital
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at 10:00 a.m. on Wednesday, 27 December 2023 (i) for the Independent Shareholders to consider, and if thought fit, to approve the Conversion Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Conversion Shares, and the Whitewash Waiver; (ii) for the Shareholders to consider, and if thought fit, to approve the Settlement Agreements and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Settlement Shares; and (iii) for the Shareholders to consider, and if thought fit, to approve the Increase in Authorised Share Capital
“Executive”	the executive director of the Corporate Finance Division of the SFC or any delegate of the executive director
“Easten Capital”	Easten Capital Holdings Limited, a company incorporated under the laws of the BVI, which is beneficially wholly owned by Mr. Tu Guoqin (屠國勤), an Independent Third Party, not a Shareholder or a party acting in concert with Greenland Financial
“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 BVI and a substantial shareholder of the Company, which is owned as to 2.81% by Ms. Zhu Wen (朱雯), a former executive Director (resigned on 29 April 2023), and 97.19% by other parties, who are the existing, former or retired employees and business partners of the Group
“Group”	the Company and its subsidiaries

## DEFINITIONS

“Greenland”	Greenland Holdings Group Corporation Limited (綠地控股集團股份有限公司), a company incorporated under the laws of the PRC and the shares of which are listed on the Shanghai Stock Exchange (stock code: 600606)
“Greenland Debt”	an outstanding debt (including accrued interest) owed by the Company to Greenland Financial in the amount of approximately US\$39.1 million (equivalent to approximately HK\$306.9 million) as at 31 July 2023
“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 BVI and a substantial shareholder of the Company
“Greenland Partnership”	Shanghai Greenland Investment Enterprise Limited Partnership* (上海格林蘭投資企業(有限合夥)), a limited partnership formed under the laws of the PRC and the single largest shareholder of Greenland
“Greenland Financial Technology Group”	Greenland Financial Technology Group Limited (綠地金創科技集團有限公司), a company incorporated under the laws of the PRC and a wholly-owned subsidiary of Greenland, holding 87.27% equity interests in Greenland Financial
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Increase in Authorised Share Capital”	the proposed increase in authorised share capital of the Company from HK\$100,000,000 (divided into 4,000,000,000 Shares) to HK\$200,000,000 (divided into 8,000,000,000 Shares) by the creation of an additional 4,000,000,000 new Shares
“Independent Board Committee”	the independent committee of the Board which comprises all the independent non-executive Directors, namely Mr. Dai Guoqiang, Dr. Jin Hexian and Mr. Yang Yuanguang, established to advise the Independent Shareholders in relation to the Conversion Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Conversion Shares, and the Whitewash Waiver

## DEFINITIONS

“Independent Financial Adviser” or “Euto Capital”	Euto Capital Partners Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed for the purpose of advising the Independent Board Committee in relation to the Conversion Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Conversion Shares, and the Whitewash Waiver
“Independent Shareholders”	Shareholder(s) other than: (i) Greenland Financial and parties acting in concert with it and their associates (as defined under the Takeovers Code); (ii) those who are involved in or interested in the Conversion, the Settlement, the Whitewash Waiver and the transactions contemplated thereunder (including Broad Landscape International and Eastern Greenstate International); and (iii) those who are required to abstain from voting at the EGM (if any) to consider and approve the Conversion Agreement, the Settlement Agreements and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Conversion Shares and the Specific Mandate for Issue of Settlement Shares, and the Whitewash Waiver under the Listing Rules and the Takeovers Code
“Independent Third Party(ies)”	Independent third party who is not a connected person of the Company
“Inscription Capital”	Inscription Capital Holdings Limited, a company incorporated under the laws of the BVI, which is beneficially wholly owned by Mr. Zhu Hanhao (朱晗皓), an Independent Third Party, not a Shareholder or a party acting in concert with Greenland Financial
“Issue Price”	the issue price of HK\$0.1 per Conversion Share and per Settlement Share
“Joint Announcement”	the joint announcement dated 27 September 2023 issued by the Company and Greenland Financial in relation to, among others, the Conversion, the Settlement and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Conversion Shares and the Specific Mandate for Issue of Settlement Shares, the Whitewash Waiver, and the Increase in Authorised Share Capital

## DEFINITIONS

“Last Trading Day”	27 September 2023, being the last trading day of the Shares immediately prior to the release of the Joint Announcement
“Latest Practicable Date”	1 December 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining information contained therein
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 March 2024, or such later date as the parties to the Conversion Agreement and the Settlement Agreements may agree (as the case may be)
“Main Board”	the securities market (excluding the options market) operated by the Stock Exchange which is independent from and operated in parallel with GEM
“PRC”	People’s Republic of China, for the sole purpose of this circular, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Relevant Period”	the period from 27 March 2023 (which is six months prior to the date of the Joint Announcement) up to and including the Latest Practicable Date;
“RMB”	Renminbi, the lawful currency of the PRC
“Settlement”	the subscription of the Settlement Shares by the Creditors in settlement of the corresponding amounts of outstanding and overdue indebtedness owed by the Company to each of the Creditors pursuant to the terms of the Settlement Agreements
“Settlement Agreements”	the settlement agreements entered into between the Company and each of the Creditors in relation to the Settlement, and each a Settlement Agreement
“Settlement Completion”	the completion of the Settlement
“Settlement Shares”	a total of 500,273,000 new Shares to be allotted and issued by the Company to the Creditors pursuant to the Settlement Agreements
“SFC”	the Securities and Futures Commission of Hong Kong

## DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company
“Share Disposal”	the partial disposal of its equity interests in the Company by Broad Landscape International as disclosed in the Company’s announcements dated 3 May 2023, 31 July 2023, 2 August 2023 and 10 August 2023
“Shareholder(s)”	shareholder(s) of the Company
“Shenwan Hongyuan”	Shenwan Hongyuan Capital (H.K.) Limited, the financial adviser to Greenland Financial in respect of the Conversion. Shenwan Hongyuan is a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Shenwan Hongyuan Group”	Shenwan Hongyuan and its related entities presumed to be acting in concert with Greenland Financial under class (5) of the definition of “acting in concert” in the Takeovers Code
“Specific Mandate for Issue of Conversion Shares”	the specific mandate to be sought at the EGM to grant the authority to the Board for the allotment and issue of the Conversion Shares from the Independent Shareholders
“Specific Mandate for Issue of Settlement Shares”	the specific mandate to be sought at the EGM to grant the authority to the Board for the allotment and issue of the Settlement Shares from the Shareholders
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“US\$”	United States dollars, the lawful currency of the United States of America

## DEFINITIONS

“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of Greenland Financial to make a mandatory general offer for all of the equity share capital of the Company not already owned or agreed to be acquired by the Greenland Financial and any parties acting in concert with it which would otherwise arise as a result of the completion of the Conversion
“Wholeking”	Wholeking Holdings Limited
“%”	per cent

*For the purpose of convenience, the exchange rates used for conversion of currencies are HK\$1.00:RMB0.93 and US\$1.00 :HK\$7.84 in this circular.*

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:*

PEI Gang

*(Chairman and Executive Director)*

LIN Guangqing

*Independent non-executive Directors*

DAI Guoqiang

JIN Hexian

YANG Yuanguang

*Registered Office:*

The offices of Maples Corporate

Services Limited

PO Box 309, Uglan House

Grand Cayman, KY1-1104

Cayman Islands

*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:*

5/F Manulife Place

348 Kwun Tong Road

Kowloon, Hong Kong

5 December 2023

*To the Shareholders*

Dear Sir/Madam,

- (1) CONNECTED TRANSACTION IN RELATION TO  
ENTERING INTO THE CONVERSION AGREEMENT AND  
ISSUE OF CONVERSION SHARES UNDER SPECIFIC MANDATE;  
(2) ISSUE OF SETTLEMENT SHARES UNDER SPECIFIC MANDATE;  
(3) APPLICATION FOR WHITEWASH WAIVER;  
(4) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL; AND  
(5) NOTICE OF EXTRAORDINARY GENERAL MEETING**

## LETTER FROM THE BOARD

### INTRODUCTION

Reference is made to the Joint Announcement that, the Company entered into the Conversion Agreement and the Settlement Agreements for the purpose of, *inter alia*, reducing significantly its overall offshore debt levels.

The purpose of this circular is to provide you with, among other things, (i) details of the Conversion and the Whitewash Waiver; (ii) details of the Settlement; (iii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Conversion Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Conversion Shares and the Whitewash Waiver; (iv) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Conversion Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Conversion Shares and the Whitewash Waiver; (v) further details of the Increase in Authorised Share Capital; and (vi) the notice of the EGM.

### THE CONVERSION AGREEMENT

As at 31 July 2023, the Group has an outstanding debt (including accrued interest) owed to Greenland Financial in the amount of approximately US\$39.1 million (equivalent to approximately HK\$306.9 million), i.e. the Greenland Debt.

On 27 September 2023 (after trading hours), the Company entered into the Conversion Agreement with Greenland Financial, pursuant to which the Company agreed to allot and issue and Greenland Financial agreed to subscribe for 1,979,000,000 Conversion Shares at the Issue Price of HK\$0.1 per Conversion Share in settlement of the amount of HK\$197.9 million out of the total outstanding debt (including accrued interest) due from the Company to Greenland Financial.

The indebtedness due from the Company to Greenland Financial was accumulated from the unpaid principal and accrued interest under the 2022 Note issued by the Company to Greenland Financial. The 2022 Note was originally due on 15 January 2023 but subsequently extended to 15 January 2024 by a deed of consent executed by Greenland Financial on 14 January 2023 in considering the tight liquidity of the Group. The 2022 Note was issued by the Company in compliance with Rule 14A.90 of the Listing Rules.

Upon the Conversion Completion, the indebtedness of HK\$197.9 million that is subject to the Conversion between the Company and Greenland Financial shall be settled, such that the Company shall be discharged and released from the relevant repayment obligations of such indebtedness.

## LETTER FROM THE BOARD

Set out below are the principal terms of the Conversion Agreement.

### **Parties under the Conversion Agreement**

- (i) the Company, being the issuer; and
- (ii) Greenland Financial, being the subscriber.

For further details about Greenland Financial, please refer to the section headed “INFORMATION ON THE GROUP, GREENLAND FINANCIAL AND THE CREDITORS” in the Letter from the Board of this circular.

### **The Issue Price**

The Issue Price is HK\$0.1 per Conversion Share.

For further details about the Issue Price, please refer to the section headed “THE ISSUE PRICE” in the Letter from the Board of this circular.

### **The Conversion Shares**

Subject to fulfillment of the conditions precedent of the Conversion Agreement set out below, the Company shall allot and issue 1,979,000,000 Conversion Shares to Greenland Financial, representing, respectively, (i) approximately 59.21% of the issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 37.19% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares solely (assuming there will be no other change in the number of issued Shares of the Company between the Latest Practicable Date and the date of the Conversion Completion save for the allotment and issue of the Conversion Shares); and (iii) approximately 33.99% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares and the Settlement Shares (assuming there will be no other change in the number of issued Shares of the Company between the Latest Practicable Date and the date of the Conversion Completion and the Settlement Completion, save for the allotment and issue of the Conversion Shares and the Settlement Shares).

### **Conditions Precedent to the Conversion Agreement**

The Conversion Agreement is conditional upon:

- (a) the passing of the resolution(s) at the EGM by the Independent Shareholders to approve the Conversion Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Conversion Shares to allot and issue the Conversion Shares, and the Whitewash Waiver;
- (b) the Stock Exchange granting or agreeing to grant a listing of, and permission to deal in, the Conversion Shares to be issued (and such listing and permission not being subsequently revoked prior to the Conversion Completion);

## LETTER FROM THE BOARD

- (c) the Executive granting the Whitewash Waiver in respect of the transactions contemplated under the Conversion Agreement;
- (d) the Company and Greenland Financial having received all the required consents and approvals in respect of the Conversion Agreement and the transactions contemplated thereunder; and
- (e) the representations, warranties and undertakings of the Company and Greenland Financial in the Conversion Agreement remain true, accurate and complete in all material respects immediately before the satisfaction of the last aforementioned conditions precedent.

Other than conditions precedent (a) to (c) above, there is no other foreseeable consents and approvals required in respect of the Conversion Agreement and the transactions contemplated thereunder as at the Latest Practicable Date. Save for conditions precedent (d) and (e) as stated above, which can be waived by the parties under the Conversion Agreement to the extent that would not render the Conversion Completion illegal, none of the above conditions precedent can be waived by any party to the Conversion Agreement. If any of the conditions precedent (a) to (c) as stated above are not satisfied, and in the case of conditions precedent (d) and (e) as stated above not satisfied or waived by the parties to the Conversion Agreement, by the Long Stop Date, the Conversion Agreement shall be terminated forthwith.

For the avoidance of doubt, the Conversion Agreement is not conditional upon the execution of the Settlement Agreements nor the Settlement Completion.

As at the Latest Practicable Date, none of the conditions precedent of the Conversion Agreement have been satisfied (or, if applicable, waived).

### **The Conversion Completion**

The Conversion Completion shall take place on the third Business Day after the date on which all the conditions precedent to the Conversion Agreement set out above have been satisfied or waived (as the case may be). In the event that the conditions precedent are not satisfied (or waived, as the case may be) by the Long Stop Date, the Conversion Agreement shall be terminated forthwith.

### **Ranking of the Conversion Shares**

The Conversion Shares shall rank *pari passu* in all respects *inter se* and with all existing Shares in issue as at the date of the Conversion Completion, including all rights as to dividends, voting and return of capital.

### **Application for Listing**

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

## LETTER FROM THE BOARD

### THE SETTLEMENT AGREEMENTS

As at the Latest Practicable Date, the Group has an outstanding debt owed to the Creditors in the amount of approximately RMB46.5 million (equivalent to approximately HK\$50.0 million). On 27 September 2023 (after trading hours), the Company entered into the Settlement Agreement with each of the Creditors on the same terms (save for the names of contracting parties, the amount and the number of Settlement Shares subject to each Settlement Agreement). Pursuant to the Settlement Agreements, the Company agreed to allot and issue 300,796,510 and 199,476,490 Settlement Shares to Inscription Capital and Easten Capital, respectively, and Inscription Capital and Easten Capital shall settle the subscription price by setting off the loans (including the accrued interest) (the “**Settlement Loans**”) borrowed by the Company from the Creditors.

Details of the Settlement Loans and the proposed allotment and issue of the Settlement Shares are as follows.

Name of the Creditor	Amount of indebtedness owed to the Creditors as at the Latest Practicable Date subject to the Settlement Agreements (HK\$) <sup>(1)</sup>	Date of the relevant loan agreement	Due date of the loan	Carrying interest of the loan	Number of Settlement Shares to be allotted and issued to the Creditor	Approximately shareholding held by the Creditor upon the issue of the Conversion Shares and the Settlement Shares <sup>(2)</sup>	Total issue price of the Settlement Shares (HK\$)
1. Inscription Capital	30,079,651	5 July 2022	4 July 2023 <sup>(3)</sup>	12%	300,796,510	5.17%	30,079,651
2. Easten Capital	19,947,649	17 September 2019	19 December 2021 <sup>(4)</sup>	14% after the due date	199,476,490	3.43%	19,947,649

*Notes:*

- (1) For the purpose of convenience, the exchange rates used for conversion of currencies are HK\$1.00 : RMB0.93 and US\$1.00 : HK\$7.84 in this circular.
- (2) The shareholding is calculated based on the enlarged share capital of the Company upon the issue of the Conversion Shares and the Settlement Shares.
- (3) The indebtedness due from the Company to Inscription Capital arose from the deed of debts settlement and loan assignment dated 1 August 2023 executed by, among others, Inscription Capital, Eastern Greenstate International and the Company, pursuant to which the debt owed by the Company to Eastern Greenstate International was compromised from a total sum of RMB28,220,970 (comprised of unpaid principal of RMB24,966,945 and the accrued interest of RMB3,254,025 as at 31 July 2023) to RMB27,974,075 and absolutely assigned to Inscription Capital with effect from the date of the deed of debts settlement and loan assignment. The debt originally owed by the Company to Eastern Greenstate International arose from the loan agreement dated 5 July 2022 in a principal sum of approximately RMB24,966,945 with an interest rate of 12% per annum and a term of 12 months.
- (4) Pursuant to a loan agreement dated 17 September 2019 between the Company as the borrower and Easten Capital as the lender, Easten Capital granted a loan to the Company in a principal sum of US\$2,090,000 with an interest rate of 8% per annum and a term of 12 months. Pursuant to a written confirmation in relation to the extension of the repayment date of the aforesaid loan dated 19 September 2021, parties agreed to extend the repayment date to 19 December 2021, after which the interest rate of the aforesaid loan would be increased to 14%.

## LETTER FROM THE BOARD

Upon the Settlement Completion, all of the indebtedness subject to the Settlement Agreements between the Creditors as lenders and the Company as borrower would be settled, such that the Company will be discharged and released from all obligations for repayment of the outstanding indebtedness hereunder upon the Settlement Completion.

For further details about the Creditors, please refer to the section headed “INFORMATION ON THE GROUP, GREENLAND FINANCIAL AND THE CREDITORS” in the Letter from the Board of this circular.

Set out below are the principal terms of the Settlement Agreements.

### **The Issue Price**

The Issue Price is HK\$0.1 per Settlement Share.

For further details about the Issue Price, please refer to the section headed “THE ISSUE PRICE” in the Letter from the Board of this circular.

### **The Settlement Shares**

Subject to fulfillment of the conditions precedent of the Settlement Agreements set out below, the Company shall allot and issue a total of 500,273,000 Settlement Shares to the Creditors, representing (i) approximately 14.97% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 8.60% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares and the Settlement Shares (assuming there will be no other change in the number of issued Shares of the Company between the Latest Practicable Date and the date of the Conversion Completion and the Settlement Completion, save for the allotment and issue of the Conversion Shares and the Settlement Shares).

### **Conditions Precedent to the Settlement Agreements**

The Settlement Completion is conditional upon:

- (a) the passing of the resolution(s) at the EGM by the Shareholders to approve the Settlement Agreements and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Settlement Shares to allot and issue the Settlement Shares under the Settlement Agreements;
- (b) the Stock Exchange granting or agreeing to grant a listing of, and permission to deal in, the Conversion Shares and the Settlement Shares to be issued (and such listing and permission not being subsequently revoked prior to the Settlement Completion);

## LETTER FROM THE BOARD

- (c) the passing of the resolution(s) at the EGM by the Independent Shareholders to approve the Conversion Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Conversion Shares to allot and issue the Conversion Shares and the Whitewash Waiver;
- (d) the Executive granting the Whitewash Waiver in respect of the transactions contemplated under the Conversion Agreement;
- (e) the fulfilment of the conditions precedent to the Conversion Agreement;
- (f) the Company and the Creditors having received all the required consents and approvals in respect of the Settlement Agreements and the transactions contemplated thereunder; and
- (g) the representations, warranties and undertakings of the Company and the Creditors in the Settlement Agreements remain true, accurate and complete in all material respects immediately before the satisfaction of the last aforementioned conditions precedent.

Save for conditions precedent (f) and (g) as stated above, which can be waived by the parties to the Settlement Agreements to the extent that would not render the Settlement Completion illegal, none of the above conditions precedent can be waived by any party to the Settlement Agreements. If any of the conditions precedent (a) to (e) as stated above are not satisfied, and in the case of conditions precedent (f) and (g) as stated above not satisfied or waived by the parties to the Settlement Agreements, by the Long Stop Date, the Settlement Agreements shall be terminated forthwith.

As at the Latest Practicable Date, none of the conditions precedent of the Settlement Agreements have been satisfied (or, if applicable, waived).

### **The Settlement Completion**

The Settlement Completion shall take place, upon the Conversion Completion or on the third Business Day after the date on which all the conditions precedent to the Settlement Agreements set out above have been satisfied or waived (as the case may be), whichever is later. In the event that the conditions precedent are not satisfied (or waived, as the case may be) by the Long Stop Date, the Settlement Agreements shall be terminated forthwith.

### **Ranking of the Settlement Shares**

The Settlement Shares shall rank *pari passu* in all respects *inter se* and with all existing Shares in issue as at the date of the Settlement Completion, including all rights as to dividends, voting and return of capital.

## LETTER FROM THE BOARD

### Application for Listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Settlement Shares.

### THE ISSUE PRICE

The Issue Price per both the Conversion Share and the Settlement Share is HK\$0.1, which represents:

- (i) a premium of approximately 5.26% to the closing price of HK\$0.095 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 16.67% to the closing price of HK\$0.120 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 6.54% to the average closing price of HK\$0.107 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 12.28% to the average closing price of HK\$0.114 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 15.25% to the average closing price of HK\$0.118 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;
- (vi) a discount of approximately 44.81% to the audited net asset value attributable to owners of the Company as at 31 December 2022 of approximately HK\$0.1812 per Share; and
- (vii) a discount of approximately 42.30% to the unaudited net asset value attributable to owners of the Company as at 30 June 2023 of approximately HK\$0.1773 per Share.

The Issue Price was arrived after arm's length negotiations between the Company, Greenland Financial and the Creditors with reference to the financial performance and financial position of the Group, the market performance and the trading performance of the Shares.

Given (i) the deteriorated financial performance of the Group with substantial losses of approximately RMB422.3 million for the year ended 31 December 2022 and a substantial drop in revenue for the six months ended 30 June 2023; and (ii) the tight liquidity of the Group as indicated by the net current liabilities position of the Group of approximately RMB514.9 million as at 30 June 2023, the Directors consider it is generally not attractive for any share issuance without a deep price discount.

## LETTER FROM THE BOARD

The Issue Price, being set at a discount of less than 20% over the prevailing market prices of the Shares at the time of entry into the Conversion Agreement and the Settlement Agreements (i.e. the average closing prices of the Shares for the last five, 10 and 30 consecutive trading days of the Shares up to and including the Last Trading Day), reflected the fair market value of the Shares traded on the Stock Exchange and was an appropriate benchmark to reflect the prevailing market conditions and recent market sentiment.

The Directors also noted that although the Shares were traded between HK\$0.091 and HK\$0.248 with average of HK\$0.145 per Share during the one-year period prior to the Last Trading Day, the trading liquidity of the Shares were extremely limited with average daily trading volume accounted for merely 0.0137% of the Shares held by the public Shareholders. Under such circumstances, even trading in a small number of the Shares in the market may cause big fluctuations in the Share prices. After considering the relatively large size of the Conversion Shares and the Settlement Shares, the Directors are of the view that it is reasonable to set the Issue Price close to the lower range of the historical trading prices of the Shares to compensate the liquidity shortage of the Shares.

In view of the above and after considering the reasons and benefits of the Conversion and Settlements as stated below this letter, the Directors (including the view of the members of the Independent Board Committee, whose view is set out in the letter from the Independent Board Committee in this circular) are of view that the Issue Price is fair and reasonable to the Company and the Shareholders as a whole.

### INFORMATION ON THE GROUP, GREENLAND FINANCIAL AND THE CREDITORS

#### The Group

The Company is an investment holding company and the Group is principally engaged in the services of landscape design and gardening and the related services.

#### Greenland Financial

Greenland Financial is a limited liability company incorporated in the BVI and is principally engaged in investment holding. It is indirectly owned as to 87.27% by Greenland Financial Technology Group, which in turn is indirectly wholly-owned by Greenland, whose shares are listed on Shanghai Stock Exchange (stock code: 600606). Greenland Financial Technology Group serves as Greenland's main investment platform to conduct diversified global investments. Greenland Partnership is the single largest shareholder of Greenland, holding approximately 25.88% equity interests in Greenland and the general partner of Greenland Partnership is Shanghai Greenland Investment Management Co., Ltd.\* (上海格林蘭投資管理有限公司), holding approximately 0.18% partnership interests therein. Shanghai Greenland Investment Management Co., Ltd.\* (上海格林蘭投資管理有限公司) has 43 shareholders, among which Mr. Zhang Yuliang (who is also a director of Greenland) holds its equity interest as to 30.28% while each of the remaining shareholders holds 1.66% of its equity interest. There are 32 limited partners of Greenland Partnership, none of which individually holds 30% or more partnership interests in Greenland Partnership. The remaining

## LETTER FROM THE BOARD

12.73% equity interests in Greenland Financial are indirectly owned by ten minority shareholders, none of which holds more than 5% equity interests in Greenland Financial. All the aforesaid minority shareholders of Greenland Financial and their respective ultimate beneficial owners are the Independent Third Parties and not Shareholders as at the Latest Practicable Date.

As at the Latest Practicable Date, Greenland Financial is interested in 991,321,041 Shares, representing approximately 29.66% of the total issued share capital of the Company. Save for the 991,321,041 Shares held by Greenland Financial, none of Greenland Financial, parties acting in concert with it and its associates holds, owns, controls or is otherwise interested in any other Shares. Upon the Conversion Completion and the Settlement Completion, Greenland Financial and parties acting in concert with it will be interested in a total of 2,970,321,041 Shares, representing (i) approximately 55.82% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares solely (assuming there will be no other change in the number of issued Shares of the Company between the Latest Practicable Date and the date of the Conversion Completion save for the allotment and issue of the Conversion Shares), or (ii) approximately 51.02% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares and the Settlement Shares (assuming there will be no other change in the number of issued Shares of the Company between the Latest Practicable Date and the date of the Conversion Completion and the Settlement Completion, save for the allotment and issue of the Conversion Shares and the Settlement Shares) and hence Greenland Financial will become the controlling shareholder of the Company.

### **The Creditors**

Inscription Capital is a limited liability company incorporated in the BVI and is beneficially wholly owned by Mr. Zhu Hanhao (朱晗皓). The principal business of Inscription Capital is investment holding. It mainly focuses on investment in high-tech enterprises and seeking investment and cooperation opportunities in the environmental, social and governance field.

Easten Capital is a limited liability company incorporated in the BVI and is beneficially wholly owned by Mr. Tu Guoqin (屠國勤). Its principal business is investment holding. Mr. Tu has rich experience in investment and development. He also serves as the chairman of Shanghai Fengxian Construction (Group) Co., Ltd.\* (上海奉賢建工(集團)有限公司). Mr. Tu is currently focusing on domestic and overseas investment.

The Creditors and their respective ultimate beneficial owners are Independent Third Parties and are not the Shareholders or acting in concert with any of Greenland Financial, Broad Landscape International, Eastern Greenstate International and their respective beneficial owners as at the Latest Practicable Date.

## LETTER FROM THE BOARD

### REASONS AND BENEFITS FOR THE CONVERSION AND THE SETTLEMENT

The Company focuses on municipal and city level landscape projects and offers customers “one-stop” service solutions, including investment and financing, planning and design, project construction and commercial operation. The Group’s portfolio primarily consists of PPP projects, of which five have transitioned to operation and maintenance, and the rest are either under construction or in the preliminary preparation phase.

As disclosed in the annual report of the Company for the year ended 31 December 2022, despite China’s gradual recovery from the COVID-19 pandemic, the overall landscape industry faced low numbers of new orders during 2022 mainly due to (i) the digestion of PPP projects that were signed earlier and a slow-down in Engineering Procurement Construction tendering activities; and (ii) the competition in the segment intensified as more environmental and sanitation enterprises expanded into landscaping and maintenance.

The “14th Five-Year” Plan and Vision 2035 also mention the development of China’s PPP, providing a broader space for PPP projects related to ecological construction and environmental protection in the medium and long run. According to a report issued by the China Research Institute of Industrial Research, local governments are actively promoting investment in urban greening projects, and the market demand for the landscape engineering industry is expected to reach nearly RMB1.1 trillion by 2025. Facing the temporary challenges, the Group has implemented prudent growth strategies and various measures to ensure high-quality development and stable cash flow to be well-positioned for development opportunities presented by the “14th Five-Year Plan’s” urban planning green improvement.

According to the interim report of the Company for the six months ended 30 June 2023, the Group recorded a revenue of approximately RMB5.3 million for the six months ended 30 June 2023, representing a substantial decrease by approximately 94% as compared to that for the corresponding period in 2022. The substantial decrease in revenue for the six months ended 30 June 2023 was mainly due to the slowdown in the industry development in recent years and the Group concentrated on executing existing mandated projects and tried to expedite proceeding to the payment collection stage as much as practicable. Given the accounts receivable has piled up due to the delay in settlement from certain clients as per above industry-wide issue, the Company controlled the progress of construction of existing projects in order to manage the working capital outlays to stabilise operating cashflow, which resulted in a decrease in revenue and gross profit from its principal businesses. Pursuant to the State Council’s Opinion on Promoting Development of Private Economy (中共中央國務院關於促進民營經濟發展壯大的意見) announced in July 2023, the central government of the PRC will increase support for private economy by improving their guarantee payment mechanism and the Company believes that the implementation of such policy will benefit the collection of accounts receivable of the overall industry.

## LETTER FROM THE BOARD

As at 30 June 2023, the Group had net current liabilities position of approximately RMB514.9 million and offshore interest-bearing debt (including accrued interest) of approximately RMB389.4 million. As at 31 July 2023, approximately US\$39.1 million (equivalent to approximately HK\$306.9 million) was owed by the Company to Greenland Financial and approximately RMB46.5 million (equivalent to approximately HK\$50.0 million) was owed by the Company to the Creditors. The Greenland Debt (being the accumulated unpaid principal and accrued interest under the 2022 Note) was originally due on 15 January 2023 but subsequently extended to 15 January 2024 by Greenland Financial in 2023 in considering the tight liquidity of the Group. In light of the current financial position of the Group, it is infeasible for the Company to repay the Greenland Debt and the Settlement Loans without further financing activities. The Group has communicated with Greenland Financial and the Creditors regarding the possibility of further extension of Greenland Debt and the Settlement Loans and the feedbacks are negative given the Group's current financial position and the further burden to be incurred by the finance cost of interest bearing debts to the Group. In the event that the Conversion and the Settlement are not approved by the Independent Shareholders at the EGM, the Group will still make its best endeavors to negotiate with Greenland Financial and the Creditors for further extensions and/or seek alternative refinancing methods. However, after considering the factors discussed in this section, the Board is of the view that the possibility of such extension or alternative refinancing methods is low and the Company will face difficulties in repaying the Greenland Debt and the Settlement Loans. Hence, the Conversion and the Settlement represent a good opportunity to reduce the overall offshore short-term interest-bearing debt and lower the finance cost of the Group.

Following the completion of the Share Disposal by Broad Landscape International, Greenland Financial has become the single largest shareholder of the Company with less than 30% holding. Therefore, there is no controlling shareholder of the Company as at the Latest Practicable Date. The purchasers (and their respective ultimate beneficial shareholders) under the Share Disposal are not parties acting in concert or presumed to be acting in concert or have any connections (whether formal, informal, financial or otherwise) with Greenland Financial, Greenland Financial Technology Group and/or Greenland. The Board has considered various fund-raising methods apart from the Conversion and Settlement. With regard to debt financing, the Board considers it is commercially not viable to obtain further debt financing from third parties without further guarantee given by a credible controlling shareholder of the Company and/or pledge of assets. Nonetheless, it is difficult for Greenland Financial to provide continuous guarantee or financial support to companies other than its subsidiaries. Therefore, it is beneficial to the Company's financial health and business development to introduce Greenland Financial to become the controlling shareholder of the Company under the Conversion and the Settlement to improve the credit profile of the Group. Should Greenland Financial become the controlling shareholder of the Company, further financial support (including but not limited to further extension of the remaining Greenland Debt after the Conversion and further financial assistances) may be provided by Greenland Financial to the Company to improve the Company's financial position as well as business operation. For the same reasons, the Creditors consider that the Settlement is conducive to them if and only if Greenland Financial becomes the controlling shareholder of the Company and therefore the Settlement Completion is conditional upon, among others, the fulfillment of the conditions precedent to the Conversion Agreement. The Conversion, on the other hand, is not conditional upon the execution of

## **LETTER FROM THE BOARD**

the Settlement Agreements nor the Settlement Completion as it was a result of the negotiation between Greenland Financial and the Company without contemplation of the Settlement. With regards to equity financing methods, given the current financial result of the Group, the low liquidity of the Shares and the market capitalisation of the Company, the Directors consider that it is infeasible to identify any placing agents or rights issue or open offer subscribers to raise sufficient fund to repay Greenland Debt and the Settlement Loan without a substantial discount on the market price per Share. Further, the Directors consider that the placing, rights issue, or open offer would incur costly placing or underwriting commission and the process would be relatively time-consuming.

The Board, comprising two executive Directors (being Mr. Pei Gang and Mr. Lin Guangqing) and three independent non-executive Directors (whose view is set out in the Letter from the Independent Board Committee in this circular), considers the Conversion Agreement and the Settlement Agreements to be on normal commercial terms and the Conversion and the Settlement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. As at the Latest Practicable Date, neither Mr. Pei Gang nor Mr. Lin Guangqing held any Shares.

### **FUND-RAISING ACTIVITIES IN THE PRECEDING TWELVE MONTHS**

The Company did not raise any funds from any equity fund-raising activities in the preceding twelve months immediately before the Latest Practicable Date.

### **FUTURE INTENTION OF GREENLAND FINANCIAL REGARDING THE GROUP**

Greenland Financial intends to continue the existing principal businesses of the Group. It has no intention to (i) discontinue the employment of any employees of the Group; or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

Greenland Financial will conduct a review of the existing principal businesses, operations, financial position, investments, proposed investments of the Group for the purpose of formulating long-term business plans and strategies for the future business development of the Group. Greenland Financial does not intend to downsize or change the scale of the existing principal businesses of the Group but will consider diversifying the existing principal businesses of the Group when and where appropriate. As of the date of this circular, there is no concrete plan or timeline for such diversification and Greenland Financial has not entered into any agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) or is currently in negotiation to diversify the existing principal businesses of the Group. In the short term, Greenland Financial intends to focus on accelerating the collection of trade receivables of the Company by utilising its available resources and network to enhance the cash flow of the Company.

## LETTER FROM THE BOARD

Greenland Financial also intends to maintain the listing of the Shares on the Main Board following the Conversion Completion and the Settlement Completion.

### EFFECT ON THE SHAREHOLDING STRUCTURE

Set out below are the shareholding structures of the Company (i) as at the Latest Practicable Date; (ii) upon the issue of the Conversion Shares and the Settlement Shares (assuming there will be no other change in the number of issued Shares of the Company between the Latest Practicable Date and the date of the Conversion Completion and the Settlement Completion save for the allotment and issue of the Conversion Shares and the Settlement Shares); and (iii) upon the issue of the Conversion Shares solely (assuming there will be no other change in the number of issued Shares of the Company between the Latest Practicable Date and the date of the Conversion Completion save for the allotment and issue of the Conversion Shares).

Name of the Shareholder	Shareholding as at the Latest Practicable Date		Shareholding upon the issue of the Conversion Shares and the Settlement Shares		Shareholding upon the issue of the Conversion Shares solely	
	<i>Number of Shares held</i>	<i>Approximate shareholding percentage</i>	<i>Number of Shares held</i>	<i>Approximate shareholding percentage</i>	<i>Number of Shares held</i>	<i>Approximate shareholding percentage</i>
Greenland Financial and parties acting in concert with it <sup>(1)</sup>	991,321,041	29.66%	2,970,321,041	51.02%	2,970,321,041	55.82%
Broad Landscape International <sup>(2)</sup>	425,171,041	12.72%	425,171,041	7.30%	425,171,041	7.99%
Eastern Greenstate International <sup>(2)</sup>	306,313,662	9.16%	306,313,662	5.26%	306,313,662	5.76%
Public shareholders:						
Wholeking Holdings Limited <sup>(3)</sup>	235,392,000	7.04%	235,392,000	4.04%	235,392,000	4.42%
Other public Shareholders <sup>(3)</sup>	1,384,339,213	41.42%	1,384,339,213	23.78%	1,384,339,213	26.01%
Inscription Capital	—	—	300,796,510	5.17%	—	—
Easten Capital	—	—	199,476,490	3.43%	—	—
<b>Total</b>	<b><u>3,342,536,957</u></b>	<b><u>100.00%</u></b>	<b><u>5,821,809,957</u></b>	<b><u>100.00%</u></b>	<b><u>5,321,536,957</u></b>	<b><u>100.00%</u></b>

*Notes:*

- (1) Shenwan Hongyuan is the financial adviser to Greenland Financial in respect of the Conversion. Accordingly, Shenwan Hongyuan and members of the Shenwan Hongyuan Group are presumed to be acting in concert with Greenland Financial in respect of shareholding of Shenwan Hongyuan Group in the Company in accordance with class (5) of the definition of “acting in concert” under the Takeovers Code. As at the Latest Practicable Date, members of Shenwan Hongyuan Group did not own or control any Shares or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, nor were there any Shares (or convertible securities, warrants, options or derivatives in respect thereof) borrowed or lent, or dealt for value in, by any member of the Shenwan Hongyuan Group during the Relevant Period.

Save for the 991,321,041 Shares held by Greenland Financial, none of Greenland Financial, parties acting in concert with it and its associates holds, owns, controls or is otherwise interested in any other Shares.

## LETTER FROM THE BOARD

- (2) Greenland Financial and parties acting in concert with it on the one hand and Broad Landscape International and parties acting in concert with it (including Eastern Greenstate International) on the other hand are not acting in concert. Broad Landscape International and Eastern Greenstate International are parties acting in concert. Broad Landscape International is owned as to 86.92% and 13.08% by Mr. Wu Zhengping (a former executive Director (resigned on 1 September 2023)) and Ms. Xiao Li (a former executive Director (resigned on 29 April 2023) and the spouse of Mr. Wu Zhengping). Eastern Greenstate International is owned as to 2.81% by Ms. Zhu Wen (朱雯), a former executive Director (resigned on 29 April 2023), and 97.19% by other parties, who are the existing, former or retired employees and business partners of the Group. There is no controlling shareholder in Eastern Greenstate International while its largest shareholder is Mr. Shen Wenlin (a retired employee of the Group, an Independent Third Party and not acting in concert with Greenland Financial), who holds 28.11% equity interests in Eastern Greenstate International. Given the Settlement Agreements being conditional upon the Conversion Completion and Eastern Greenstate International's involvement in the Settlement (i.e. Eastern Greenstate International assigned the debt owed by the Company to it to Inscription Capital, which became the underlying debt of the Settlement Agreement between the Company and Inscription Capital), each of Eastern Greenstate International and Broad Landscape International has agreed to abstain from voting on the resolution(s) to be proposed at the EGM in relation to the Conversion Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Conversion Shares, and the Whitewash Waiver.
- (3) Wholeking and other public Shareholders are the Independent Shareholders. Wholeking is wholly-owned by Hope Empire Limited, which in turn wholly-owned by Silverland Assets Limited. Silverland Assets Limited is wholly-owned by HSBC International Trustee Limited, being the trustee of a discretionary trust founded by Mr. Cai Kui (an Independent Third Party and not acting in concert with Greenland Financial).

The dilution impact to Wholeking in the event of (i) the issue of the Conversion Shares and Settlement Shares; and (ii) the issue of the Conversion Shares solely is 3.00 percentage points and 2.62 percentage points, respectively.

The dilution impact to other public Shareholders in the event of (i) the issue of the Conversion Shares and Settlement Shares; and (ii) the issue of the Conversion Shares solely is 16.61 percentage points and 14.50 percentage points, respectively.

## IMPLICATIONS UNDER THE LISTING RULES AND THE TAKEOVERS CODE

### Listing Rules Implications

The Conversion Shares will be allotted and issued pursuant to the Specific Mandate for Issue of Conversion Shares to be sought from the Independent Shareholders' approval at the EGM by way of poll.

As at the Latest Practicable Date, Greenland Financial beneficially owned 991,321,041 Shares, or approximately 29.66% of the total issued share capital of the Company. Therefore, Greenland Financial is a connected person of the Company pursuant to the Listing Rules. Accordingly, the Conversion Agreement, the granting of the Specific Mandate for Issue of Conversion Shares and the transactions contemplated thereunder constitute non-exempt connected transactions of the Company under Chapter 14A of the Listing Rules and would be subject to the announcement, reporting and Independent Shareholders' approval requirements at the EGM by way of poll. Greenland Financial is required to abstain from voting on the resolutions in respect of the Conversion Agreement, the granting of the Specific Mandate for Issue of Conversion Shares and the transactions contemplated thereunder at the EGM.

## LETTER FROM THE BOARD

The Settlement Shares will be allotted and issued pursuant to the Specific Mandate for Issue of Settlement Shares to be sought from the Shareholders' approval at the EGM by way of poll.

The Company has not conducted any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the Latest Practicable Date, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Conversion and the Settlement will result in a theoretical dilution effect of approximately 7.1%, which is below the 25% threshold as specified under Rule 7.27B of the Listing Rules. Therefore, the theoretical dilution impact of the Conversion and the Settlement is in compliance with Rule 7.27B of the Listing Rules.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares and the Settlement Shares.

### **Whitewash Waiver**

As at the Latest Practicable Date, Greenland Financial is interested in 991,321,041 Shares, representing approximately 29.66% of the total issued share capital of the Company. The Conversion Completion and the Settlement Completion are expected to take place simultaneously, upon which the shareholding of Greenland Financial and parties acting in concert with it will increase from approximately 29.66% to (i) approximately 55.82% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares solely (assuming there will be no other change in the number of issued Shares of the Company between the Latest Practicable Date and the date of the Conversion Completion save for the allotment and issue of the Conversion Shares), or (ii) approximately 51.02% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares and the Settlement Shares (assuming there will be no other change in the number of issued Shares of the Company between the Latest Practicable Date and the date of the Conversion Completion and the Settlement Completion, save for the allotment and issue of the Conversion Shares and the Settlement Shares), thereby triggering an obligation on Greenland Financial under Rule 26.1 of the Takeovers Code to make a mandatory general offer for all issued Shares and other securities of the Company not already owned or agreed to be acquired by it or parties acting in concert with it unless the Whitewash Waiver is obtained from the Executive.

In this regard, Greenland Financial has made an application to the Executive for the granting of the Whitewash Waiver in respect of the allotment and issue of the Conversion Shares pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, which, if granted, will be subject to the approval by at least 75% of the Independent Shareholders by way of poll at the EGM in respect of the Whitewash Waiver and the approval by more than 50% of the Independent Shareholders by way of poll at the EGM in respect of the Conversion Agreement and the Specific Mandate for Issue of Conversion Shares. As obtaining the Whitewash Waiver is one of the conditions precedent to the Conversion Agreement and the Settlement Agreements and such condition is not waivable, none of the Conversion Agreement and the Settlement Agreements will proceed if the Whitewash Waiver is not granted by the Executive, or is not approved by the Independent Shareholders at the EGM

## LETTER FROM THE BOARD

according to the requirements set out hereinabove. In accordance with the Listing Rules and the Takeovers Code, Greenland Financial and parties acting in concert with it and other Shareholders who are involved or interested in the Conversion, the Settlement, the transactions contemplated thereunder including the granting of the Specific Mandate for Issue of Conversion Shares and the Specific Mandate for Issue of Settlement Shares, and the Whitewash Waiver, shall abstain from voting on the respective resolutions at the EGM. Therefore, Greenland Financial, which is interested in a total of 991,321,041 Shares, representing approximately 29.66% of the total issued share capital of the Company as at the Latest Practicable Date, shall abstain from voting on the resolutions approving the Conversion Agreement and the transactions contemplated thereunder including the granting of the Specific Mandate for Issue of Conversion Shares, and the Whitewash Waiver at the EGM.

Given the Settlement Agreements being conditional upon the Conversion Completion and Eastern Greenstate International's involvement in the Settlement (i.e. Eastern Greenstate International assigned the debt owed by the Company to it to Inscription Capital, which became the underlying debt of the Settlement Agreement between the Company and Inscription Capital), each of Eastern Greenstate International and Broad Landscape International (being a party acting in concert with Eastern Greenstate International), has agreed to abstain from voting on the resolution(s) to be proposed at the EGM in relation to the Conversion Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Conversion Shares, and the Whitewash Waiver. As of the Latest Practicable Date, Eastern Greenstate International and Broad Landscape International are interested in a total of 731,484,703 Shares, representing approximately 21.88% of the total issued share capital of the Company.

Save as disclosed above, no other Shareholder is required to abstain from voting on any of the resolutions at the EGM.

The resolutions for (i) the Conversion Agreement and the transactions contemplated thereunder including the granting of the Specific Mandate for Issue of Conversion Shares shall be approved by way of ordinary resolution (representing more than 50% of the votes cast by the Independent Shareholders either in person or by proxy at the EGM by way of poll); (ii) the Whitewash Waiver shall be approved by way of special resolution (representing more than 75% of the votes cast by the Independent Shareholders either in person or by proxy at the EGM by way of poll); (iii) the Settlement Agreements and the transactions contemplated thereunder including the granting of the Specific Mandate for Issue of Settlement Shares shall be approved by way of ordinary resolution (representing more than 50% of the votes cast by the Shareholders either in person or by proxy at the EGM by way of poll); and (iv) the Increase in Authorised Share Capital shall be approved by way of ordinary resolution (representing more than 50% of the votes cast by the Shareholders either in person or by proxy at the EGM by way of poll).

## LETTER FROM THE BOARD

### OTHER INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

As at the Latest Practicable Date, other than 991,321,041 Shares held by Greenland Financial as disclosed in the section headed “EFFECT ON THE SHAREHOLDING STRUCTURE” in the Letter from the Board of this circular and all the transactions contemplated under the Conversion Agreement as disclosed in the section headed “THE CONVERSION AGREEMENT” in the Letter from the Board of this circular, neither Greenland Financial nor any parties acting in concert with it:

- (i) holds, owns, controls or directs any shares, convertible securities, warrants, options or derivatives in respect of the securities in the Company;
- (ii) has entered into any outstanding derivatives in respect of the securities in the Company;
- (iii) has secured any irrevocable commitment from any Independent Shareholders to vote in favour of or against the resolution(s) approving the Conversion Agreement, the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Conversion Shares, and the Whitewash Waiver;
- (iv) has any arrangement as referred to Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) or contracts with any other parties in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which might be material to the Conversion Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Conversion Shares, and the Whitewash Waiver;
- (v) has any agreement or arrangement to which Greenland Financial or any parties acting in concert with it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Conversion Agreements, the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Conversion Shares, and the Whitewash Waiver; and
- (vi) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

As at the Latest Practicable Date:

- (a) apart from the Conversion Shares to be subscribed and allotted by Greenland Financial, Greenland Financial has not paid and will not pay any other consideration, compensation or benefit in whatever form to the Company and parties acting in concert with it in connection with the Conversion, the Conversion Agreement, and the Whitewash Waiver;
- (b) there is no understanding, arrangement or special deal between the Company and parties acting in concert with it on the one hand, and Greenland Financial and parties acting in concert with it on the other hand; and

## LETTER FROM THE BOARD

- (c) there is no understanding, arrangement or special deal between (i) any Shareholders; and (ii) (a) Greenland Financial and parties acting in concert with it; or (ii)(b) the Company, its subsidiaries or associated companies.

### **Dealing in the Company's securities**

Greenland Financial confirms that none of Greenland Financial or parties acting with it has acquired any voting rights in the Company in the six months prior to the Latest Practicable Date which would constitute disqualifying transactions under paragraph 3 of the Whitewash Guidance Note as set out in Schedule VI of the Takeovers Code.

**As at the Latest Practicable Date, the Company does not believe that the Conversion, the Settlement and the transactions contemplated thereunder including the granting of the Specific Mandate for Issue of Conversion Shares and the Specific Mandate for Issue of Settlement Shares, and the Whitewash Waiver give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). The Company notes that the Executive may not grant the Whitewash Waiver if any of the Conversion, the Settlement and the transactions contemplated thereunder including the granting of the Specific Mandate for Issue of Conversion Shares and the Specific Mandate for Issue of Settlement Shares, and the Whitewash Waiver does not comply with other applicable rules and regulations.**

**The Executive may or may not grant the Whitewash Waiver and in the event that any of the Whitewash Waiver is not granted, the Conversion Agreement and the Settlement Agreements shall lapse, and the Conversion and the Settlement will not proceed. The Whitewash Waiver, if granted, will be subject to approval by at least 75% of the votes cast by the Independent Shareholders either in person or by proxy at the EGM. As obtaining the Whitewash Waiver is one of the conditions precedent to the Conversion Agreement and the Settlement Agreements, and such condition is not waivable, in the event that the Whitewash Waiver is not granted or not approved by at least 75% of the votes cast by the Independent Shareholders at the EGM, the Conversion and the Settlement will not proceed.**

**If the Whitewash Waiver is approved by the Independent Shareholders and the Conversion Completion takes place, the shareholding of Greenland Financial will exceed 50%. Greenland Financial may further increase its shareholding in the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.**

### **SECURITIES OF THE COMPANY**

As at the Latest Practicable Date, save for a total of 3,342,536,957 Shares in issue, the Company has no other outstanding shares, options, warrants, derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) that carry a right to subscribe for or which are convertible into Shares.

## **LETTER FROM THE BOARD**

### **FORMATION OF THE INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Conversion Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Conversion Shares, and the Whitewash Waiver.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, the text of which is set out in the Letter from the Independent Financial Adviser in this circular, considers that, (a) the terms and conditions of the Conversion Agreement and the transactions contemplated thereunder including the granting of the Specific Mandate for Issue of Conversion Shares are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole; and (b) the Whitewash Waiver is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Conversion Agreement and the transactions contemplated thereunder including the granting of the Specific Mandate for Issue of Conversion Shares, and the Whitewash Waiver.

The Company has appointed Euto Capital, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activities under the SFO, as the Independent Financial Adviser pursuant to Rule 2.1 of the Takeovers Code and Rule 14A.44 of the Listing Rules to advise the Independent Board Committee and the Independent Shareholders in respect of the Conversion Agreement and the transactions contemplated thereunder including the granting of the Specific Mandate for Issue of Conversion Shares, and the Whitewash Waiver. The letter from Euto is set out on pages 33 to 69 of this circular.

### **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$100,000,000 divided into 4,000,000,000 Shares, of which 3,342,536,957 Shares have been allotted and issued. Upon the completion of the Conversion, the Settlement and the transactions contemplated thereunder including the granting of the Specific Mandate for Issue of Conversion Shares and the Specific Mandate for Issue of Settlement Shares, the total number of Shares allotted and issued will increase to 5,821,809,957 (assuming no other change in the issued Shares from the Latest Practicable Date to the respective date of completion of the Conversion and the Settlement).

In order for the Company to facilitate the issuance of the Conversion Shares and the Settlement Shares, the Board proposes to increase the authorised share capital of the Company from HK\$100,000,000 divided into 4,000,000,000 Shares to HK\$200,000,000 divided into 8,000,000,000 Shares by the creation of an additional 4,000,000,000 new Shares.

## LETTER FROM THE BOARD

The Directors are of the opinion that the Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole.

### THE EGM

The EGM to be chaired by an independent non-executive Director is convened (i) for the Independent Shareholders to consider, and if thought fit, to approve the Conversion Agreement, and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Conversion Shares, and the Whitewash Waiver; (ii) for the Shareholders to consider, and if thought fit, to approve the Settlement Agreements and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Settlement Shares; and (iii) for the Shareholders to consider, and if thought fit, to approve the Increase in Authorised Share Capital.

By virtue of the interest of Greenland Financial in the Conversion Agreement, Greenland Financial, which is interested in a total of 991,321,041 Shares, representing approximately 29.66% of the total issued share capital of the Company as at the Latest Practicable Date, shall abstain from voting on the resolution(s) to be proposed at the EGM in relation to the Conversion Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Conversion Shares, and the Whitewash Waiver but can vote on the resolution(s) to be proposed at the EGM in relation to the Settlement Agreements and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Settlement Shares.

Given the Settlement Agreements being conditional upon the Conversion Completion and Eastern Greenstate International's involvement in the Settlement (i.e. Eastern Greenstate International assigned the debt owed by the Company to it to Inscription Capital, which became the underlying debt of the Settlement Agreement between the Company and Inscription Capital), each of Eastern Greenstate International and Broad Landscape International (being a party acting in concert with Eastern Greenstate International) has agreed to abstain from voting on the resolution(s) to be proposed at the EGM in relation to the Conversion Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Conversion Shares, and the Whitewash Waiver.

Save as disclosed above, no other Shareholder is required to abstain from voting on any of the resolutions at the EGM.

The notice of the EGM is set out on pages EGM-1 to EGM-4 of this circular.

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. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under the Listing Rules.

## **LETTER FROM THE BOARD**

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>). Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy for use at the EGM in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM (i.e. not later than 10:00 a.m. on Monday, 25 December 2023 or any adjournment thereof (as the case may be)). Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM if you so wish.

### **RECOMMENDATION**

Your attention is drawn to (i) the Letter from the Independent Board Committee which contains the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Conversion Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Conversion Shares, and the Whitewash Waiver; and (ii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Conversion Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Conversion Shares, and the Whitewash Waiver.

The Board (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser) considers that (i) the Conversion Agreement, and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Conversion Shares and the Whitewash Waiver; and (ii) the Settlement Agreements and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Settlement Shares are fair and reasonable and in the interests of the Company and Shareholders as a whole. The Board is also of the opinion that the Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser) recommends (i) the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Conversion Agreement, and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Conversion Shares, and the Whitewash Waiver; (ii) the Shareholders to vote in favour of the Settlement Agreements and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Settlement Shares; and (iii) the Shareholders to vote in favour of the Increase in Authorised Share Capital.

## LETTER FROM THE BOARD

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular and the notice of the EGM.

**Shareholders and potential investors should note that the Conversion Completion and the Settlement Completion are subject to fulfilment (or waiver, if applicable) of certain conditions precedent under the respective agreements as set out in the relevant sections in this circular, including approval at the EGM by the Independent Shareholders of the Conversion and the transactions contemplated thereunder including the granting of the Specific Mandate for Issue of Conversion Shares, and the granting of the Whitewash Waiver by the Executive. As such, the Conversion and the Settlement may or may not proceed.**

Shareholders and potential investors are reminded to exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should consult their stockbroker, licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

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

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

*The following is the text of a letter of advice from the Independent Board Committee setting out its recommendation to the Independent Shareholders for the purpose of inclusion in this circular.*



### **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)**

5 December 2023

*To the Independent Shareholders*

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION IN RELATION TO  
ENTERING INTO THE CONVERSION AGREEMENT AND  
ISSUE OF CONVERSION SHARES UNDER SPECIFIC MANDATE; AND  
(2) APPLICATION FOR WHITEWASH WAIVER**

We refer to the circular of the Company dated 5 December 2023 (the “**Circular**”), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as defined in the Circular.

We have been appointed to form the Independent Board Committee to advise you in respect of the Conversion and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Conversion Shares, and the Whitewash Waiver, details of which are set out in the Letter from the Board contained in the Circular. The Independent Financial Adviser has been appointed (with our approval) to advise you and us in this regard. Details of the advice and the principal factors and reasons that the Independent Financial Adviser has taken into consideration in giving such advice, are set out in the Letter from the Independent Financial Adviser contained in the Circular.

We wish to draw your attention to the Letter from the Board, as set out on pages 8 to 30 of the Circular, the letter from the Independent Financial Adviser, as set out on pages 33 to 69 of the Circular and the additional information set out in the appendices thereto.

Having considered the terms of the Conversion Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Conversion Shares, and the Whitewash Waiver, and the advice given by the Independent Financial Adviser, we are of the opinion that the Conversion Agreement and the transaction contemplated thereunder, including the Specific Mandate for Issue of Conversion Shares, and the Whitewash Waiver are not in the ordinary

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

course of business of the Group, but are on normal commercial terms, in the interests of the Company and the Independent Shareholders as a whole, and terms of which are fair and reasonable as insofar as the Company and the Independent Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve, among other things, the Conversion and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Conversion Shares, and the Whitewash Waiver.

Yours faithfully,

On behalf of the  
Independent Board Committee of  
**China Greenland Broad Greenstate Group Company Limited**

**Mr. DAI Guoqiang**

**Dr. JIN Hexian**

**Mr. YANG Yuanguang**

*Independent Non-executive Directors*

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*The following is the full text of a letter of advice from Euto Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Conversion and the Whitewash Waiver, which has been prepared for the purpose of inclusion in this circular.*



Room 1204, Jubilee Centre,  
18 Fenwick Street, Wan Chai,  
Hong Kong

5 December 2023

*To: the Independent Board Committee and the Independent Shareholders*

Dear Sir or Madam,

**(I) CONNECTED TRANSACTION INVOLVING ENTERING INTO  
THE CONVERSION AGREEMENT AND ISSUE OF CONVERSION SHARES  
UNDER SPECIFIC MANDATE; AND  
(II) APPLICATION FOR WHITEWASH WAIVER**

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Conversion and the Whitewash Waiver, details of which are set out in the letter from the Board contained in the circular dated 5 December 2023 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

As at 31 July 2023, the Group has an outstanding debt (including accrued interest) owed to Greenland Financial in the amount of approximately US\$39.1 million (equivalent to approximately HK\$306.9 million) (the “**Greenland Debt**”). On 27 September 2023 (after trading hours), the Company entered into the Conversion Agreement with Greenland Financial, pursuant to which the Company agreed to allot and issue 1,979,000,000 Conversion Shares to Greenland Financial at the Issue Price of HK\$0.1 per Conversion Share in settlement of the amount of HK\$197.9 million out of the total outstanding debt (including accrued interest) due to Greenland Financial.

As at the Latest Practicable Date, Greenland Financial and parties acting concert with it are interested in 991,321,041 Shares, representing approximately 29.66% of the total issued share capital of the Company. The Conversion Completion and the Settlement Completion are expected to take place simultaneously, upon which the shareholding of Greenland Financial and parties acting in concert with it will increase from approximately 29.66% to (i) approximately 55.82% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares solely (assuming there will be no other change in the number of issued Shares of the Company between the Latest Practicable Date and the date of the Conversion Completion save for the allotment and issue of the Conversion Shares), or (ii) approximately 51.02% of the issued share

## **LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

capital of the Company as enlarged by the allotment and issue of the Conversion Shares and the Settlement Shares (assuming there will be no other change in the number of issued Shares of the Company between the Latest Practicable Date and the date of the Conversion Completion and the Settlement Completion, save for the allotment and issue of the Conversion Shares and the Settlement Shares), thereby Greenland Financial will, in the absence of the Whitewash Waiver, be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by it or parties acting in concert with it after the date of Conversion Completion pursuant to Rule 26 of the Takeovers Code. In this regard, Greenland Financial has applied to the Executive for the Whitewash Waiver from compliance with the obligations to make a mandatory general offer for all Shares and other securities of the Company (other than those already owned or agreed to be acquired by Greenland Financial and parties acting in concert with it) under Rule 26.1 of the Takeovers Code as a result of the allotment and issue of the Conversion Shares to Greenland Financial. The Executive has indicated that it is minded to grant the Whitewash Waiver subject to, among other things, the approval by at least 75% of the votes cast by the Independent Shareholders by way of poll in respect of the Whitewash Waiver and more than 50% of the votes cast by the Independent Shareholders by way of poll in respect of the Conversion, respectively, at the EGM.

### **THE INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Dai Guoqiang, Dr. Jin Hexian and Mr. Yang Yuanguang, has been established to advise the Independent Shareholders as to whether the Conversion Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of the Conversion Shares, and the Whitewash Waiver are fair and reasonable and in the interests of the Company and Shareholders as a whole and to advise the Independent Shareholders on how to vote at the EGM.

We have been appointed as the Independent Financial Adviser and approved by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in this regard.

### **OUR INDEPENDENCE**

As at the Latest Practicable Date, we are not associated or connected financially or otherwise with any member of the Group or Greenland Financial, their respective substantial or controlling shareholders or any party acting, or presumed to be acting, in concert with any of them. During the past two years immediately preceding and up to the Latest Practicable Date, save for this appointment as the Independent Financial Adviser, there were no other engagements between Euto Capital and the Group or Greenland Financial or the parties acting in concert with it and us. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the Group or Greenland Financial, their respective substantial or controlling shareholders and

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

financial or other professional advisers or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we are considered eligible to give independent advice in respect of the Conversion and the Whitewash Waiver.

### BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information provided to us by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. Shareholders will be notified for any subsequent material changes to such statements, information, opinions and/or representations as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all the statements contained and representations made or referred to in the Circular are true in all material respects at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Latest Practicable Date.

All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We consider that we have reviewed sufficient information currently available, among others: (i) the annual reports of the Company for the year ended 31 December 2022 (the “**2022 Annual Report**”); (ii) the interim report of the Company for the six months ended 30 June 2023 (the “**2023 Interim Report**”); (iii) the management account of the Company for the nine-month period ended on 30 September 2023 and (iv) the announcement of the Company dated 27 September 2023 in relation to the Conversion Agreement, the granting of the Specific Mandate for Issue of the Conversion Shares and the transactions contemplated thereunder which are made available to us and enable us to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, or any of its respective substantial shareholders, subsidiaries or associates.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

We have taken into consideration the following principal factors and reasons in arriving at our opinion in respect of the Conversion and the Whitewash Waiver:

#### Conversion under Specific Mandate

##### 1. *Background and financial information of the Group*

As set out in the Letter from the Board, the Company focuses on municipal and city level landscape projects and offers customers “one-stop” service solutions, including investment and financing, planning and design, project construction and commercial operation. The Group’s portfolio primarily consists of Public Private Partnership Projects (“PPP projects”), of which five have transitioned to operation and maintenance, and the rest are either under construction or in the preliminary preparation phase.

Set out below is a summary of the Group’s operating results extracted from (i) the 2022 Annual Report and (ii) the 2023 Interim Report:

#### Summary of the Group’s consolidated statements of profit and loss

	For the six months ended		For the year ended	
	30 June		31 December	
	2023	2022	2022	2021
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	5,267	95,240	109,275	267,498
Cost of sales	(5,227)	(65,306)	(83,879)	(187,239)
Gross profit	40	29,934	25,396	80,259
Profit/(loss)before tax	(27,004)	1,185	(482,776)	11,716
Net profit/(loss)for the year attributable to owners of the Parent	(27,156)	418	(422,794)	4,542

#### *Financial performance for the year ended 31 December 2022 (“FY2022”) as compared to that for the year ended 31 December 2021 (“FY2021”)*

As set out in the 2022 Annual Report, for FY2022, the Group recorded revenue of approximately RMB109.3 million, representing a decrease of approximately 59% as compared to approximately RMB267.5 million recorded for FY2021. Such decrease was

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

mainly due to the Group continued to proactively manage the project start-up volume and construction progress, and deliberately cooperated with measures to tighten marketing expenses and reduce operating expenses, the management of accounts receivable and cash flow was used as a strategy to enhance the stability of the Group's operations, which resulted in a decline in performance.

Gross profit decreased from approximately RMB80.3 million for FY2021 to approximately RMB25.4 million for FY2022, which was attributable to the decrease in revenue from the management of accounts receivable and cash flow strategy as set out in the preceding paragraph and the decrease in the gross profit margin of the Group from approximately 30.0% for FY2021 to approximately 23.2% for FY2022.

For FY2022, the Group recorded a net loss attributable to owners of the Company of approximately RMB422.8 million as compared with a net profit attributable to owners of the Company of approximately RMB4.5 million for FY2021. Based on the 2022 Annual Report, in addition to the fluctuations to the revenue and gross profit of the Company as set out in the preceding two paragraphs, the financial performance was also affected by impairment losses on financial and contract assets in the amount of approximately RMB410.4 million recorded by the Group for FY2022, compared to the impairment losses on financial and contract assets in the amount of approximately RMB4.2 million for FY2021. Financial assets mainly comprise trade receivables due from the customers, increase in the impairment losses for trade receivables was mainly due to an increase in trade receivables aged over three years from approximately RMB 173.7 million as at the end of FY2021 to approximately RMB315.4 million as at the end of FY2022. Contract assets are initially recognised for revenue earned from the provision of construction services as the receipt of consideration is conditional on successful completion of construction. Included in contract assets for construction services are retention receivables. For retention money receivables in respect of construction works carried out by the Group, the respective due dates usually range from one to five years after the completion of the relevant construction work. Increase in the impairment losses for contract assets was mainly due to the Company controlled the progress of construction of existing projects in order to manage the working capital outlays to stabilise operating cashflow.

### ***Financial performance for the six months ended 30 June 2023 ("1H2023") as compared to that for the six months ended 30 June 2022 ("1H2022")***

As set out in the 2023 Interim Report, the Group recorded revenue of approximately RMB5.3 million for 1H2023, representing a decrease of approximately 94.5% as compared to approximately RMB95.2 million recorded for 1H2022. Such decrease was mainly due to the slowdown in the landscape industry development in recent years and the Group concentrated on executing existing mandated projects and tried to expedite proceeding to the payment collection stage as much as practicable. Given the accounts receivable has piled up due to the delay in settlement from certain clients as per above

<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b>
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industry-wide issue, the Company controlled the progress of construction of existing projects in order to manage the working capital outlays to stabilise operating cashflow, which resulted in a decrease in revenue and gross profit from its principal businesses.

Gross profit decreased from approximately RMB29.9 million for 1H2022 to approximately RMB40,000 for 1H2023, which was attributable to the decrease in revenue as set out in the preceding paragraph; The gross profit margin of the Group decreased from 31.4% for 1H2022 to approximately 0.8% for 1H2023.

For 1H2023, the Group recorded a loss attributable to owners of the Company of approximately RMB27.2 million as compared with a profit attributable to owners of the Company of approximately RMB0.4 million for 1H2022. Based on the 2023 Interim Report, the financial performance was mainly affected by the decrease in the revenue and gross profit as set out in the preceding two paragraphs.

**Consolidated statement of financial position of the Group**

	<b>As at</b>	<b>As at 31 December</b>	
	<b>30 June</b>	<b>2022</b>	<b>2021</b>
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property and equipment	111,159	120,087	125,247
Investment properties	21,252	21,252	24,024
Goodwill	3,060	3,060	3,060
Other intangible assets	17,091	17,122	18,613
Investments in joint ventures	772,595	781,230	814,281
Equity investment at fair value through profit or loss	78,810	77,844	80,324
Financial assets at fair value through profit or loss	21,872	21,872	20,098
Contract assets	278,705	271,002	244,563
Prepayments, other receivables and other assets	39,398	39,398	44,194
Other non-current asset	19,449	19,449	19,449
Deferred tax assets	<u>83,791</u>	<u>83,791</u>	<u>23,709</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>1,447,182</u>	<u>1,456,107</u>	<u>1,417,562</u>

<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b>
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	<b>As at</b>	<b>As at 31 December</b>	
	<b>30 June</b>	<b>2022</b>	<b>2021</b>
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>CURRENT ASSETS</b>			
Biological assets	30,592	30,412	31,972
Trade receivables	301,143	302,964	467,884
Contract assets	840,287	842,865	1,069,556
Prepayments, other receivables and other assets	269,905	267,932	291,536
Pledged deposits	29,971	36,069	2,366
Cash and cash equivalents	<u>5,994</u>	<u>2,844</u>	<u>77,465</u>
<b>TOTAL CURRENT ASSETS</b>	<u><b>1,477,892</b></u>	<u><b>1,483,086</b></u>	<u><b>1,940,779</b></u>
<b>CURRENT LIABILITIES</b>			
Corporate bonds	212,891	207,286	191,413
Trade and bills payables	659,607	702,827	736,593
Other payables and accruals	692,344	653,029	605,987
Interest-bearing bank and other borrowings	256,805	234,414	292,460
Lease liabilities	5,030	4,342	1,439
Tax payable	<u>166,068</u>	<u>168,060</u>	<u>167,487</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u><b>1,992,745</b></u>	<u><b>1,969,958</b></u>	<u><b>1,995,379</b></u>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	334,126	346,802	285,286
Lease liabilities	20,911	20,911	22,437
Deferred tax liabilities	<u>10,169</u>	<u>10,169</u>	<u>11,169</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u><b>365,206</b></u>	<u><b>377,882</b></u>	<u><b>318,892</b></u>
<b>Net assets</b>	<u><u><b>567,123</b></u></u>	<u><u><b>591,353</b></u></u>	<u><u><b>1,044,070</b></u></u>

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *Financial position as at 31 December 2022 as compared to that as at 31 December 2021*

As at 31 December 2022, the Group's total assets amounted to approximately RMB2,939.2 million, representing a decrease of approximately 12.5% as compared to approximately RMB3,358.3 million as at 31 December 2021, which is primarily due to the decrease in (i) investments in joint ventures of approximately RMB781.2 million as at 31 December 2022 as compared to approximately RMB814.3 million as at 31 December 2021; (ii) trade receivables of approximately RMB303.0 million as at 31 December 2022 as compared to approximately RMB467.9 million as at 31 December 2021; (iii) contract assets under current assets of approximately RMB842.9 million as at 31 December 2022 as compared to approximately RMB1,069.6 million as at 31 December 2021; and (iv) cash and cash equivalents of approximately RMB2.8 million as at 31 December 2022 as compared to approximately RMB77.5 million as at 31 December 2021, which was partially offset by the increase in (i) contract assets under non-current assets of approximately RMB271.0 million as at 31 December 2022 as compared to approximately RMB244.6 million as at 31 December 2021, (ii) deferred tax assets of approximately RMB83.8 million as at 31 December 2022 as compared to approximately RMB23.7 million as at 31 December 2021 and (iii) pledged deposits which were the balance frozen by the courts preserved for pending litigation from sub-contractors, of approximately RMB36.1 million as at 31 December 2022 as compared to approximately RMB2.4 million as at 31 December 2021.

As at 31 December 2022, the Group's total liabilities amounted to approximately RMB2,347.8 million, representing a slight increase of approximately 1.45% as compared to approximately RMB2,314.3 million as at 31 December 2021, which primarily due to the increase in (i) interest-bearing bank and other borrowings (non-current portion) of approximately RMB346.8 million as at 31 December 2022 as compared to approximately RMB285.3 million as at 31 December 2021; (ii) corporate bonds of approximately RMB207.3 million as at 31 December 2022 as compared to approximately RMB191.4 million as at 31 December 2021 and (iii) other payables and accruals of approximately RMB653.0 million as at 31 December 2022 as compared to approximately RMB606.0 million as at 31 December 2021; which was partially offset by a decrease in (i) trade and bills payables of approximately RMB702.8 million as at 31 December 2022 as compared to approximately RMB736.6 million as at 31 December 2021; and (ii) interest-bearing bank and other borrowings (current portion) of approximately RMB234.4 million as at 31 December 2022 as compared to approximately RMB292.5 million as at 31 December 2021.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 31 December 2022, the Group had net current liabilities position of approximately RMB486.9 million, representing an increase of approximately 791.8% as compared to approximately RMB54.6 million as at 31 December 2021, which primarily due to the decrease in (i) trade receivables of approximately RMB303.0 million as at 31 December 2022, as compared to approximately RMB467.9 million as at 31 December 2021; (ii) contract assets of approximately of RMB842.9 million as at 31 December 2022, as compared to approximately RMB1,069.6 million as at 31 December 2021.

As at 31 December 2022, total equity of the Company amounted to approximately RMB591.4 million, as compared to approximately RMB1,044.1 million at 31 December 2021.

### *Financial position as at 30 June 2023 as compared to that as at 31 December 2022*

As at 30 June 2023, the Group's total assets amounted to approximately RMB2,925.1 million, representing a decrease of approximately 0.50% as compared to approximately RMB2,939.2 million as at 31 December 2022, which mainly is primarily due to the decrease in (i) investment in joint ventures of approximately RMB772.6 million as compared to approximately RMB781.2 million as at 31 December 2022; (ii) trade receivables of approximately RMB301.1 million as compared to approximately RMB303.0 million as at 31 December 2022; (iii) contract assets under current assets of approximately RMB840.3 million as compared to approximately RMB842.9 million as at 31 December 2022; and (iv) pledged deposits of approximately RMB30.0 million as at 30 June 2023 as compared to approximately RMB36.1 million as at 31 December 2022, which was partially offset by the increase in (i) contract assets under non-current assets of approximately RMB278.7 million as at 30 June 2023 as compared to approximately RMB271.0 million as at 31 December 2022, and (ii) cash and cash equivalents of approximately RMB6.0 million as at 30 June 2023 as compared to approximately RMB2.8 million as at 31 December 2022.

As at 30 June 2023, the Group's total liabilities amounted to approximately RMB2,358.0 million, representing a slight increase of approximately 0.43% as compared to approximately RMB2,347.8 million as at 31 December 2022, which primarily due to the increase in (i) corporate bonds of approximately RMB212.9 million as at 30 June 2023 as compared to approximately RMB207.3 million as at 31 December 2022; and (ii) other payables and accruals of approximately RMB692.3 million as at 30 June 2023 as compared to approximately RMB653.0 million as at 31 December 2022, which was partially offset by the decrease in (i) interest-bearing bank and other borrowings (non-current portion) of approximately RMB334.1 million as at 30 June 2023 as compared to approximately RMB346.8 million as at 31 December 2022; and (ii) trade and bills payables of approximately RMB659.6 million as at 30 June 2023 as compared to approximately RMB702.8 million as at 31 December 2022.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group's liquidity position was deteriorating during the two years and six months ended 30 June 2023. As at 30 June 2023, the Group had net current liabilities position of approximately RMB514.9 million, representing an increase of approximately 5.75% as compared to approximately RMB486.9 million as at 31 December 2022, which primarily due to the increase in (i) corporate bonds of approximately RMB212.9 million as at 30 June 2023, as compared to approximately RMB207.3 million as at 31 December 2022; (ii) interest-bearing bank and other borrowings of approximately of RMB256.8 million as at 30 June 2023, as compared to approximately RMB234.4 million as at 31 December 2022.

As at 30 June 2023, total equity of the Company amounted to approximately RMB567.1 million, as compared to approximately RMB591.4 million at 31 December 2022. In light of the above, showing the Group is in a tight liquidity position, we consider that the Group has imminent funding need to strengthen its capital base and improve its liquidity position.

### *Business prospect*

As set out in the Letter from the Board, the “14th Five-Year” Plan and Vision 2035 mention the development of China's PPP projects, providing a broader space for PPP projects related to ecological construction and environmental protection in the medium and long run. According to a report issued by the China Research Institute of Industrial Research on 9 March 2022, local governments are actively promoting investment in urban greening projects, and the market demand for the landscape engineering industry is expected to reach nearly RMB1.1 trillion by 2025. China Research Institute of Industrial Research is China's leading professional industry research institution, which was established in 2015. The company is committed to providing detailed market research materials and business information in various industries for middle and senior management of enterprises, personnel in enterprise development research departments, market investors, investment banks and consulting industry personnel, investment experts, etc. Facing the temporary challenges, including (i) the digestion of PPP projects that were signed earlier and a slow-down in Engineering Procurement Construction (“EPC”) tendering activities; and (ii) the competition in the segment intensified as more environmental and sanitation enterprises expanded into landscaping and maintenance, the Group has implemented prudent growth strategies and various measures to ensure high-quality development and stable cash flow to be well-positioned for development opportunities presented by the “14th Five-Year Plan's” urban planning green improvement.

Furthermore, pursuant to “the State Council's Opinion on Promoting Development of Private Economy” (中共中央國務院關於促進民營經濟發展壯大的意見) announced in July 2023, the central government of the PRC will increase support for the private

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

economy by improving their guarantee payment mechanism and the Company believes that the implementation of such policy will benefit the collection of accounts receivable of the overall industry.

We have discussed with the management for the above PRC national policies, which are favorable to the Group's businesses as the PRC government is supportive to and encouraging the growth and development of ecological construction and environmental protection industry in the PRC. We have conducted desktop research for (i) the above-mentioned report performed by China Research Institute of Industrial Research and (ii) with reference to the proceedings of The National Conference on Ecological and Environmental Protection held in Beijing in July 2023. During this conference, President Xi emphasized the significance of ecological conservation as the principal strategy for ensuring the sustainable development of the Chinese nation. In light of the above, we concur with the Company's belief.

### **2. Information of Greenland Financial**

With reference to the Letter from the Board, Greenland Financial is a limited liability company incorporated in the BVI and is principally engaged in investment holding. It is indirectly owned as to 87.27% by Greenland Financial Technology Group (綠地金創科技集團有限公司) (“**Greenland Financial Technology Group**”), which in turn is indirectly wholly-owned by Greenland, whose shares are listed on Shanghai Stock Exchange (stock code: 600606). Greenland Financial Technology Group serves as Greenland's main investment platform to conduct diversified global investments. Shanghai Greenland Investment Enterprise Limited Partnership\* (上海格林蘭投資企業(有限合夥)) (“**Greenland Partnership**”) is the single largest shareholder of Greenland, holding approximately 25.88% equity interests in Greenland and the general partner of Greenland Partnership is Shanghai Greenland Investment Management Co., Ltd.\*(上海格林蘭投資管理有限公司), holding approximately 0.18% partnership interests therein. There are 32 limited partners of Greenland Partnership, none of which individually holds 30% or more partnership interests in Greenland Partnership. The remaining 12.73% equity interests in Greenland Financial are indirectly owned by ten minority shareholders, none of which holds more than 5% equity interests in Greenland Financial. All the aforesaid minority shareholders of Greenland Financial and their respective ultimate beneficial owners are the Independent Third Parties.

As at the Latest Practicable Date, Greenland Financial and parties acting in concert with it are interested in 991,321,041 Shares, representing approximately 29.66% of the total issued share capital of the Company. Upon the Conversion Completion and the Settlement Completion, Greenland Financial and parties acting in concert with it will be interested in a total of 2,970,321,041 Shares, representing (i) approximately 55.82% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares solely (assuming there will be no other change in the number of issued Shares of the Company between the Latest Practicable Date and the date of the Conversion Completion save for the allotment and issue of the Conversion Shares), or (ii) approximately 51.02% of the issued

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

share capital of the Company as enlarged by the allotment and issue of the Conversion Shares and the Settlement Shares (assuming there will be no other change in the number of issued Shares of the Company between the Latest Practicable Date and the date of the Conversion Completion and the Settlement Completion, save for the allotment and issue of the Conversion Shares and the Settlement Shares) and hence Greenland Financial will become the controlling shareholder of the Company.

### **3. *Background of the entering into of the Conversion Agreement***

On 27 September 2023 (after trading hours), the Company entered into the Conversion Agreement with Greenland Financial, pursuant to which the Company agreed to allot and issue and Greenland Financial agreed to subscribe for 1,979,000,000 Conversion Shares at the Issue Price of HK\$0.1 per Conversion Share in settlement of the amount of HK\$197.9 million out of the Greenland Debt (including accrued interest) due from the Company to Greenland Financial.

The indebtedness due from the Company to Greenland Financial was accumulated from the unpaid principal and accrued interest under the 2022 Note issued by the Company to Greenland Financial. The 2022 Note was originally due on 15 January 2023 but subsequently extended to 15 January 2024 by a deed of consent executed by Greenland Financial on 14 January 2023 in considering the tight liquidity of the Group. The 2022 Note was issued by the Company in compliance with Rule 14A.90 of the Listing Rules.

Upon the Conversion Completion, the indebtedness of HK\$197.9 million that is subject to the Conversion between the Company and Greenland Financial shall be settled, such that the Company shall be discharged and released from the relevant repayment obligations of such indebtedness.

### **4. *Reasons and benefits of the Conversion***

#### *Financial Performance and Challenges*

As disclosed in the 2022 Annual Report, the company faced challenges in 2022 due to (i) the digestion of PPP projects that were signed earlier and a slow-down in EPC tendering activities; and (ii) the competition in the segment intensified as more environmental and sanitation enterprises expanded into landscaping and maintenance. With reference to the financial performances of the Group as discussed above and as of 30 June 2023, the Group reported a net current liabilities position of approximately RMB514.9 million and held interest-bearing debt (inclusive of accrued interest) amounting to roughly RMB389.4 million. As of 31 July 2023, the Company owed approximately RMB286.5 million (equivalent to around HK\$308.1 million) to Greenland Financial which was classified as a current liability.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As mentioned above, the Greenland Debt, comprising the accumulated unpaid principal and accrued interest under the 2022 Note, originally had a maturity date of 15 January 2023 but subsequently extended to 15 January 2024 by Greenland Financial in 2023 in considering the Group's tight liquidity situation. Given the current financial standing of the Group, repaying the Greenland Debt without further financing activities is unviable.

Upon our enquiry and with reference to the Letter from the Board, we noted that discussions have taken place with Greenland Financial regarding the possibility of extending the Greenland Debt, but the feedback has been negative, considering the Group's financial position and the additional burden that would be imposed by the finance costs of extra interest-bearing debts on the Group, the Conversion represents a good opportunity to reduce interest-bearing debt and lower the finance cost of the Group.

### *Financing alternatives*

As detailed in the Letter from the Board, subsequent to Broad Landscape International's completion of the Share Disposal, Greenland Financial has consequently emerged as the single largest shareholder of the Company, holding no more than 30% of the Company's shares.

With reference to the Letter from the Board and our discussions with the Board, the Board has explored various fundraising methods beyond the Conversion. Regarding debt financing, the Board considers it commercially unfeasible to secure additional debt financing from third parties without additional guarantees from a credible controlling shareholder of the Company and/or asset pledges. We have reviewed the 2022 Annual Report and the 2023 Interim Report, the finance cost of the Group was approximately RMB56.4 million for FY2022 and RMB20.7 million for 1H2023. As at 31 December 2022, the Group had total borrowings of approximately RMB234.4 million as well as corporate bonds of approximately RMB207.3 million while cash and cash equivalents were approximately RMB2.8 million. In face of the net loss recorded for FY2022 and 1H2023 with net current liability position as at 31 December 2022 and 30 June 2023, further debt financing or borrowing would incur additional finance costs and worsen the gearing level of the Group. Therefore, given the financial performance of the Group as mentioned, we are of view that, the possibility of refinancing with favorable terms would be difficult. In fact, the Hong Kong prime lending rate has increased to 6.125% per annum in July 2023 from approximately 5.375% per annum in September 2022 according to The Hong Kong Mortgage Corporation Limited. Nevertheless, it is difficult for Greenland Financial to provide continuous guarantees or financial support to companies other than its subsidiaries. Therefore, facilitating Greenland Financial's transition to become the Company's controlling shareholder through the Conversion is seen as advantageous for the Company's financial stability and business advancement. This move would enhance the Group's credit profile and potentially enable financial support from Greenland Financial. Regarding equity financing options, given the Group's current

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

financial performance, the limited liquidity of its shares, and the Company's market capitalization, the Board believes it is impractical to identify placement agents, rights issue or open offer subscribers capable of raising sufficient funds to repay the Greenland Debt without a significant discount on the market price per Share. The Company approached two securities firms in 2023 regarding the possibility of a placing of new shares of the Company raising funds ranging from HK\$100 million to HK\$300 million but both securities firms rejected the Company. The Company also considered that unless an open offer with a very high offer ratio is proposed, it is highly unlikely that it could raise enough capital to address the imminent cash needs of the Company and given the grave financial difficulty of the Company, the Company considered that the prospects in securing any underwriter for a high offer ratio open offer or attracting the existing Shareholders to take up their entitlements is extremely thin. Based on our desktop research for the recent three months, we identified 6 rights issues, which are exhaustive, ranging from discount of 19.3% to 50.8%, with an average discount of 32.2% to the close price on the Last Trading Day, which is higher when compared to the Conversion Shares, with discount of approximately 16.67% to the close price on the Last Trading Day. We consider the review period is fair and reasonable to provide a general reference for the recent market practice which has also provided reasonable number of samples for our analysis purpose. Additionally, the Directors consider that these fundraising methods would incur costly placement or underwriting commissions and involve a relatively time-consuming process.

Having taken into account the above, including (i) the challenges that have impeded the Group's ability to generate sufficient revenue for repaying the Greenland Debt; (ii) the Conversion will reduce the overall short-term interest-bearing debt and lower the finance cost of the Group, thus enhancing its financial position; (iii) the Conversion emerging as the preferred choice among alternatives; (iv) the potential benefits of introducing Greenland Financial as the controlling shareholder, Greenland Financial is indirectly wholly owned by Greenland, whose shares are listed on Shanghai Stock Exchange (Stock code: 600606). Greenland is a globally diversified conglomerate principally engaged in four business sectors, i.e. (i) property development, (ii) infrastructure construction, (iii) financial investment and (iv) consumer business. Greenland ranked 205th on the 2023 Fortune Global 500 List. According to the 2022 annual report of Greenland, the total revenue of Greenland amounted to approximately RMB436 billion and its total assets and net assets amounted to approximately RMB1,365 billion and RMB160 billion respectively, the Directors are of the view that the Group is able to leverage on extensive industry connections and resources of Greenland to support the business of the Company and may be able to receive further financial assistance from Greenland once it becomes its subsidiary after the Conversion; and (v) the latest published financial position of the Group as set out under section headed "1. Background and Financial Information of the Group" in this letter above, we consider that the Conversion is in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### **5. *Future intention of Greenland Financial regarding the Group***

Greenland Financial intends to continue the existing principal businesses of the Group. It has no intention to (i) discontinue the employment of any employees of the Group; or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

Greenland Financial will conduct a review of the existing principal businesses, operations, financial position, investments, proposed investments of the Group for the purpose of formulating long-term business plans and strategies for the future business development of the Group. Greenland Financial does not intend to downsize or change the scale of the existing principal businesses of the Group but will consider diversifying the existing principal businesses of the Group when and where appropriate. As of the date of this circular, there is no concrete plan or timeline for such diversification. In the short term, Greenland Financial intends to focus on accelerating the collection of trade receivables of the Company to enhance its cash flow.

Greenland Financial also intends to maintain the listing of the Shares on the Main Board following the Conversion Completion and the Settlement Completion.

### **6. *Principal terms of the Conversion***

#### *Parties under the Conversion Agreement*

- (i) the Company, being the issuer; and
- (ii) Greenland Financial, being the subscriber.

#### *The Issue Price*

The Issue Price is HK\$0.1 per Conversion Share represents:

- (i) a premium of approximately 5.26% to the closing price of HK\$0.095 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 16.67% to the closing price of HK\$0.120 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 6.54% to the average closing price of HK\$0.107 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 12.28% to the average closing price of HK\$0.114 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (v) a discount of approximately 15.25% to the average closing price of HK\$0.118 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;
- (vi) a discount of approximately 44.81% to the audited net asset value attributable to owners of the Company as at 31 December 2022 of approximately HK\$0.1812 per Share; and
- (vii) a discount of approximately 42.30% to the unaudited net asset value attributable to owners of the Company as at 30 June 2023 of approximately HK\$0.1773 per Share.

The Issue Price was arrived after arm's length negotiations between the Company, Greenland Financial and the Creditors with reference to the financial performance and financial position of the Group, the market performance and the trading performance of the Shares.

### *The Conversion Shares*

Subject to fulfillment of the conditions precedent of the Conversion Agreement set out below, the Company shall allot and issue 1,979,000,000 Conversion Shares to Greenland Financial, representing, respectively, (i) approximately 59.21% of the issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 37.19% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares solely (assuming there will be no other change in the number of issued Shares of the Company between the Latest Practicable Date and the date of the Conversion Completion save for the allotment and issue of the Conversion Shares); and (iii) approximately 33.99% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares and the Settlement Shares (assuming there will be no other change in the number of issued Shares of the Company between the Latest Practicable Date and the date of the Conversion Completion and the Settlement Completion, save for the allotment and issue of the Conversion Shares and the Settlement Shares).

### *Conditions Precedent to the Conversion Agreement*

The Conversion Agreement is conditional upon:

- (a) the passing of the resolution(s) at the EGM by the Independent Shareholders to approve the Conversion Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Conversion Shares to allot and issue the Conversion Shares, and the Whitewash Waiver;

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (b) the Stock Exchange granting or agreeing to grant a listing of, and permission to deal in, the Conversion Shares to be issued (and such listing and permission not being subsequently revoked prior to the Conversion Completion);
- (c) the Executive granting the Whitewash Waiver in respect of the transactions contemplated under the Conversion Agreement;
- (d) the Company and Greenland Financial having received all the required consents and approvals in respect of the Conversion Agreement and the transactions contemplated thereunder; and
- (e) the representations, warranties and undertakings of the Company and Greenland Financial in the Conversion Agreement remain true, accurate and complete in all material respects immediately before the satisfaction of the last aforementioned conditions precedent.

Other than conditions precedent (a) to (c) above, there is no other foreseeable consents and approvals required in respect of the Conversion Agreement and the transactions contemplated thereunder as at the Latest Practicable Date. Save for conditions precedent (d) and (e) as stated above, which can be waived by the parties under the Conversion Agreement to the extent that would not render the Conversion Completion illegal, none of the above conditions precedent can be waived by any party to the Conversion Agreement. If any of the conditions precedent (a) to (c) as stated above are not satisfied, and in the case of conditions precedent (d) and (e) as stated above not satisfied or waived by the parties to the Conversion Agreement, by the Long Stop Date, the Conversion Agreement shall be terminated forthwith.

For the avoidance of doubt, the Conversion Agreement is not conditional upon the execution of the Settlement Agreements nor the Settlement Completion.

### *The Conversion Completion*

The Conversion Completion shall take place on the third Business Day after the date on which all the conditions precedent to the Conversion Agreement set out above have been satisfied or waived (as the case may be). In the event that the conditions precedent are not satisfied (or waived, as the case may be) by the Long Stop Date, the Conversion Agreement shall be terminated forthwith.

### *Ranking of the Conversion Shares*

The Conversion Shares shall rank *pari passu* in all respects inter se and with all existing Shares in issue as at the date of the Conversion Completion, including all rights as to dividends, voting and return of capital.

### *Application for Listing*

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

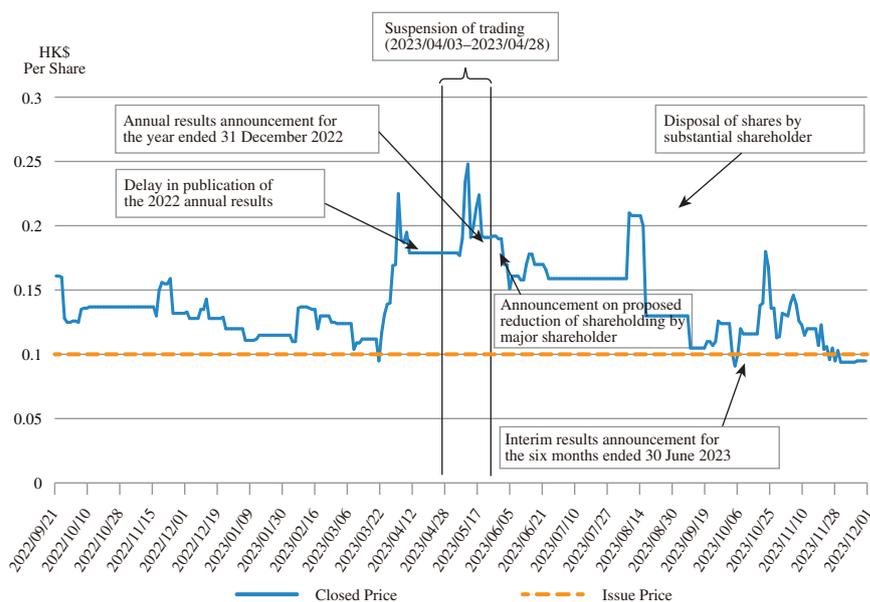
## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### 7. Analysis on the Issue Price

With reference to the Letter from the Board, the Issue Price per Conversion Share was determined after arm’s length negotiations between the Company and Greenland Financial with reference to the financial performance and financial position of the Group, the market performance and the trading performance of the Shares. In order to assess the fairness and reasonableness of the Issue Price of the Conversion, we conducted the following analysis:

i. Analysis on the performance of the historical closing share price

Set out below is a chart showing the movement of the closing prices of the Shares during the period from 27 September 2022, being 12 months immediately preceding the Last Trading Day, to the Latest Practicable Date (the “Share Review Period”). We consider that the Share Review Period, (i) is appropriate for illustration of the general trend and level of movement of the daily closing prices of the Shares which can reflect the correlation between the recent business performance of the Company and the latest market reaction in the Share price; (ii) is long enough to avoid any short-term fluctuation which may distort our analysis; and (iii) is sufficient and a common market practice. The comparison of closing prices of the Shares and Issue Price of the Conversion is illustrated as follows:



Source: the Stock Exchange’s website

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As depicted from the above chart, the closing prices of the Shares fluctuated between HK\$0.161 and HK\$0.095 from 21 September 2022 to 16 March 2023. Subsequently, the closing prices of the Shares formed a general uprising trend and reached HK\$0.225 on 27 March 2023. We have discussed with the Company regarding the increasing trend of the Share price and were advised that they are not aware of any particular reason that led to the increase in the price of the Shares. Then the closing prices of the Shares slide down and the trading of the Shares was suspended from 3 April 2023 up to and including 28 April 2023 (the “**Suspension Period**”), due to the delay in the release of the consolidated annual results of the Group for the year ended 31 December 2022. When trading resumed on 2 May 2023 and after the Company issued an announcement dated 3 May 2023 in relation to the proposed reduction of shareholding by major shareholder, the price spiked to HK\$0.248 on 5 May 2023 before sliding down again. As discussed with the Company, the management did not identify any specific reasons for the movements of the closing prices of the Shares from HK\$0.177 as at 2 May 2023 to HK\$0.248 as at 5 May 2023. From mid-May to late July 2023, the price stabilized between HK\$0.17 to HK\$0.19, before increasing to HK\$0.21 on July 31 2023 and then decreasing to HK\$0.091 on 25 September 2023. We have discussed with the Company regarding the decreasing trend of the Share price and were advised that it is likely due to the market reaction to (i) the disposal of shares by substantial shareholder on 31 July 2023; and (ii) the 2023 interim results announcement on 31 August 2023. The price recovered back to HK\$0.12 in October 2023 but remained volatile, trading in a range between HK\$0.113 and HK\$0.146 during the month. We have discussed the issue of share price volatility with the Company, and they have indicated that they are not aware of any specific reasons that have contributed to the volatility in the share price. As at the Last Trading Day, the share price closed at HK\$0.120, near the lower end of the trading range for the year.

During the Share Review Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.248 per Share recorded on 5 May 2023 and HK\$0.091 recorded on 25 September 2023, with an average closing price of approximately HK\$0.141 per Share (the “**Average Closing Price**”). The Issue Price of the Conversion of HK\$0.1 represents (i) a premium of approximately 9.89% over the lowest closing prices of HK\$0.091 per Share; (ii) a discount of approximately 59.68% to the highest closing prices of HK\$0.248 per Share; and (iii) a discount of approximately 29.08% to the Average Closing Price of approximately HK\$0.141 per Share.

Taking into consideration that (i) although there was only a brief period of time, specifically 11 days, where the closing price fell below the issue price throughout the Share Review Period, the Issue Price of the Conversion falls within the closing price range during the Share Review Period, we have also observed that the closing price of the Shares formed a general decreasing trend since May 2023; and (ii) the closing price of the Shares is trading near the lower end of the trading range for the year, despite the Issue Price of the Conversion represents a discount to the Average Closing Price, we are of the view that the Issue Price of the Conversion is fair and reasonable.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### ii. Analysis on the trading liquidity of the Shares during the Share Review Period

As part of our assessment on the Issue Price of the Conversion, we have also conducted analysis on the trading liquidity of the Shares during the Share Review Period and set forth below a summary of (a) the monthly total trading volume of Shares; (b) the average daily trading volume of Shares of each month/period; (c) the average daily trading volume as a percentage of the then total number of Shares issued of each month/period; and (d) the average daily trading volume as a percentage of the total number of Shares in public hands of each month/period:

Share Review Period	Total trading volume of Shares of the month/ period	Number of trading days of the month/ period	Average daily trading volume of Shares of the month/ period	Average daily trading volume as a percentage of the then total number of Shares issued <sup>(Note 1)</sup>	Average daily trading volume as a percentage of the then total number of Shares held by other Shareholders <sup>(Note 2)</sup>
	<i>Number of Shares</i>	<i>Days</i>	<i>Number of Shares</i>	<i>Approximate percentage (rounded to 4 decimal places)</i>	<i>Approximate percentage (rounded to 4 decimal places)</i>
<b>2022</b>					
September (commenced from 27 September 2022)	76,000	4	19,000	0.0006%	0.0023%
October	340,000	18	18,889	0.0006%	0.0023%
November	996,000	22	45,273	0.0014%	0.0055%
December	2,430,000	20	121,500	0.0036%	0.0148%
<b>2023</b>					
January	160,000	18	8,889	0.0003%	0.0011%
February	1,308,000	19	68,842	0.0021%	0.0084%
March	23,316,000	23	1,013,739	0.0303%	0.1239%
April <sup>(Note 3)</sup>	0	0	0	0.0000%	0.0000%
May	11,120,000	21	529,524	0.0158%	0.0647%
June	1,572,000	21	74,857	0.0022%	0.0091%
July	40,000	20	2,000	0.0001%	0.0002%
August	120,000	23	5,217	0.0002%	0.0004%
September (including the Last Trading Day)	7,216,000	19	379,789	0.0114%	0.0291%
October	4,064,500	20	203,225	0.0061%	0.0156%
November	3,408,000	22	154,909	0.0046%	0.0116%
December (up to the Latest Practicable Date)	0	1	0	0%	0%
<b>Average</b>				<b>0.0050%</b>	<b>0.0181%</b>
<b>Maximum</b>				<b>0.0303%</b>	<b>0.1239%</b>
<b>Minimum</b>				<b>0%</b>	<b>0%</b>

*Notes:*

- (1) Calculated based on the total number of Shares in issue at the respective month/period end.
- (2) Calculated based on the total number of the Shares held by other public shareholders at the respective month/period end.
- (3) During the Share Review Period, the trading in the Shares had been halted since 3 April 2023 and was resumed on 2 May 2023.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As shown in the table provided, and excluding April when trading was halted entirely, the average daily trading volume of the Shares demonstrated considerable low liquidity throughout the Share Review Period. It ranged from nil Share in December 2023 to 1,013,739 Shares in March 2023. In terms of percentage of total outstanding Shares at the time, this translates to an average daily trading volume of 0% (in December 2023) to approximately 0.0303% (in March 2023). In relation to Shares held by public shareholders, this range was 0% (in December 2023) to approximately 0.1239% (in March 2023). As per our discussion with the Company, the management did not identify any specific reasons for the sudden increase in trading volume in March. Overall, this indicates that liquidity for the Shares has generally been limited during the Share Review Period, suggesting challenges for the Company in pursuing significant equity financing alternatives.

Considering the relatively low trading volume, potential equity investors may have concerns about the potential impact of selling a large block of Shares on the open market, fearing that it could lead to a significant drop in the Share price. Consequently, these investors are likely to request a substantial discount on the issue price for any substantial equity financing initiatives the Company might contemplate in the absence of the Conversion, such as placement of new Shares, a rights issue, or an open offer.

iii. *Analysis on transactions which involved the issuance of shares under specific mandate and whitewash waiver, for the settlement of indebtedness*

In evaluating the fairness and reasonableness of the Issue Price, we conducted a comparative analysis using the following criteria:

- (a) Transactions involving (i) the subscription or placement of new shares issued under a specific mandate, with at least 90% of the proceeds allocated for settling indebtedness and (ii) whitewash waiver, given that 100% of the proceeds from the Conversion are allocated for the settlement of the outstanding debts, we considered it is reasonable for considering those transactions with majority of the proceeds allocated for the settlement of indebtedness as comparables.
- (b) The announcements related to these transactions were made by companies listed on the Main Board within the period beginning twelve months prior to the Last Trading Day (i.e., 27 September 2022) and extending up to and including the Latest Practicable Date (i.e., 1 December 2023).
- (c) Companies with a single class of listed shares were considered, excluding those with dual listings or having both listed A Shares and H Shares, as the trading prices of these different share classes may vary.
- (d) The subject transactions had obtained the necessary approval from independent shareholders.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the above, we have thus identified 2 transactions by searching through published information on the Stock Exchange's website. Given the limited number of comparable transactions, in an effort to procure a more extensive and representative sample size, we have prolonged the review period to a period of two years prior to and including the Last Trading Day, specifically, from 27 September 2021, up to and including the Latest Practicable Date, while maintaining all other criteria unchanged. On this basis, we have identified an exhaustive list of 4 comparable transactions (the "**Comparable Transactions**"). Although the Comparable Transactions can involve listed companies with varying backgrounds, business natures, financial performance, financial positions and size, with the subscription amount ranging from approximately HK\$149.8 million to approximately HK\$1.4 billion, (i) the selection of Comparable Transactions is based on the fundamental characteristics of the Conversion, specifically the issuance of shares under a specific mandate with a whitewash application for settling indebtedness, and (ii) the chosen review period provides ample comparables within a recent timeframe, up to and including the Latest Practicable Date. Therefore, we consider the aforementioned selection criteria to be reasonable, and the Comparable Transactions to be a representative sample which can serve as a useful general market reference for recent market practices related to the terms of issuing shares under specific mandates with a whitewash waiver for settling indebtedness. We have set out our analysis in the following table:

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of announcement/circular	Name of Company (Stock code)	Principal activities	Market Capitalisation as at the Last Trading Day (HK\$)	Size of fund raised and percentage of use of proceed for the settlement of indebtedness	Premium/(Discount) of subscription price over/to the closing price on the last trading day <sup>(note 1)</sup>	Premium/(Discount) over/to the Average closing price of the last 5 trading days up to and including the last trading day <sup>(note 2)</sup>	Premium/(Discount) of subscription price over/to the Average closing price of the last 10 trading days up to and including the last trading day <sup>(note 3)</sup>	Maximum dilution effect to the existing public shareholders attributable to the subject subscription agreement
12 June 2023, 30 August 2023	VPower Group International Holdings Limited ("VPower Group") (Stock code: 1608)	Principal businesses include (i) system integration (i.e. designing, integrating and selling gen-sets and power generation systems); and (ii) investment, building and operating business (i.e. designing, investing in, building and operating DFG stations for off-takers).	4,344,047,841	Approximately HK\$1.4 billion, with the entire net proceeds directed toward settling the debts and liabilities of VPower Group	2.44	5.00	7.69	21.76 <sup>(note 3)</sup>
28 April 2023, 28 July 2023	Energy International Investments Holdings Limited ("Energy International") (Stock code: 353)	Principal activities include oil and liquefied chemical terminal (together with its storage and logistics facilities) and the provision of agency services and trading of oil and liquefied chemical products in the PRC, and insurance brokerage service in Hong Kong.	1,112,979,777	Approximately HK\$149.8 million, with the entire net proceeds directed toward settling the debts and liabilities of Energy International	(5.50)	(8.40)	(7.60)	23.35
26 September 2022, 31 October 2022	Beijing Gas Blue Sky Holdings Limited ("Beijing Gas") (Stock code: 6828)	An integrated natural gas provider and distributor that offers innovative and diversified clean energy solution in the PRC.	1,477,847,456	An amount of HK\$500 million, with more than 90% of the net proceeds directed toward settling bank borrowings, corporate bonds, and other borrowings of Beijing Gas	(23.81)	(31.03)	(31.62)	28.63 <sup>(note 4)</sup>
13 September 2022, 23 June 2023	Fullsun International Holdings Group Co., Limited ("Fullsun") (Stock code: 627) (note 5)	Principally engaged in the development and sale of residential and commercial properties in the PRC including Hong Kong.	710,336,631	Approximately HK\$168 million, with the entire net proceeds directed toward settling the debts and liabilities of Fullsun	(93.58)	(92.16)	(92.31)	40.06
				Maximum (premium) (excluding outlier):	2.44	5.00	7.69	Max dilution effect: 28.63
				Maximum (discount) (excluding outlier):	(23.81)	(31.03)	(31.62)	Min dilution effect: 21.76
				Average (discount) (excluding outlier):	(8.96)	(11.48)	(10.51)	Average dilution effect: 24.58
	The Company		401,104,435		(16.67)	(6.54)	(12.28)	7.10

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*Notes:*

- (1) Premium/discount of subscription price over/to the average closing price per share for (i) the last five trading days; and (ii) the last ten trading days up to and including the last trading day, are commonly adopted perimeters for assessing the fairness and reasonableness of the subscription price for similar transactions in the market. Premium/discount percentages are rounded to two decimal places, where applicable.
- (2) The maximum dilution effect to public shareholders (excluding those required to be abstained from voting on the resolution(s) for the approval of the subject transaction) as a result of the subject transaction(s) is calculated based on (i) the percentage shareholding held by public shareholders as at the latest practicable date set out in the transaction circular, less (ii) the percentage shareholding to be held by public shareholders upon the completion of the subject transaction as set out in the transaction circular.
- (3) The maximum dilution effect to the existing public shareholders takes into account the dilution effects of the transaction which involved (i) the issuance of new shares under specific mandate and whitewash waiver, the entire net proceeds of which are applied toward the repayment of indebtedness of the subject listed company; and (ii) the issuance of new shares to maintain the public float of share by way of placing.
- (4) The maximum dilution effect to the existing public shareholders takes into account the dilution effects of the transaction which involved (i) the issuance of new shares upon the conversion of the convertible bond; (ii) the issuance of consideration shares for the acquisition; (iii) the issuance of new shares under specific mandate; and (iv) whitewash waiver.
- (5) As the discount of the subscription price to (i) the closing price per share on the last trading day; (ii) the average closing price of the last five trading days up to and including the last trading day; and (iii) the average closing price of the last ten trading days up to and including the last trading day are more than one standard deviations above the average discount, Fullsun is considered as outlier and has been excluded for analysis purpose.

The subscription price of the Comparable Transactions (excluding outlier) ranged from (i) a discount of approximately 23.81% to a premium of approximately 2.44% to the closing price on the last trading day (the “**Market Range**”) with an average discount of approximately 8.96%; (ii) a discount of approximately 31.03% to a premium of approximately 5.00% to the average closing price of the last five trading days up to and including the last trading day (the “**5-day Market Range**”) with an average discount of approximately 11.48%; and (iii) a discount of approximately 31.62% to a premium of approximately 7.69% to the average closing price of the last ten trading days up to and including the last trading day (the “**10-day Market Range**”) with an average discount of approximately 10.51%.

The discounts of the Issue Price to the closing price on the Last Trading Day, the average closing price of the last five trading days up to and including the Last Trading Day and the average closing price of the last ten trading days up to and including the Last Trading Day of 16.67%, 6.54% and 12.28% respectively fall within the corresponding Market Range, 5-day Market Range and 10-day Market Range.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The discount of the Issue Price to the closing price on the Last Trading Day is larger than the average discount of the corresponding Market Range. Nevertheless, the discounts of the Issue Price to the average closing price of the last five trading days up to and including the Last Trading Day and the average closing price of the last ten trading days up to and including the Last Trading Day are below the average discount of corresponding 5-day Market Range and 10-day Market Range.

On this basis, our analysis above supports that the Issue Price is fair and reasonable.

#### *iv. Trading multiple analysis of P/S Ratio and P/B Ratio*

In order to further enhance our comprehensive evaluation and analysis, we have conducted additional assessments of the Company's trading multiples to reinforce the validity and fairness of the Issue Price. Within this context, our considerations encompassed two key metrics: (a) the implied price-to-earnings ratio (the "**P/E Ratio**"); and (b) the implied price-to-book ratio (the "**P/B Ratio**") of the Company, both calculated based on the Issue Price.

However, as the Group's recorded loss attributable to its owners for the year ended 31 December 2022, the P/E Ratio analysis is not applicable. In light of this, as an alternative approach to the P/E Ratio analysis and with the aim of providing more tailored insights for companies experiencing losses, we have incorporated the price-to-sales ratio (the "**P/S Ratio**") into our analysis. This metric serves as a valuable benchmark for assessing the valuation of companies operating at a loss.

In light of the Group's core businesses and the Company's market capitalization as of the Last Trading Day, we have conducted market research for the selection of comparable companies to guide our analysis based on the following selection criteria: (i) the shares of the companies are listed on the Main Board; (ii) the companies which are principally engaged in similar line of business as the Group, being principally engaged in the service of landscape design and gardening and the related service; (iii) the companies with market capitalization as at the Last Trading Day of not less than HK\$100 million and not more than HK\$800 million, represents approximately double of the market capitalization of the Company which was approximately HK\$401 million based on the closing price per Share as at the Last Trading Day quoted on the Stock Exchange, as Hong Kong listed companies with market capitalization far different from the Company may affect comparability; and (iv) the trading of shares of the companies were not suspended on the Last Trading Day (the "**Initial Trading Multiple Criteria**").

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

However, given the business of the Group is niche in nature, only one market comparable, Chanhigh Holdings Limited. (the “**Initial Market Comparable**”) was identified based on the Initial Trading Multiple Criteria, from the Stock Exchange’s website and Bloomberg, we, therefore, expanded our review to companies with principal activities that are primarily engaged in construction service and provision of design and maintenance service, which are broadly comparable to the business of the Group and we have identified an exhaustive list of five comparable companies (the “**Market Comparables**”). Having taken into account that (i) landscape services, which include building retaining walls and constructing outdoor structures, closely align with construction services, and (ii) the P/B and P/S ratios of the Initial Market Comparable are at levels similar to the corresponding median of Market Comparables, therefore we considered that the Market Comparables are representative of the market as a whole. Set out in the following table the details of the Market Comparables:

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company Name (Stock Code)	Principal Business	Market Capitalisation as at the date of Conversion Agreement	P/B Ratio on the date of the Conversion Agreement <sup>(note 1)</sup> (unaudited NAV)	P/S Ratio on the date of the Conversion Agreement <sup>(note 2)</sup> (unaudited NAV)	P/S Ratio on the date of the Conversion Agreement <sup>(note 3)</sup>	P/B Ratio on the Latest Practicable Date <sup>(note 4)</sup>	P/B Ratio on the Latest Practicable Date (unaudited NAV) <sup>(note 5)</sup>	P/S Ratio on the Latest Practicable Date <sup>(note 6)</sup>
Jujiang Construction Group Co., Ltd. Co., Ltd. ("Jujiang Construction") (1459)	Jujiang Construction Group Co., Ltd. focuses on construction contracting. It has two segments: one for architectural construction services (building, foundation, etc.) and the other for additional services like design, consulting, and material sales.	277,347,200	0.156	0.155	0.030	0.153	0.152	0.029
CHANHIGH HOLDINGS LTD. ("CHANHIGH HOLDINGS") (2017)	Chanhigh Holdings Limited primarily offers municipal landscaping and construction services through four segments: Landscape Construction, Municipal Works Construction, Building Works Construction, and Other Services, including maintenance and heritage restoration.	173,180,560	0.169	0.167	0.079	0.181	0.179	0.085
JIANZHONG CONSTRUCTION DEVELOPMENT LTD. ("JIANZHONG CONSTRUCTION") (589)	JIANZHONG CONSTRUCTION DEVELOPMENT LIMITED is an investment company specializing in construction services in mainland China, including foundation work, formwork, sewage treatment, and more. They operate through four segments, primarily in the Chinese market.	140,000,000	0.168	0.185	0.247	0.187	0.206	0.276
ZHONGTIAN CONSTRUCTION (HUNAN) GROUP LTD. ("ZHONGTIAN CONSTRUCTION") (2433)	Zhongtian Construction Hunan Group Ltd is a holding company that specializes in construction contracting in the domestic market, including civil building construction, municipal works, foundation works, and construction machinery services.	153,600,000	0.395	0.293	0.075	0.315	0.234	0.06

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company Name (Stock Code)	Principal Business	Market Capitalisation as at the date of Conversion Agreement	P/B Ratio on the date of the Conversion Agreement <sup>(note 1)</sup>	P/B Ratio on the date of the Conversion Agreement <sup>(note 2)</sup> (unaudited NAV)	P/S Ratio on the date of the Conversion Agreement <sup>(note 3)</sup>	P/B Ratio on the Latest Practicable Date <sup>(note 4)</sup>	P/B Ratio on the Latest Practicable Date (unaudited NAV) <sup>(note 5)</sup>	P/S Ratio on the Latest Practicable Date <sup>(note 6)</sup>
WATTS INTERNATIONAL MARITIME CO. LTD. ("WATTS INTERNATIONAL MARITIME") (2258)	Watts International Maritime Co Ltd, formerly Watts International Maritime Engineering Ltd, is a Chinese company specializing in engineering construction, covering marine and municipal projects. They operate in both China and Southeast Asia.	174,159,400	0.220	0.219	0.078	0.207	0.206	0.073
<b>Maximum</b>		—	0.395	0.293	0.247	0.315	0.234	0.276
<b>Minimum</b>		—	0.156	0.155	0.030	0.153	0.152	0.029
<b>Average</b>		—	0.222	0.204	0.102	0.209	0.195	0.105
<b>Median</b>		—	0.169	0.185	0.078	0.187	0.206	0.073
<b>The Company (based on the Issue Price)</b>		401,104,435	0.628 <i>(note 7)</i>	0.655 <i>(note 8)</i>	3.399 <i>(note 9)</i>	0.628 <i>(note 10)</i>	0.655 <i>(note 11)</i>	3.399 <i>(note 12)</i>

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*Source:* The Website of Stock Exchange

*Notes:*

1. The P/B Ratio of the Market Comparables on the Last Trading Day (also being the date of the Conversion Agreement) were calculated as their closing prices as quoted on the Stock Exchange as at the Last Trading Day divided by their net asset value per share which were calculated based on the latest published audited net assets attributable to owners of the company from their respective latest published annual report and the total issued shares of the company as at the Last Trading Day.
2. The P/B Ratio of the Market Comparables on the Last Trading Day were calculated as their closing prices as quoted on the Stock Exchange as at the Last Trading Day divided by their net asset value per share which were calculated based on the latest published unaudited net assets attributable to owners of the company from their respective latest published interim report and the total issued shares of the company as at the Last Trading Day.
3. The P/S Ratio of the Market Comparables on the Last Trading Day were calculated as their closing prices as quoted on the Stock Exchange as at the Last Trading Day divided by their audited revenue from their respective latest published annual report and the total issued shares of the company as at the Last Trading Day.
4. The P/B Ratio of the Market Comparables on the Latest Practicable Date were calculated as their closing prices as quoted on the Stock Exchange as at the Latest Practicable Date divided by their net asset value per share which were calculated based on the latest published audited net assets attributable to owners of the company from their respective latest published annual report and the total issued shares of the company as at the Latest Practicable Date.
5. The P/B Ratio of the Market Comparables on the Latest Practicable Date were calculated as their closing prices as quoted on the Stock Exchange as at the Latest Practicable Date divided by their net asset value per share which were calculated based on the latest published unaudited net assets attributable to owners of the company from their respective latest published interim report and the total issued shares of the company as at the Latest Practicable Date.
6. The P/S Ratio of the Market Comparables on the Latest Practicable Date were calculated as their closing prices as quoted on the Stock Exchange as at the Latest Practicable Date divided by their audited revenue from their respective latest published annual report and the total issued shares of the company as at the Latest Practicable Date.
7. The implied P/B Ratio of the Company on the Last Trading Day was calculated as the Issue Price divided by its net asset value per share which were calculated based on the latest published audited net assets attributable to owners of the Company as at 31 December 2022 and the total issued Shares as at the Last Trading Day.
8. The implied P/B Ratio of the Company on the Last Trading Day was calculated as the Issue Price divided by its net asset value per share which were calculated based on the latest published unaudited net assets attributable to owners of the Company as at 30 June 2023 and the total issued Shares as at the Last Trading Day.
9. The implied P/S Ratio of the Company on the Last Trading Day was calculated as the Issue Price divided by the audited revenue of the Company for FY2022 and the total issued Shares as at the Last Trading Day.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

10. The implied P/B Ratio of the Company on the Latest Practicable Date was calculated as the Issue Price divided by its net asset value per share which were calculated based on the latest published audited net assets attributable to owners of the Company as at 31 December 2022 and the total issued Shares as at the Latest Practicable Date.
11. The implied P/B Ratio of the Company on the Latest Practicable Date was calculated as the Issue Price divided by its net asset value per share which were calculated based on the latest published unaudited net assets attributable to owners of the Company as at 30 June 2023 and the total issued Shares as at the Latest Practicable Date.
12. The implied P/S Ratio of the Company on the Latest Practicable Date was calculated as the Issue Price divided by the audited revenue of the Company for FY2022 and the total issued Shares as at the Latest Practicable Date.

As indicated in the above table, (i) the P/S Ratio on the date of the Conversion Agreement ranged from approximately 0.03 times to 0.247 times (“**Comparable P/S Ratio Range — Date of Conversion Agreement**”), with an average of approximately 0.102 times (“**Comparable P/S Ratio Average — Date of the Conversion Agreement**”); and a median of 0.078 times (“**Comparable P/S Ratio Median — Date of the Conversion Agreement**”); and (ii) the P/S Ratio on the date of the Latest Practicable Date ranged from approximately 0.029 times to 0.276 times (“**Comparable P/S Ratio Range — LPD**”), with an average of approximately 0.105 times (“**Comparable P/S Ratio Average — LPD**”); and a median of 0.073 times (“**Comparable P/S Ratio Median — LPD**”)

We note that the implied P/S Ratio of the Company is approximately 3.399 times. This falls outside the Comparable P/S Ratio Range — Date of Conversion Agreement and Comparable P/S Ratio Range — LPD, and is substantially higher when compared to (i) Comparable P/S Ratio Average — Date of the Conversion Agreement; (ii) Comparable P/S Ratio Median — Date of the Conversion Agreement; (iii) Comparable P/S Ratio Average — LPD and Comparable P/S Ratio Median — LPD, indicating higher valuation of the Company implied by the Issue Price. Independent Shareholders should be reminded that the Company’s revenue has experienced a significant decline for the year ended 31 December 2022. As a consequence, the outcome of the P/S ratio analysis may not accurately reflect the fairness and reasonableness of the Issue Price. To address this concern, we have also conducted a P/B ratio analysis, an alternative and commonly used approach for comparison purposes.

As indicated in the above table, (i) the P/B Ratio on the date of the Conversion Agreement ranged from approximately 0.156 times to 0.395 times (“**Comparable P/B Ratio Range — Date of Conversion Agreement**”), with an average of approximately 0.222 times (“**Comparable P/B Ratio Average — Date of the Conversion Agreement**”); and a median of 0.169 times (“**Comparable P/B Ratio Median — Date of the Conversion Agreement**”); and (ii) the P/B Ratio on the date of the Latest Practicable Date ranged from approximately 0.153 times to 0.315 times (“**Comparable**

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

**P/B Ratio Range — LPD**”), with an average of approximately 0.209 times (**“Comparable P/B Ratio Average — LPD”**); and a median of 0.187 times (**“Comparable P/B Ratio Median — LPD”**).

We note that the implied P/B Ratio of the Company is approximately 0.628 times. This is substantially higher when compared to (i) maximum of Comparable P/B Ratio Range — Date of Conversion Agreement; (ii) Comparable P/B Ratio Average — Date of the Conversion Agreement; (iii) the Comparable P/B Ratio Median — Date of the Conversion Agreement; (iv) maximum of Comparable P/B Ratio Range — LPD; (v) Comparable P/B Ratio Average — LPD; and (vi) the Comparable P/B Ratio Median — LPD, implying that the Issue Price gives a more favorable valuation from the Market Comparables analysis perspective.

To further enhance our analysis and obtain a more up-to-date P/B ratio, we have calculated the P/B ratio of the market comparables using the latest published unaudited net assets attributable to the owners of the company from their respective interim reports. As indicated in the above table, (i) the P/B Ratio on the date of the Conversion Agreement (unaudited NAV) ranged from approximately 0.155 times to 0.293 times (**“Comparable unaudited P/B Ratio Range — Date of Conversion Agreement”**), with an average of approximately 0.204 times (**“Comparable unaudited P/B Ratio Average — Date of the Conversion Agreement”**); and a median of 0.185 times (**“Comparable unaudited P/B Ratio Median — Date of the Conversion Agreement”**); and (ii) the P/B Ratio on the date of the Latest Practicable Date (unaudited NAV) ranged from approximately 0.152 times to 0.234 times (**“Comparable unaudited P/B Ratio Range — LPD”**), with an average of approximately 0.195 times (**“Comparable unaudited P/B Ratio Average — LPD”**); and a median of 0.206 times (**“Comparable unaudited P/B Ratio Median — LPD”**).

We note that the implied P/B Ratio (unaudited NAV) of the Company is approximately 0.655 times. This is substantially higher when compared to (i) maximum of Comparable unaudited P/B Ratio Range — Date of Conversion Agreement; (ii) Comparable unaudited P/B Ratio Average — Date of the Conversion Agreement; (iii) the Comparable unaudited P/B Ratio Median — Date of the Conversion Agreement; (iv) maximum of Comparable unaudited P/B Ratio Range — LPD; (v) Comparable unaudited P/B Ratio Average — LPD; and (vi) the Comparable unaudited P/B Ratio Median — LPD, implying that the Issue Price gives a more favorable valuation from the Market Comparables analysis perspective.

On this basis, we are of the view that the Issue Price is fair and reasonable.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### v. *Conclusion of our analysis and our view on the Issue Price*

Having considered (i) our analysis on the historical financial performance and position of the Group as set out under the section headed “1. Background and financial information of the Group” in this letter; (ii) the reasons and benefits of the Conversion as set out under the section headed “4. Reasons and benefits of the Conversion” in this letter; and (iii) the factors set out below (the “**Issue Price Assessment Factors**”):

- (a) Despite the Issue Price of the Conversion representing a discount to the Average Closing Price, (i) the Issue Price of the Conversion falls within the closing price range during the Share Review Period, (ii) the closing price of the Shares has exhibited a general decreasing trend since May 2023, and (iii) the closing price of the Shares is trading near the lower end of the range for the year. (details of which are set out under the subsection headed “*Analysis on the performance of the historical closing share price*”);
- (b) The relatively low liquidity for the Shares suggests challenges for the Company in pursuing significant equity financing alternatives (details of which are set out under the subsection headed “*Analysis on the trading liquidity of the Shares during the Share Review Period*”);
- (c) The discounts of the Issue Price to the closing price on the Last Trading Day, the average closing price of the last five trading days up to and including the Last Trading Day and the average closing price of the last ten trading days up to and including the Last Trading Day fall within the corresponding Market Range, 5-day Market Range and 10-day Market Range and below the average discount of corresponding Market Range, 5-day Market Range and 10-day Market Range. (details of which are set out under the subsection headed “*Analysis on transactions which involved the issuance of shares under specific mandate and whitewash waiver, for the settlement of indebtedness*”); and
- (d) the implied P/S Ratio and implied P/B Ratio are higher than the average and median value of the Market Comparables (details of which are set out under the subsection headed “*Trading multiple analysis of P/S Ratio and P/B Ratio*”).

We are of the view that the Issue Price is fair and reasonable.

**8. *Expected financial effects of the Conversion***

i. *Earning*

Save for the expenses relating to the Conversion, the Conversion will not have any immediate material impact on the earnings of the Company since the Conversion are equity transactions in nature. Hence, there will be no material effect on the earnings of the Company upon completion of the Conversion.

ii. *Effect on working capital*

Since the subscription amount of the Conversion Shares of HK\$197.9 million will be offset against the corresponding amounts of the Greenland Debt, there will be no additional cash or fund injected into the Company upon the Conversion Completion, which will have no material effect on the Group's cash position. In addition, the Greenland Debt which forms part of the current liabilities of the Group was offset by the subscription amount of the Conversion, the working capital position would therefore be improved after the Conversion Completion.

iii. *Effect on total Liabilities and net assets*

With reference to the 2023 Interim Report, the total liabilities and net assets of the Group as at 30 June 2023 were approximately RMB2,358.0 million and RMB567.1 million, respectively. On the basis that the Group has not incurred new borrowings and no other settlement has been made on the Group's liabilities since 1 July 2023 and up to the date of the Conversion Completion, the Group's total liabilities will be decreased by the amount of approximately HK\$197.9 million upon the Conversion Completion. On this basis, net assets value of the Group will also be enhanced by the same amount. We consider that the Conversion will result in an overall improvement on the Group's net assets position.

iv. *Effect on current ratio*

As set out in the 2023 Interim Report, the Group had current assets of approximately RMB1,477.9 million and current liabilities of approximately RMB1,992.7 million as at 30 June 2023. Accordingly, the current ratio of the Group (being the current assets divided by the current liabilities) as at 30 June 2023 was approximately 0.74 times. Upon the Conversion Completion, the current liabilities of the Group will be decreased by of the amount of approximately HK\$197.9 million that is subject to the Conversion, and hence the current ratio of the Group will be improved.

v. *Effect on gearing ratio*

Based on the 2023 Interim Report, the gearing ratio of the Group, calculated based on the net debt divided by the capital plus net debt, was approximately 74.89% as at 30 June 2023. Upon the Conversion Completion, the gearing ratio of the Group is expected

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

to improve accordingly, which was approximately 65.97%, as the total liabilities of the Group would be decreased by the amount of HK\$197.9 million and the total equity of the Group will be enlarged by the allotment and issue of the Conversion Shares.

### **9. *Effect on the shareholding interests of the public Shareholders***

With reference to the shareholding table in the paragraph headed “EFFECT ON THE SHAREHOLDING STRUCTURE” of the letter from the Board, the shareholding interests of the other public Shareholders was approximately 38.99% as at the Latest Practicable Date and such would be diluted to approximately 24.49% after the issue of the Conversion Shares solely, representing a dilution of approximately 14.5 percentage points.

Having considered factors including:

- (i) Reasons and benefits of the Conversion as set out in this letter, such as (a) the Conversion will reduce the overall short-term interest-bearing debt and lower the finance cost of the Group, thus enhancing its financial position; (b) the Conversion emerging as the preferred choice among alternatives; (c) the potential benefits of introducing Greenland Financial as the controlling shareholder, which aligns with the Company’s financial health and business development goals;
- (ii) Despite the potential long-term positive business prospect of the Company due to the PRC national policies, in considering the Group’s tight liquidity situation and historical financial performance and position of the Group, in particular, (a) the revenue of approximately RMB5.3 million for 1H2023, marking a substantial decline of approximately 94% compared to the corresponding period in 2022; (b) as at 30 June 2023, the Group recorded a net current liabilities position of approximately RMB514.9 million and held interest-bearing debt (inclusive of accrued interest) amounting to roughly RMB659.2 million); and (c) the Group recorded loss of approximately RMB422.3 million and RMB27.2 million for FY2022 and six months ended 30 June 2023, respectively.
- (iii) Issue Price Assessment Factors, in which we considered the Issue Price of the Conversion to be fair and reasonable.
- (iv) Our analysis on the expected financial effects of the Conversion as set out under the section headed “8. Expected financial effects of the Conversion” in this letter, reflecting the anticipated improvements stemming from the Conversion.

We are of the view that the level of dilution to the public Shareholders as a result of the Conversion is acceptable.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### **10. Application for the Whitewash Waiver**

As at the Latest Practicable Date, Greenland Financial and parties acting in concert with it are interested in 991,321,041 Shares, representing approximately 29.66% of the total issued share capital of the Company. For the avoidance of doubt, the Settlement Agreements being conditional upon the Conversion Completion. The Conversion, on the other hand, is not conditional upon the execution of the Settlement Agreements nor the Settlement Completion. The Conversion Completion and the Settlement Completion are expected to take place simultaneously, upon which the shareholding of Greenland Financial and parties acting in concert with it will increase from approximately 29.66% to (i) approximately 55.82% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares solely (assuming there will be no other change in the number of issued Shares of the Company between the Latest Practicable Date and the date of the Conversion Completion save for the allotment and issue of the Conversion Shares), or (ii) a maximum of approximately 51.02% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares and the Settlement Shares (assuming there will be no other change in the number of issued Shares of the Company between the Latest Practicable Date and the date of the Conversion Completion and the Settlement Completion, save for the allotment and issue of the Conversion Shares and the Settlement Shares), thereby triggering an obligation on Greenland Financial and parties acting in concert with it under Rule 26.1 of the Takeovers Code to make a mandatory general offer for all issued Shares and other securities of the Company not already owned or agreed to be acquired by it or parties acting in concert with it unless the Whitewash Waiver is obtained from the Executive.

In this regard, Greenland Financial has made an application to the Executive for the granting of the Whitewash Waiver in respect of the allotment and issue of the Conversion Shares pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, which, if granted, will be subject to the approval by at least 75% of the Independent Shareholders by way of poll at the EGM in respect of the Whitewash Waiver and the approval by more than 50% of the Independent Shareholders by way of poll at the EGM in respect of the Conversion Agreement and the Specific Mandate for Issue of Conversion Shares.

In accordance with the Listing Rules and the Takeovers Code, Greenland Financial and parties acting in concert with it and other Shareholders who are involved or interested in the Conversion, the Settlement, the transactions contemplated thereunder including the granting of the Specific Mandate for Issue of Conversion Shares and the Specific Mandate for Issue of Settlement Shares, and the Whitewash Waiver, shall abstain from voting on the respective resolutions at the EGM. Therefore, Greenland Financial and parties acting in concert with it, which are interested in a total of 991,321,041 Shares, representing approximately 29.66% of the total issued share capital of the Company as at the Latest Practicable Date, shall abstain from voting on the resolutions approving the Conversion Agreement and the transactions contemplated thereunder including the granting of the Specific Mandate for the issue of Conversion Shares, and the Whitewash Waiver at the EGM.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Given the Settlement Agreements being conditional upon the Conversion Completion and Eastern Greenstate International's involvement in the Settlement (i.e. Eastern Greenstate International assigned the debt owed by the Company to it to Inscription Capital, which became the underlying debt of the Settlement Agreement between the Company and Inscription Capital), each of Eastern Greenstate International and Broad Landscape International (being a party acting in concert with Eastern Greenstate International), has agreed to abstain from voting on the resolution(s) to be proposed at the EGM in relation to the Conversion Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate for Issue of Conversion Shares, and the Whitewash Waiver. As of the Latest Practicable Date, Eastern Greenstate International and Broad Landscape International are interested in a total of 731,484,703 Shares, representing approximately 21.88% of the total issued share capital of the Company.

As obtaining the Whitewash Waiver is one of the conditions precedent to the Conversion Agreement and the Settlement Agreements and such condition is not waivable, none of the Conversion Agreement and the Settlement Agreements will proceed if the Whitewash Waiver is not granted by the Executive, or is not approved by the Independent Shareholders at the EGM according to the requirements set out hereinabove.

If the Whitewash Waiver is approved by the Independent Shareholders, Greenland Financial and parties acting or presumed to be acting in concert with it will hold more than 50% of the voting rights of the Company, and they may further increase their holdings of voting rights of the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer. The Executive may or may not grant the Whitewash Waiver.

Having considered that (i) the aforesaid reasons for and benefits of the Conversion and that the Conversion is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole; and (ii) that the terms of the Conversion Agreement are fair and reasonable so far as the Independent Shareholders are concerned, we are of the opinion that the approval of the Whitewash Waiver, which is a prerequisite for the completion of the Conversion, is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

### **11. Recommendation**

Having taken into consideration of the factors and reasons as stated above, in particular

- i. the financial information of the Group (details of which are set out under the section headed "1. Background and financial information of the Group"),
- ii. the reasons and benefits of the Conversion (details of which are set out under the section headed "4. Reasons and benefits of the Conversion"),

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- iii. the anticipated financial improvements arising from the Conversion (details of which are set out under the section headed “8. Expected financial effects of the Conversion”),
- iv. the Issue Price is fair and reasonable (details of which are set out under the section headed “7. Analysis on the Issue Price”),
- v. the dilution effect of the Conversion on the shareholding interests of the other public Shareholders is acceptable given the benefits of the Conversion (details of which are set out under the section headed “9. Effect on the shareholding interests of the public Shareholders”),
- vi. the analysis on the fairness and reasonableness of the Whitewash Waiver (details of which are set out under the section headed “10. Application for the Whitewash Waiver”).

Based on the aforesaid, we are of the opinion that (i) the terms of the Conversion Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable as far as the Independent Shareholders are concerned; although the Conversion is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole; and (ii) the approval of the Whitewash Waiver, which is a prerequisite for the completion of the Conversion, is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Board Committees to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Conversion, and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully  
For and on behalf of  
**Euto Capital Partners Limited**  
**Wendy Liu**  
*Director*

*Ms. Wendy Liu (“Ms. Liu”) is a licensed person registered with SFC and regarded as a responsible officer of Type 6 (advising on corporate finance) of Euto Capital Partners Limited. Ms. Liu has been a responsible officer of Type 6 (advising on corporate finance) regulated activities under SFO since 2014 and has participated in and completed various independent financial advisory transactions in Hong Kong.*

## 1. FINANCIAL SUMMARY OF THE GROUP

The audited consolidated financial statements of the Group for each of the three years ended 31 December 2020, 2021 and 2022 and the unaudited consolidated financial statements for the six months ended 30 June 2023 are disclosed in the Company's annual reports for each of the three years ended 31 December 2020, 2021 and 2022 and interim report for the six months ended 30 June 2023, which can be accessed on both the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.greenland-broadgreenstate.com.cn>):

- (i) annual report of the Company for the year ended 31 December 2020 published on 20 April 2021, which can be accessed via the link at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0420/2021042000797.pdf>

- (ii) annual report of the Company for the year ended 31 December 2021 published on 28 April 2022, which can be accessed via the link at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042801444.pdf>

- (iii) annual report of the Company for the year ended 31 December 2022 published on 30 May 2023, which can be accessed via the link at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0530/2023053000380.pdf>

- (iv) interim report of the Company for the six months ended 30 June 2023 published on 26 September 2023, which can be accessed via the link at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0926/2023092600419.pdf>

Set out below is a summary of the financial information of the Group for each of the years ended 31 December 2020, 2021 and 2022 and for the six months ended 30 June 2023 respectively as extracted from the relevant annual reports and interim report of the Company.

	For the year ended 31 December			For the six months ended 30 June
	2020	2021	2022	2023
	(audited) RMB'000	(audited) RMB'000	(audited) RMB'000	(unaudited) RMB'000
<b>REVENUE</b>	676,161	267,498	109,275	5,267
Cost of sales	<u>(485,550)</u>	<u>(187,239)</u>	<u>(83,879)</u>	<u>(5,227)</u>
Gross profit	190,611	80,259	25,396	40
Other income and gains	19,087	30,250	22,569	12,324
Other expense	—	—	(1,397)	(1,806)
Administrative expenses	(54,699)	(51,122)	(29,282)	(17,620)
Impairment losses on financial and contract assets	(58,205)	(4,237)	(410,383)	(245)
Finance costs	(47,489)	(52,320)	(56,385)	(20,663)
Share of profits and losses of:				
Joint ventures	42,588	8,886	(33,294)	966
An associate	<u>2,153</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>(LOSS)/PROFIT BEFORE TAX</b>	94,046	11,716	(482,776)	(27,004)
Income tax expense	<u>(15,512)</u>	<u>(7,462)</u>	<u>60,429</u>	<u>(52)</u>
<b>(LOSS)/PROFIT FOR THE YEAR/ PERIOD</b>	<u><u>78,534</u></u>	<u><u>4,254</u></u>	<u><u>(422,347)</u></u>	<u><u>(27,056)</u></u>
Attributable to:				
Owners of the parent	78,295	4,542	(422,794)	(27,156)
Non-controlling interests	<u>239</u>	<u>(288)</u>	<u>447</u>	<u>100</u>
	<u><u>78,534</u></u>	<u><u>4,254</u></u>	<u><u>(422,347)</u></u>	<u><u>(27,056)</u></u>

	For the year ended 31 December			For the six months ended 30 June
	2020	2021	2022	2023
	(audited)	(audited)	(audited)	(unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>				
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	<u>33,396</u>	<u>15,809</u>	<u>(30,370)</u>	<u>2,826</u>
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	<u>33,396</u>	<u>15,809</u>	<u>(30,370)</u>	<u>2,826</u>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR/PERIOD, NET OF TAX</b>				
	<u>33,396</u>	<u>15,809</u>	<u>(30,370)</u>	<u>2,826</u>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR/PERIOD</b>				
	<u><u>111,930</u></u>	<u><u>20,063</u></u>	<u><u>(452,717)</u></u>	<u><u>(24,230)</u></u>
Total comprehensive (loss)/income Attributable to:				
Owners of the parent	111,691	20,351	(453,164)	(24,330)
Non-controlling interests	<u>239</u>	<u>(288)</u>	<u>447</u>	<u>100</u>
	<u><u>111,930</u></u>	<u><u>20,063</u></u>	<u><u>(452,717)</u></u>	<u><u>(24,230)</u></u>

	For the year ended 31 December			For the six months ended 30 June
	2020	2021	2022	2023
	(audited)	(audited)	(audited)	(unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
<b>(LOSS)/EARNINGS PER SHARE</b>				
<b>ATTRIBUTABLE TO</b>				
<b>ORDINARY EQUITY HOLDERS</b>				
<b>OF THE PARENT:</b>				
Basic				
	RMB0.23	RMB0.14	RMB(12.65)	RMB(0.81)
For (loss)/profit for the year/period	<u>cents</u>	<u>cents</u>	<u>cents</u>	<u>cents</u>
Diluted				
	RMB0.23	RMB0.14	RMB(12.65)	RMB(0.81)
For (loss)/profit for the year/period	<u>cents</u>	<u>cents</u>	<u>cents</u>	<u>cents</u>

No modified opinion, emphasis of matter or material uncertainty related to going concern was contained in the auditor's report of the Company for each of the years ended 31 December 2020, 2021 and 2022. There was no item of any income or expense which is material for each of the years ended 31 December 2020, 2021 and 2022 and for the six months ended 30 June 2023 respectively. No dividend was declared or paid for each of the years ended 31 December 2020, 2021 and 2022 and for the six months ended 30 June 2023 respectively.

## 2. INDEBTEDNESS

As at the close of business on 30 September 2023, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had the following indebtedness:

	RMB
Secured and guaranteed bank loans	171,500,000
Secured and unguaranteed bank loans	96,240,000
Other borrowings — secured and unguaranteed	60,000,000
Other borrowings — unsecured and unguaranteed	238,552,000
Corporate bonds — unsecured and unguaranteed	290,919,000
Lease liabilities — unsecured and unguaranteed	<u>25,905,000</u>
 Total outstanding debts	 <u><u>883,116,000</u></u>

### (i) Bank loans and overdrafts, other borrowings and corporate bonds

	<i>Notes</i>	Interest rates (%)	RMB
Secured and guaranteed bank loans	<i>(a)</i>	7.18	171,500,000
Secured and unguaranteed bank loans	<i>(b)</i>	4.6~6.0	96,240,000
Other borrowings — secured and unguaranteed	<i>(c)</i>	0.0	60,000,000
Other borrowings — unsecured and unguaranteed	<i>(d)</i>	0~12.0	238,552,000
Corporate bonds — unsecured and unguaranteed	<i>(e)</i>	12.0	290,919,000

(a) As at 30 September 2023, the Group had outstanding secured and guaranteed bank loans of RMB171,500,000, which were secured by contract assets with net book value of RMB377,529,000 of the Group and guaranteed by an independent third party.

(b) As at 30 September 2023, the Group had outstanding secured and unguaranteed bank loans of RMB96,240,000, which were secured by a building with net book value of RMB94,193,000 of the Group.

(c) As at 30 September 2023, the Group had outstanding secured and unguaranteed other borrowings of RMB60,000,000, which were secured by the Group's equity interest of 9.3974% in a listed company in the PRC.

- (d) As at 30 September 2023, the Group had outstanding unsecured and unguaranteed other borrowings of RMB238,552,000.
- (e) As at 30 September 2023, the Group had outstanding unsecured and unguaranteed Corporate bonds with a principal amounting to US\$30,000,000 (equivalent to approximately RMB218,736,000) and accrued interests amounting to US\$9,900,000 (equivalent to approximately RMB72,183,000).

The exchange rate used for conversion of currencies is US\$1.00 : RMB7.2912.

**(ii) Lease liabilities**

As at 30 September 2023, the Group had lease liabilities amounting to RMB25,905,000.

**(iii) Contingent Liabilities**

**(a) *Corporate Guarantee***

As at 30 September 2023, the Group had guarantees amounting to RMB653,550,000 to banks in connection with facilities granted to joint ventures of the Group.

**(b) *Pending litigation***

As at 30 September 2023, several subcontractors, suppliers and a lender have claimed the Group for settlements of outstanding contract amounts of RMB248,898,000. The Group has made provision relating to construction services for the claims. Having taken into account the confirmation from the Group's counsel, the Directors consider that no additional provision is required.

Save as disclosed above, as at the close of business on 30 September 2023, the Group did not have any other bank overdrafts, debt securities issued and outstanding, or authorised or otherwise created but unissued, loans or term loans (secured, unsecured, guaranteed or otherwise), other borrowings or indebtedness in the nature of borrowings including liabilities under acceptances (other than normal trade bills), acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

### 3. MATERIAL CHANGE

The Directors confirm that, save and except as disclosed below, there has been no material change in the financial or trading position or outlook of the Group since 31 December 2022, (being the date which the latest published audited consolidated financial statements of the Group were made up) up to and including the Latest Practicable Date.

- (i) as disclosed in the 2023 interim report (the “**2023 Interim Report**”) of the Company for the six months ended 30 June 2023, the revenue of the Group was approximately RMB5.27 million for the six months ended 30 June 2023, representing a decrease of approximately 94.47% from approximately RMB95.24 million for the six months ended 30 June 2022. Such decrease was mainly due to the slowdown in the landscape industry development in recent years and the Group concentrated on executing existing mandated projects and tried to expedite proceeding to the payment collection stage as much as practicable. The gross profit of the Group decreased from approximately RMB29.93 million for the six months ended 30 June 2022 to approximately RMB0.04 million for the six months ended 30 June 2023, representing a decrease of approximately RMB29.89 million or 99.87% as compared to that for the six months ended 30 June 2022, which was attributable to the decrease in revenue as set out in the preceding sentence;
- (ii) as disclosed in the 2023 Interim Report, the other incomes and gains were approximately RMB12.32 million for the six months ended 30 June 2023, representing a significant decrease of approximately 42.70% from approximately RMB21.51 million for the six months ended 30 June 2022, mainly due to decrease in interest income arising from revenue contracts of approximately RMB9.50 million;
- (iii) as disclosed in the 2023 Interim Report, the administrative expenses were approximately RMB17.62 million for the six months ended 30 June 2023, representing an increase of approximately 22.70% from approximately RMB14.36 million for the six months ended 30 June 2022, mainly due to increase in cost for optimizing its management model to achieve comprehensive high-quality development;
- (iv) as disclosed in the 2023 Interim Report, the impairment losses on financial and contract assets were approximately RMB0.25 million for the six months ended 30 June 2023, representing a significant decrease of approximately 98.41% from approximately RMB15.37 million for the six months ended 30 June 2022, mainly due to decrease in trade receivables aged over three years from approximately RMB135.7 million as at the six months ended 30 June 2022 to approximately RMB95.4 million as at the six months ended 30 June 2023;
- (v) as disclosed in the 2023 Interim Report, the finance costs were approximately RMB20.66 million for the six months ended 30 June 2023, representing a significant decrease of approximately 22.95% from approximately RMB26.82 million for the six months ended 30 June 2022, mainly due to decrease in interest on bank loans, overdrafts and other borrowings;

- (vi) as disclosed in the 2023 Interim Report, the profit or loss for the period attributable to the shareholders of the Company decreased from profit of approximately RMB0.42 million for the six months ended 30 June 2022 to loss of approximately RMB27.16 million for the six months ended 30 June 2023, representing a decrease of approximately RMB27.58 million as compared to that for the six months ended 30 June 2022. Such decrease in the profit for the period attributable to the shareholders of the Company was mainly due to the significant decrease in revenue as mentioned above;
- (vii) as disclosed in the 2023 Interim Report, trade and bills payables balance as at 30 June 2023 decreased to approximately RMB659.61 million or by approximately 6.15% as compared to approximately RMB702.83 million as at 31 December 2022. The increase in trade and bills payables balance was mainly due to certain payment is retained until the end of the retention period;
- (viii) as disclosed in the 2023 Interim Report, other payables and accruals balance as at 30 June 2023 increased to approximately RMB692.34 million or by approximately 6.02% as compared to approximately RMB653.03 million as at 31 December 2022. The increase in trade and bills payables balance was mainly due to increase in short-term advances received from customers in relation to the provision of construction services at the end of Period.

## 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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular (other than those relating to Greenland Financial and parties acting in concert with it) are 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.

This circular includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Group. The Directors jointly and severally accept full responsibility for accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular (other than those expressed by the sole director of Greenland Financial) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

As at the Latest Practicable Date, the sole director of Greenland Financial is Mr. Shi Zhengyu. The sole director of Greenland Financial accepts full responsibility for the accuracy of the information (other than information relating to the Group) contained in this circular and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed (other than those expressed by the Directors) in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

As at the Latest Practicable Date, the sole director of Greenland Financial Technology Group is Dr. Geng Jing. The sole director of Greenland Financial Technology Group accepts full responsibility for the accuracy of the information (other than information relating to the Group) contained in this circular and confirm, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed (other than those expressed by the Directors) in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

## 2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately upon the completion of the Increase in Authorised Share Capital but before the completion of the Conversion and the Settlement and (iii) share capital immediately upon Conversion Completion and Settlement Completion (assuming there will be no other change in the

number of issued Shares between the Latest Practicable Date and the date of Conversion Completion and Settlement Completion, save for the allotment and issuance of the Conversion Shares and the Settlement Shares) as follows:

(i) *Share capital as at the Latest Practicable Date*

	<b>Nominal value per Share (as the case may be)</b>	<b>Number of Shares (as the case may be)</b>
<b>Authorised:</b>		
Ordinary Shares	<u>HK\$0.025</u>	<u>4,000,000,000</u>
<b>Issued and fully paid:</b>		
Ordinary Shares	<u>HK\$0.025</u>	<u>3,342,536,957</u>

(ii) *Immediately follow the completion of the Increase in Authorised Share Capital but before the completion of the Conversion and the Settlement*

	<b>Nominal value per Share (as the case may be)</b>	<b>Number of Shares (as the case may be)</b>
<b>Authorised:</b>		
Ordinary Shares	<u>HK\$0.025</u>	<u>8,000,000,000</u>
<b>Issued and fully paid:</b>		
Ordinary Shares	<u>HK\$0.025</u>	<u>3,342,536,957</u>

- (iii) *Share capital immediately upon Conversion Completion and Settlement Completion (assuming there will be no other change in the number of issued Shares between the Latest Practicable Date and the date of Conversion Completion and Settlement Completion, save for the allotment and issuance of the Conversion Shares and the Settlement Shares)*

	<b>Nominal value per Share (as the case may be)</b>	<b>Number of Shares (as the case may be)</b>
<b>Authorised:</b>		
Ordinary Shares	<u>HK\$0.025</u>	<u>8,000,000,000</u>
<b>Issued and fully paid:</b>		
Conversion Shares and Settlement Shares to be issued pursuant to the Conversion and the Settlement	<u>HK\$0.025</u>	<u>2,479,273,000</u>
Shares in issue upon Conversion Completion and Settlement Completion	<u>HK\$0.025</u>	<u>5,821,809,957</u>

All issued Shares rank equally in all respects with each other, including, in particular, as to dividends, voting rights and return of capital. No part of equity or debt securities of the Company is listed or dealt in, nor is listing or permission to deal in the Shares or loan capital of the Company, being proposed to be, sought on any other stock exchange. Holders of the fully paid Conversion Shares and Settlement Shares will be entitled to receive all dividends and distributions which are declared, made or paid after the date of allotment of the Conversion Shares and Settlement Shares. As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

There has been no alteration in the capital and no alteration in the capital under option of the any member of the Group. There are no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any Shares since 31 December 2022 to the Latest Practicable Date.

As at the Latest Practicable Date, the Company did not have any outstanding convertible securities, options or warrants in issue or similar rights which confer any right to subscribe for, convert or exchange into the Shares or any agreement or arrangement to issue Shares.

The Company had not issued any Shares since 31 December 2022 (being the date on which its latest published audited financial statements of the Group) and up to and including the Latest Practicable Date.

### 3. MARKET PRICE

The table below sets out the closing prices of the Shares on the Stock Exchange (i) on the last trading day of each of the calendar months during the Relevant Period; (ii) on the Last Trading Day; and (iii) on the Latest Practicable Date.

Date	Closing price per Share (HK\$)
31 March 2023	0.179
28 April 2023	0.179
31 May 2023	0.161
30 June 2023	0.159
31 July 2023	0.210
31 August 2023	0.105
27 September 2023 (being the Last Trading Day)	0.120
29 September 2023	0.116
31 October 2023	0.123
1 December 2023 (being the Latest Practicable Date)	0.095

The highest and lowest closing market prices of the Shares recorded on the Stock Exchange during the Relevant Period were HK\$0.248 on 5 May 2023 and HK\$0.091 on 25 September 2023, respectively.

### 4. DISCLOSURE OF INTERESTS

#### (a) Interests of Directors and Chief Executive

As at the Latest Practicable Date, none of the Directors and the chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange or which were required to be disclosed under the Takeovers Code.

#### (b) Substantial Shareholders

So far as the Directors are aware, as at the Latest Practicable Date, the persons/entities (other than the Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company

under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

Name of Shareholders	Capacity	Nature of interest	Number of Shares/ underlying Shares	Percentage of shareholding
Broad Landscape International <sup>(2)</sup>	Beneficial owner	Ordinary Shares	425,171,041	12.72%
Eastern Greenstate International Greenland <sup>(3)</sup>	Beneficial owner	Ordinary Shares	306,313,662	9.16%
Greenland Financial Holdings Company Limited (綠地金融投資控股集團有限公司) <sup>(3)</sup>	Interest in a controlled corporation	Ordinary Shares	991,321,041	29.66%
Greenland Financial Holdings Company Limited (綠地金融投資控股集團有限公司) <sup>(3)</sup>	Interest in a controlled corporation	Ordinary Shares	991,321,041	29.66%
Greenland Financial Wholeking <sup>(4)</sup>	Beneficial owner	Ordinary Shares	991,321,041	29.66%
Hope Empire Limited <sup>(4)</sup>	Beneficial owner	Ordinary Shares	235,392,000	7.04%
Hope Empire Limited <sup>(4)</sup>	Interest in a controlled corporation	Ordinary Shares	235,392,000	7.04%
Silverland Assets Limited <sup>(4)</sup>	Interest in a controlled corporation	Ordinary Shares	235,392,000	7.04%
HSBC International Trustee Limited <sup>(4)</sup>	Trustee	Ordinary Shares	235,392,000	7.04%
Cai Kui <sup>(4)</sup>	Founder of a discretionary trust	Ordinary Shares	235,392,000	7.04%

*Notes:*

- All the above Shares are held in long position (as defined under Part XV of the SFO).
- Broad Landscape International is owned as to 86.92% and 13.08% by Mr. Wu Zhengping and Ms. Xiao Li.
- 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.
- Based on the best knowledge of the Directors having made reasonable enquiries, Wholeking is wholly-owned by Hope Empire Limited, which is in turn wholly-owned by Silverland Assets Limited. Silverland Assets Limited is wholly-owned by HSBC International Trustee Limited as the trustee of the

Cai Family Trust. The Cai Family Trust is a discretionary trust set up by Mr. Cai Kui as settlor and HSBC International Trustee Limited as trustee on 11 June 2008. Therefore, Mr. Cai as founder of the Cai Family Trust is taken to be interested in the shares held by Wholeking pursuant to Part XV of the SFO.

5. Certain figures included in the above table have been rounded.
6. The total number of issued Shares as at the Latest Practicable Date was 3,342,536,957.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any persons/entities who had any interest or short position in the securities in the Company that would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO.

## 5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, save as disclosed below, none of the Directors had any service contract with the Company or any of its subsidiaries or associated companies in force (i) which (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the date of the Joint Announcement; (ii) which are continuous contracts with a notice period of 12 months or more; (iii) which are fixed term contracts with more than 12 months to run irrespective of the notice period; or (iv) are not determinable by the Group within one year without payment of compensation (other than statutory compensation). None of the Directors were materially interested in any subsisting contract or arrangement entered into by any member of the Group which was significant in relation to the business of the Group as a whole.

<b>Director</b>	<b>Date of the service contract</b>	<b>Term of service contract</b>	<b>Amount of remuneration (including both fixed and variable remuneration) payable under the service contract</b>
Mr. Pei Gang	31 August 2023	A term of three years commencing from 1 September 2023	Nil
Mr. Lin Guangqing	31 August 2023	A term of three years commencing from 1 September 2023	Nil

**6. DIRECTOR'S INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS**

As at the Latest Practicable Date:

- none of the Directors had any direct or indirect interests in any assets which have acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2022 (being the date of which the latest published audited financial statements of the Group were made up);
- Save and except for the Conversion Agreement, none of the Directors was materially interested in any contract, save for service contracts, or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group; and
- Save and except for the Conversion Agreement, there were no material contracts entered in which any Director had a material personal interest.

**7. DIRECTORS' INTERESTS IN COMPETING BUSINESSES**

As at the Latest Practicable Date, none of the Directors had interests in the businesses (other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or any member of the Group) which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

**8. ARRANGEMENTS AFFECTING DIRECTORS**

As at the Latest Practicable Date, other than the Conversion Agreement:

- (a) there was no agreement, arrangement or understanding (including any compensation agreement) existing between Greenland Financial or any person acting in concert with it and any Director, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Conversion Agreement and the transaction contemplated thereunder and/or the Whitewash Waiver;
- (b) there was no agreement, arrangement or understanding between any Director and any other person which is conditional on/or dependent upon the outcome of the Conversion Agreement or Whitewash Waiver or otherwise connected with the Conversion Agreement or the Whitewash Waiver;
- (c) there was no agreement, arrangement or understanding (including any compensation agreement) existing between Greenland Financial or any person acting in concert with it and any Director regarding any benefit to any Director as compensation for loss of office or otherwise in connection with the Conversion Agreement or the Whitewash Waiver; and

- (d) none of the Directors was materially interested in any material contract entered into by Greenland Financial.

#### 9. ADDITIONAL DISCLOSURE UNDER THE TAKEOVERS CODE

- (a) As at the Latest Practicable Date, there was no agreement, arrangement or understanding for any of the Conversion Shares to be issued under the Conversion to be transferred, charged or pledged to any other persons.
- (b) As at the Latest Practicable Date, none of Greenland Financial and parties acting in concert with it were interested in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares, save for 991,321,041 Shares (representing approximately 29.66% of the issued share capital of the Company as at the Latest Practicable Date) held by Greenland Financial, and none of them has dealt for value in any securities of the Company during the Relevant Period.
- (c) As at the Latest Practicable Date, none of the directors of Greenland Financial had any interest in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares, and none of them has dealt for value in any securities of the Company during the Relevant Period.
- (d) As at the Latest Practicable Date, there was no agreement, arrangement or understanding (including any compensation arrangement) existed between Greenland Financial and any Director, recent Director, Shareholder or recent Shareholder having any connection with or dependence upon the Conversion and/or the Settlement and/or the Whitewash Waiver.
- (e) As at the Latest Practicable Date, the Company did not have any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of Greenland Financial and had no dealings in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of Greenland Financial during the Relevant Period.
- (f) As at the Latest Practicable Date, none of the Directors had any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of Greenland Financial and none of them had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of Greenland Financial during the Relevant Period.
- (g) none of the Directors had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.
- (h) As at the Latest Practicable Date, none of the subsidiaries of the Company, the pension fund of the Company or of its subsidiaries, a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2)

of the definition of “associate” under the Takeovers Code owned or controlled any Shares or convertible securities, options, warrants or derivatives of the Company, or had dealt for value in any such securities of the Company during the Relevant Period.

- (i) As at the Latest Practicable Date, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and no such person had owned, controlled or dealt for value in any Shares or any convertible securities, warrants, options or derivative of the Company during the Relevant Period.
- (j) As at the Latest Practicable Date, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and Greenland Financial or parties acting in concert with it during the Relevant Period.
- (k) As at the Latest Practicable Date, no Shares, convertible securities, warrants, options or derivatives of the Company were managed on a discretionary basis by any fund managers (other than exempt fund managers) connected with the Company, and no such person had dealt for value in any such securities of the Company during the Relevant Period.
- (l) As at the Latest Practicable Date, Greenland Financial shall be required to abstain from voting on the resolutions approving the Conversion Agreement and the transactions contemplated thereunder including the granting of the Specific Mandate for Issue of Conversion Shares, and the Whitewash Waiver. Each of Mr. Pei Gang and Mr. Lin Guangqing indicated his intention to abstain from the aforesaid resolutions for the purpose of good corporate governance. The other Directors (being Mr. Dai Guoqiang, Dr. Jin Hexian and Mr. Yang Yuanguang) did not hold any Shares.
- (m) As at the Latest Practicable Date, none of the Company or the Directors or Greenland Financial and parties acting in concert with it had borrowed or lent any Shares, convertible securities, warrants, options or derivatives of the Company.

## 10. LITIGATION

As at 30 September 2023, the aggregate amount of contract sum claimed by the Group’s subcontractors, suppliers and a lender in relation to the settlements of outstanding contract sum was approximately RMB248.9 million. Certain bank balances amounting to approximately RMB26.5 million were frozen by the courts preserved for pending litigations as at 30 September 2023.

The Directors consider that the litigations will not have any material impact for the reasons that (1) the corresponding project payables are already reflected in the company’s account payables; (2) the lawsuits are still in the process of trial and their respective outcomes have yet determined; and (3) the Company’s delay in making the downstream payment was mainly due to the delay in

the payment from the Company's customers which are mainly local government bodies and entities, the phenomenon of which is common in the industry in recent years and with the help of Greenland Financial, the Company may accelerate the recovery of the outstanding payments.

As at the Latest Practicable Date, save for the abovementioned litigations, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

## 11. QUALIFICATION AND CONSENT OF EXPERTS

The following is the qualification of the experts who have given its opinions or advices which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
<b>Shenwan Hongyuan Capital (H.K.) Limited</b>	The financial adviser to Greenland Financial, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
<b>Euto Capital Partners Limited</b>	The Independent Financial Adviser, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO

Each of the experts named above has given, and has not withdrawn, its written consent to the issue of this circular with the inclusion herein of its letter, report and/or advice and/or the references to its name in the form and context in which it appear.

As at the Latest Practicable Date, each of the experts named above did not have any direct or indirect shareholding in any member of the Group, or any right to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any interests, directly or indirectly, in any asset which had been acquired, disposed of by or leased to any member of the Group, or was proposed to be acquired, disposed of by or leased to any member of the Group, since 31 December 2022, being the date to which the latest published audited financial statements of the Group were made up.

## 12. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered or proposed to be entered into by the members of the Group within the two years immediately preceding the date of the Joint Announcement and up to and including the Latest Practicable Date of this circular and are or may be material:

- (a) the Conversion Agreement; and
- (b) the Settlement Agreements.

## 13. CORPORATE AND OTHER INFORMATION

The registered office of the Company is located at The offices of Maples Corporate Services Limited, PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business of the Company in Hong Kong is located at 5/F Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong.

The share registrar of the Company in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

The company secretary of the Company is Ms. Lee Mei Yi, who is a Chartered Secretary, a Chartered Governance Professional and a Fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

The financial adviser to Greenland Financial is Shenwan Hongyuan Capital (H.K.) Limited, at Level 6, Three Pacific Place, 1 Queen's Road East, Hong Kong.

The independent financial adviser to the Company is Euto Capital Partners Limited, at Room 1204, Jubilee Centre, 18 Fenwick Street, Wan Chai, Hong Kong.

The registered office of Greenland Financial is located at Unit 8, 3/F, Qwomar Trading Complex, Blackburne Road, Port Purcell, Road Town, Tortola, British Virgin Islands VG1110. The correspondence address of Greenland Financial in Hong Kong is Room 6665, 66/F, The Center, 99 Queen's Road Central, Central, Hong Kong.

The registered office of Greenland is located at No. 700 Dapu Road, Huangpu District, Shanghai, the PRC.

As at the Latest Practicable Date, Greenland Financial indirectly owned as to 87.27% by Greenland Financial Technology Group, which in turn is indirectly wholly-owned by Greenland, whose shares are listed on Shanghai Stock Exchange (stock code: 600606). As at the Latest Practicable Date, the directors of Greenland are Mr. Zhang Yuliang, Mr. Dong Wei, Mr. Hu Xin, Ms. Zhang Yun, Mr. Geng Jing, Ms. Zeng Wenhui, Mr. Liu Yanping, Mr. Guan Yimin, Mr. Qiao Yide, Mr. Wang Kaiguo, and Mr. Zhang Jun. Greenland Financial Technology Group serves as Greenland's main investment platform to conduct diversified global investments. Greenland

Partnership is the single largest shareholder holding approximately 25.88% equity interests in Greenland and the general partner of Greenland Partnership is Shanghai Greenland Investment Management Co., Ltd.\* (上海格林蘭投資管理有限公司). There are 32 limited partners of Greenland Partnership, none of which individually holds 30% or more partnership interests in Greenland Partnership. The remaining 12.73% equity interests in Greenland Financial are indirectly owned by ten minority shareholders, none of which holds more than 5% equity interests in Greenland Financial. All the aforesaid minority shareholders of Greenland Financial and their respective ultimate beneficial owners are the Independent Third Parties.

In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

#### 14. DOCUMENTS ON DISPLAY

Copies of the following documents will be available on the websites of the Stock Exchange (<http://www.hkexnews.hk>), the Company (<http://www.greenland-broadgreenstate.com.cn>) and the Securities and Futures Commission (<http://www.sfc.hk>), for a period of not less than 14 days from the date of this circular up to and including the date of the EGM:

- (a) the memorandum of association and articles of association of the Company;
- (b) the memorandum and articles of association and by-laws of Greenland Financial;
- (c) the Letter from the Board, the text of which is set out on pages 8 to 30 in this circular;
- (d) the Letter from the Independent Board Committee, the text of which is set out on pages 31 to 32 in this circular;
- (e) the Letter from the Independent Financial Adviser, the text of which is set out on pages 33 to 69 in this circular;
- (f) the consent letters as referred to in the paragraph headed “11. Qualification and Consent of Experts” in the Appendix II to this circular;
- (g) the material contracts referred to in the paragraph headed “12. Material Contracts” in the Appendix II to this circular;
- (h) Directors’ service contracts referred to in the section headed “5. Directors’ Service Contracts” in this Appendix II to this circular;
- (i) the annual reports of the Company for the two financial years ended 31 December 2021 and 31 December 2022;
- (j) the interim report of the Company for the six months ended 30 June 2023; and
- (k) this circular.

## NOTICE OF EGM



### 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 IS HEREBY GIVEN THAT** an extraordinary general meeting of China Greenland Broad Greenstate Group Company Limited (the “**Company**”) will be held at Floor 8, Block D3, 5th Building, Hongqiao World Center, 1588 Lane, Zhuguang Road, Shanghai, the PRC, on Wednesday, 27 December 2023 at 10:00 a.m., for the following purposes:

As ordinary business, to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

1. **“THE CONVERSION THAT:**

- (a) the Conversion Agreement (a copy of which has been produced to this meeting marked “A” and initialled by the Chairman for the purpose of identification) and the transaction contemplated thereunder be and is hereby approved, confirmed and ratified;
- (b) conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Conversion Shares, the Directors be and are hereby granted a specific mandate (the “**Specific Mandate for Issue of Conversion Shares**”) to allot and issue the Conversion Shares pursuant to the Conversion Agreement, provided that the Specific Mandate for Issue of Conversion Shares shall be in addition to and shall not prejudice nor revoke such other general or specific mandate(s) which may from time to time be granted to the Directors prior to or after the passing of this resolution; and
- (c) any one Director be and is hereby authorised to do all such acts and things and execute (or where execution under the common seal of the Company is required, execute under seal) all such document as he considers necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to or otherwise in connection with the Conversion Agreement and the transaction contemplated hereunder.”

2. **“THE SETTLEMENT THAT:**

- (a) the Settlement Agreements (a copy of which have been produced to this meeting marked “B” and initialled by the Chairman for the purpose of identification) and the transaction contemplated thereunder be and is hereby approved, confirmed and ratified;

## NOTICE OF EGM

- (b) conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Settlement Shares, and the passing of the ordinary resolution 1 above, the Directors be and are hereby granted a specific mandate (the “**Specific Mandate for Issue of Settlement Shares**”) to allot and issue the Settlement Shares pursuant to the Settlement Agreements, provided that the Specific Mandate for Issue of Settlement Shares shall be in addition to and shall not prejudice nor revoke such other general or specific mandate(s) which may from time to time be granted to the Directors prior to or after the passing of this resolution; and
- (c) any one Director be and is hereby authorised to do all such acts and things and execute (or where execution under the common seal of the Company is required, execute under seal) all such document as he considers necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to or otherwise in connection with the Settlement Agreements and the transaction contemplated hereunder.”
3. **“THAT:**
- (a) the authorised share capital of the Company be increased from HK\$ 100,000,000 divided into 4,000,000,000 Shares of HK\$0.025 each to HK\$200,000,000 divided into 8,000,000,000 Shares of HK\$0.025 each by the creation of an additional 4,000,000,000 Shares (the “**Increase in Authorised Share Capital**”); and
- (b) any one Director be and is hereby authorised to, on behalf of the Company, do all such acts and things, to sign and execute such documents or agreements or deeds and take all such actions as he/she/they may in his/her/their absolute discretion consider necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Increase in Authorised Share Capital.”
4. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as a special resolution:

**“THAT,** subject to and conditional upon the passing of ordinary resolutions no. 1 and the granting of the Whitewash Waiver by the Executive and any conditions that may be imposed thereon, the waiver of obligation on the part of Greenland Financial to make a mandatory general offer to the Shareholders for all the Shares not already owned or agreed to be acquired by Greenland Financial and any parties acting in concert with it which would, otherwise arise as a result of the issue and allotment of the Conversion Shares pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code, be and is hereby approved, and that any one Director be and is authorised to do all such acts and things and execute (or where execution under the common seal of the Company is

## NOTICE OF EGM

required, execute under seal) all such document as he considers necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to or otherwise in connection with any of the matters relating to, or incidental to, the Whitewash Waiver.”

By order of the Board  
**China Greenland Broad Greenstate Group Company Limited**  
**Mr. Pei Gang**  
*Chairman and Executive Director*

Shanghai, the People’s Republic of China  
5 December 2023

*Registered Office:*

The offices of Maples Corporate Services Limited  
PO Box 309, Uglund House  
Grand Cayman, KY1-1104  
Cayman Islands

*Head Office:*

Floor 8, Block D3, 5th Building  
Hongqiao World Center  
1588 Lane Zhuguang Road  
Shanghai, the PRC

*Principal Place of Business in Hong Kong:*

5/F Manulife Place  
348 Kwun Tong Road  
Kowloon, Hong Kong

*Notes:*

1. All resolutions at the meeting (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 meeting is entitled to appoint more than one proxy to attend and on a poll, vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy.

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

3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power of attorney or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the meeting (i.e. not later than 10:00 a.m. on Monday, 25 December 2023) or any adjournment thereof (as the case may be). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

## NOTICE OF EGM

4. For determining the entitlement to attend and vote at the Meeting, the register of members of the Company will be closed from Wednesday, 20 December 2023 to Wednesday, 27 December 2023 to both days inclusive, during which period no transfer of Shares will be registered. For determining the entitlement to attend and vote at the Meeting, the record date will be Wednesday, 27 December 2023. In order to be eligible to attend and vote at the Meeting, unregistered holders of shares of the Company should ensure that all the transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday 19 December 2023.

In the event that Meeting is adjourned to a date later than Thursday, 28 December 2023 because of bad weather or other reasons, the record date for determination of the entitlement to attend and vote at the Meeting will remain as the aforesaid date.

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. Pei Gang and Mr. Lin Guangqing and our independent non-executive Directors are Mr. Dai Guoqiang, Dr. Jin Hexian and Mr. Yang Yuanguang.*