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**ZONBONG LANDSCAPE Environmental Limited**

**中邦园林环境股份有限公司**

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

**(Stock Code: 1855)**

**DISCLOSEABLE TRANSACTION  
FX FORWARD CONTRACT**

The Board announces that on 30 July 2021, Zonbong Landscape, a subsidiary of the Group, entered into the FX Forward Contract with China Everbright, an Independent Third Party, to hedge against RMB/USD currency risk, in the Principal Amount of approximately USD7.59 million. The Group has entered into a loan agreement with an affiliate of China Everbright denominated in USD in June 2021 while its earnings are mainly denominated in RMB. Depreciation of RMB against USD may therefore impact the financial results of the Group. In light of this, the Group entered into the FX Forward Contract with the aim of hedging against such currency risk.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the FX Forward Contract exceeds 5% but is less than 25%, the FX Forward Contract and the transactions contemplated thereunder constitute a disclosable transaction of the Company, and is subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

**FX FORWARD CONTRACT**

Zonbong Landscape, a subsidiary of the Group, entered into the FX Forward Contract on 30 July 2021 to hedge against RMB/USD currency risk. As at the date of this announcement and to the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the counterparty and its ultimate beneficial owners are Independent Third Parties.

## Major Terms of the FX Forward Contract

Trade date	:	30 July 2021
Parties	:	(1) Zonbong Landscape (as the purchaser of USD) and (2) China Everbright (as the seller of USD)
Principal Amount and currency	:	US\$7,592,263.02
Forward rate	:	RMB6.6113 per USD1.00
Settlement currency	:	the Group shall pay to China Everbright the agreed sum of RMB to purchase the USD
Settlement date	:	17 June 2022

The FX Forward Contract is a type of hedging instrument. In essence, it allows the Group to place an order with China Everbright in the Principal Amount with a fixed forward RMB/USD exchange rate, to be settled in a future agreed time. On the settlement date, the Group shall pay to China Everbright the agreed sum of RMB to purchase the USD.

The Group shall place a security deposit amounted to 5% of the Principal Amount in a designated bank account with China Everbright (the “**Deposit**”) on the trade date. Subsequent to the trade date and before the settlement date, in the event that the potential market value loss of China Everbright exceeds the Deposit, China Everbright has the right to request Zonbong Landscape to make up for the difference. Save for the Deposit, the FX Forward Contract requires no initial cash outlay or purchase cost.

## REASONS AND BENEFITS FOR ENTERING INTO THE FX FORWARD CONTRACT

As the Group’s principal operations are in the PRC, its income and expenses are primarily denominated in RMB. The Group considers RMB as its functional currency. As such, any transaction that is denominated or requires settlement in a currency other than RMB would result in foreign exchange exposure to the Group.

In June 2021, Zonbong Landscape has entered into a loan agreement with an affiliate of China Everbright denominated in USD, while the Group’s earnings are mainly denominated in RMB. Depreciation of RMB against USD may therefore impact the financial results of the Group. In light of this, Zonbong Landscape has entered into the FX Forward Contract with the aim of hedging against such currency risk.

In view of the reasons and benefits described above, the Directors (including the independent non-executive Directors) believe that the terms of the FX Forward Contract and the transaction contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **GENERAL INFORMATION**

The Group is an established service provider for landscaping and ecological restoration projects in the Three Northeast Provinces of the PRC and it is principally engaged in landscaping, ecological restoration and other related projects.

China Everbright is an Independent Third Party financial institution whose business activities include dealing in foreign exchange forward contracts.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the FX Forward Contract exceeds 5% but is less than 25%, the FX Forward Contract and the transactions contemplated thereunder constitute a disclosable transaction of the Company, and is subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

## **DEFINITIONS**

“Board”	the board of Directors
“China Everbright”	The Changchun branch of China Everbright Bank Company Limited (中國光大銀行股份有限公司) (Stock code: 6818)
“Company”	ZONBONG LANDSCAPE Environmental Limited (中邦园林环境股份有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 8 March 2019
“Director(s)”	the director(s) of the Company
“FX Forward Contract”	the foreign exchange forward contract dated 30 July 2021 between Zonbong Landscape and China Everbright, an Independent Third Party, pursuant to which, the Group agrees to place an order up to the Principal Amount, and having the aim of hedging against the currency risk in relation to the possible depreciation of RMB against USD
“Group”	the Company and its subsidiaries

“Independent Third Party(ies)”	person(s) or company(ies) who/which is/are not connected with (within the meaning of the Listing Rules) and is/are independent of the directors, chief executives and substantial shareholders of the Group or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Principal Amount”	the agreed principal USD amount of US\$7,592,263.02 under the FX Forward Contract
“PRC”	the People’s Republic of China
“Renminbi” or “RMB”	Renminbi Yuan, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“U.S. dollar(s)”, “USD” or “US\$”	United States dollars, the lawful currency of the United States of America
“Zonbong Landscape”	Zonbong Huize Landscape Environmental Construction Limited (中邦滙澤園林環境建設有限公司), a company established under the laws of the PRC on 22 December 2008 and an indirect wholly-owned subsidiary of the Company
“%”	per cent

By order of the Board  
**ZONBONG LANDSCAPE Environmental Limited**  
**Liu Haitao**  
*Chairman and executive Director*

Hong Kong, 30 July 2021

*As at the date of this announcement, the Board of the Company comprises Mr. Liu Haitao as Chairman and executive Director, Mr. Wang Xudong and Ms. Wang Yan as executive Directors, Mr. Sun Juqing, Ms. Lyu Hongyan and Mr. Shao Zhanguang as non-executive Directors, and Mr. Gao Xiangnong, Mr. Yin Jun and Mr. Lee Kwok Tung Louis as independent non-executive Directors.*