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China Greenland Broad Greenstate Group Company Limited

中國綠地博大綠澤集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1253)

DISCLOSEABLE TRANSACTIONS IN RELATION TO THE DISPOSAL OF THE TARGET GROUP

SHARE TRANSFER AGREEMENT

On 12 October 2018 (after trading hours), Hangzhou Beifeng, an indirect wholly-owned subsidiary of the Company, Greenstate Business, an indirect wholly-owned subsidiary of the Company, and the Transferee, an Independent Third Party, entered into the Share Transfer Agreement, pursuant to which Hangzhou Beifeng has conditionally agreed to sell and the Transferee has conditionally agreed to acquire the 100% equity interest in the Target Company (including the 60% equity interest in Jiangnan Garden indirectly held by Hangzhou Beifeng through the Target Company and the Consideration Adjustment or Amount of Profit Compensation which the Company may be entitled to receive pursuant to the Offshore Share Purchase Agreement and the Onshore Share Purchase Agreement).

COUNTER GUARANTEE AGREEMENT

The Share Transfer Agreement shall take effect upon, among others, duly execution of the Counter Guarantee Agreement.

On 12 October 2018 (after trading hours), Broad Greenstate Ecological, an indirect wholly-owned subsidiary of the Company, and the Transferee entered into a counter guarantee agreement, pursuant to which the Transferee provided the Counter Guarantee in favor of Broad Greenstate Ecological.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal and the transactions as contemplated under the Counter Guarantee Agreement on an aggregated basis under Chapter 14 of the Listing Rules exceed 5% but are less than 25%, the Disposal and the transactions as contemplated under the Counter Guarantee Agreement constitute discloseable transactions and are subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

THE SHARE TRANSFER AGREEMENT

The principal terms of the Share Transfer Agreement are summarized as follows:

Date: 12 October 2018

Parties: (1) Transferor: Hangzhou Beifeng, an indirect wholly-owned subsidiary of the Company;
(2) Transferee: Shanghai Nianpu, an Independent Third Party; and
(3) Greenstate Business, an indirect wholly-owned subsidiary of the Company.

(each a “**Party**” and collectively the “**Parties**”)

Subject Matter

Pursuant to the Share Transfer Agreement, Hangzhou Beifeng has conditionally agreed to sell and the Transferee has conditionally agreed to acquire the 100% equity interest in the Target Company (including the 60% equity interest in Jiangnan Garden indirectly held by Hangzhou Beifeng through the Target Company and the Consideration Adjustment or Amount of Profit Compensation which the Company may be entitled to receive pursuant to the Offshore Share Purchase Agreement and the Onshore Share Purchase Agreement).

Consideration

The consideration for the transfer of the 100% equity interest in the Target Company is RMB50,000,000 (the “**Consideration**”), which shall be satisfied by cash and payable in the following manners:

- (a) RMB10,000,000 is payable within 30 days after execution of the Share Transfer Agreement.
- (b) RMB20,000,000 is payable on 30 September 2019.
- (c) RMB20,000,000 is payable on 30 September 2020.

The Consideration was determined on an arm’s length basis with reference to (i) the original acquisition cost (i.e. RMB57,128,754), and (ii) the financial information as set out under the section entitled “**INFORMATION ON THE TARGET GROUP**”.

Effective Date of the Share Transfer Agreement

The Share Transfer Agreement shall take effect upon (i) duly execution by the Parties, (ii) having obtained all necessary consents and approvals by the authority of each Party, and (iii) duly execution of the Counter Guarantee Agreement.

On the effective date of the Share Transfer Agreement, the Parties shall complete all the relevant procedures in relation to the transfer of the 100% equity interest in the Target Company and duly register the 100% equity interest in the Target Company in the name of the Transferee (the “**Completion**”). Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Group will no longer be consolidated into the Group’s financial statements.

Liquidated Damages

The Party who fails to fulfill its obligations under the Share Transfer Agreement shall pay to the non-defaulting party (i) a liquidated damage which is 5% of the Consideration; and (ii) all the direct and actual losses incurred and suffered by the non-defaulting party.

Termination

The Parties agreed to terminate the Share Transfer Agreement upon occurrence of any of the following events:

- (a) The Parties have fulfilled their respective obligations under the Share Transfer Agreement and realized their respective rights under the Share Transfer Agreement.
- (b) The Parties agree to terminate the Share Transfer Agreement after negotiations.
- (c) The Parties fail to obtain the necessary approvals by the relevant governmental authorities for reasons not attributable to the Parties.

If the Share Transfer Agreement is terminated due to the events of (b) or (c) above, Hangzhou Beifeng shall return, within 10 days, any consideration it has already received to the Transferee.

THE COUNTER GUARANTEE AGREEMENT

The principal terms of the Counter Guarantee Agreement are summarized as follows:

Date: 12 October 2018

Parties: (1) Broad Greenstate Ecological, an indirect wholly-owned subsidiary of the Company
(2) the Transferee, an Independent Third Party

Jiangnan Garden entered into loan agreements with various banks and individuals (collectively, the “**Creditors**”) in a total principal amount of RMB39,300,000 (the “**Loan Agreements**”). Broad Greenstate Ecological provided guarantees in favor of the respective Creditors in relation to the Loan Agreements to secure the repayment obligations of Jiangnan Garden under the Loan Agreements (the “**Guarantees**”).

Since Hangzhou Beifeng agreed to transfer the 100% equity interest in the Target Company to the Transferee and the Target Group will cease to be a subsidiary of the Company upon Completion, the Transferee agreed to provide the Counter Guarantee to Broad Greenstate Ecological for the amount of loan drawn down from the Loan Agreements together with any interests, default interests, liquidated damages and any others fees and expenses which may be payable by Broad Greenstate Ecological to the Creditors under the Guarantees.

INFORMATION ON THE TARGET GROUP

The Target Company was established in the PRC with limited liability on 14 November 2016 and is a direct wholly-owned subsidiary of Hangzhou Beifeng and thus is an indirect wholly-owned subsidiary of the Company prior to the Completion. The Target Company is mainly engaged in landscape design, landscape engineering design, architectural design consultation and interior and exterior decoration design. Jiangnan Garden was established in the PRC with limited liability on 11 January 1996 and is owned as to 60% by the Target Company and as to 40% by the Independent Third Parties. Jiangnan Garden is mainly engaged in landscape greening, municipal engineering construction, landscape engineering design and seedling research.

Set out below is the unaudited financial information of the Target Group as prepared in accordance with the PRC Generally Accepted Accounting Principles for the two years ended 31 December 2017 and the nine months ended 30 September 2018:

| | For the nine months ended 30 September 2018 (unaudited) <i>RMB</i> | For the year ended 31 December 2017 (unaudited) <i>RMB</i> | For the year ended 31 December 2016 (unaudited) <i>RMB</i> |
|----------------------------|---|---|---|
| Revenue | 133,282,206 | 220,430,784 | 573,130,521 |
| Net profit before taxation | 8,616,966 | 12,796,579 | 24,997,437 |
| Net profit after taxation | 7,711,202 | 11,597,789 | 22,609,752 |
| Total asset | 505,772,045 | 481,994,713 | 442,740,081 |

The unaudited net asset value of the Target Group is approximately RMB147,953,646 as at 31 December 2017 and approximately RMB155,664,848 as at 30 September 2018.

FINANCIAL IMPACT OF THE DISPOSAL

Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Group will no longer be consolidated into the Group's financial statements.

The Group is expected to record an unaudited loss on the Disposal of approximately RMB105,664,848. Such unaudited loss is estimated based on the Consideration of RMB50,000,000 less the unaudited net asset value of the Target Group of approximately RMB155,664,848 as at 30 September 2018. The

actual loss on the Disposal may be different from the above and will be determined based on the final financial position of the Target Company on the date of the Share Transfer Agreement. The Board intends to apply the net proceeds from the Disposal as internal working capital of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SHARE TRANSFER AGREEMENT AND THE COUNTER GUARANTEE AGREEMENT

The performance of the Target Group has not been meeting expectation of the management. It is important for the Group to allocate its resources more efficiently. On the other hand, the Disposal could generate immediate cash inflow, increase the Group's profit margin, improve the financial situation, reduce the asset-liability ratio and the Group's operating risk.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Share Transfer Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Since Hangzhou Beifeng agreed to transfer the 100% equity interest in the Target Company to the Transferee and the Target Group will cease to be a subsidiary of the Company upon Completion and the Counter Guarantee gives Broad Greenstate Ecological a back-to-back guarantee in respect of Broad Greenstate Ecological's guarantee obligations under the Loan Agreements, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Counter Guarantee Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Company

The Company is an investment holding company incorporated in the Cayman Islands with limited liability. The Group is principally engaged in the services of landscape design and gardening and the related services.

Hangzhou Beifeng

Hangzhou Beifeng is a limited liability company incorporated under the laws of the PRC on 3 November 2016 and is an indirect wholly-owned subsidiary of the Company. Hangzhou Beifeng is mainly engaged in landscape design, landscape engineering design, architectural design consultation and interior and exterior decoration design.

Broad Greenstate Ecological

Broad Greenstate Ecological is a limited liability company incorporated under the laws of the PRC on 1 July 1999 and is an indirect wholly-owned subsidiary of the Company. Broad Greenstate Ecological is mainly engaged in landscaping design, construction, maintenance and advisory, municipal work construction and civil engineering projects.

Greenstate Business

Greenstate Business is a limited liability company incorporated under the laws of the PRC on 15 June 2004 and is an indirect wholly-owned subsidiary of the Company. Greenstate Business is mainly engaged in corporate management and consultancy, landscape engineering, landscaping, municipal engineering, architecture design, interior decoration and property management.

Shanghai Nianpu

Shanghai Nianpu is a limited liability company incorporated under the laws of the PRC on 14 September 2018. Shanghai Nianpu is mainly engaged in business consulting, business marketing planning, market information consulting and investigation, conference services and public relations activities planning. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, each of the Transferee and its ultimate beneficial owner(s) is not a Connected Person of the Company and is an Independent Third Party.

Hangzhou Zhongling

Hangzhou Zhongling is a limited liability company incorporated under the laws of the PRC on 14 November 2016 and is a direct wholly-owned subsidiary of Hangzhou Beifeng and thus an indirect wholly-owned subsidiary of the Company prior to the Completion. Hangzhou Zhongling is mainly engaged in landscape design, landscape engineering design, architectural design consultation and interior and exterior decoration design.

Jiangnan Garden

Jiangnan Garden is a limited liability company incorporated under the laws of the PRC on 11 January 1996 and is owned as to 60% by the Target Company and as to 40% by the Independent Third Parties. Therefore, Jiangnan Garden is an indirect non-wholly-owned subsidiary of the Company prior to the Completion. Jiangnan Garden is mainly engaged in landscape greening, municipal engineering construction, landscape engineering design and seedling research.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal and the transactions as contemplated under the Counter Guarantee Agreement on an aggregated basis under Chapter 14 of the Listing Rules exceed 5% but are less than 25%, the Disposal and the transactions as contemplated under the Counter Guarantee Agreement constitute discloseable transactions and are subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

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| “Amount of Profit Compensation” | the amount of profit compensation calculated pursuant to the Offshore Share Purchase Agreement and the Onshore Share Purchase Agreement, details of which were disclosed in the announcement of the Company dated 30 November 2016 |
| “Board” | the board of Directors |
| “Broad Greenstate Ecological” | Broad Greenstate Ecological Construction Group Company Limited* (博大綠澤生態建設集團有限公司) (formerly known as Shanghai Broad Landscape Construction and Development Company Limited* (上海博大園林建設發展有限公司)), a company established in the PRC with limited liability on 1 July 1999, an indirect wholly-owned subsidiary of the Company |
| “China” or the “PRC” | the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “Company” | 中國綠地博大綠澤集團有限公司 (China Greenland Broad Greenstate Group Company Limited) (stock code: 1253), a limited liability company incorporated in the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange |
| “Connected Person(s)” | has the meaning ascribed thereto in the Listing Rules |
| “Consideration Adjustment” | the consideration adjustment calculated pursuant to the Offshore Share Purchase Agreement and the Onshore Share Purchase Agreement, details of which were disclosed in the announcement of the Company dated 30 November 2016 |
| “Counter Guarantee” | the counter guarantee provided by Shanghai Nianpu in favor of Broad Greenstate Ecological |
| “Counter Guarantee Agreement” | the counter guarantee agreement dated 12 October 2018 entered into between Broad Greenstate Ecological and the Transferee |
| “Director(s)” | director(s) of the Company |
| “Disposal” | the disposal of the 100% equity interest in the Target Company pursuant to the Share Transfer Agreement |

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|-------------------------------------|---|
| “Greenstate Business” | Shanghai Greenstate Business Management Company Limited* (上海綠澤商業管理有限公司 (formerly known as Shanghai Greenstate Landscape Properties Company Limited* (上海綠澤景觀置業有限公司)), a company established in the PRC with limited liability on 15 June 2004, and is an indirect wholly-owned subsidiary of the Company |
| “Group” | the Company and/or its subsidiaries |
| “Hangzhou Beifeng” | Hangzhou Beifeng Yuanlin Landscaping Design Company Limited* (杭州北風園林景觀設計有限公司), a company established in the PRC with limited liability on 3 November 2016, an indirect wholly-owned subsidiary of the Company |
| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “Independent Third Party(ies)” | any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules) |
| “Jiangnan Garden” | Hangzhou Xiaoshan Jiangnan Garden Construction Company Limited* (杭州蕭山江南園林工程有限公司), a company established in the PRC with limited liability on 11 January 1996, and owned as to 60% by the Target Company and as to 40% by the Independent Third Parties |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Offshore Share Purchase Agreement” | the offshore share purchase agreement dated 30 November 2016 entered into among the Company, Golden Spring Landscape Limited, Zhejiang Yulin Holding Group Company Limited* (浙江雨林控股集團有限公司) and Mr. Ling Jijiang |
| “Onshore Share Purchase Agreement” | the onshore share purchase agreement dated 30 November 2016 entered into between Greenstate Business and Zhejiang Yulin Holding Group Company Limited* (浙江雨林控股集團有限公司) |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Share(s)” | ordinary share(s) of HK\$0.025 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |

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| “Share Transfer Agreement” | the share transfer agreement dated 12 October 2018 entered into by and among Hangzhou Beifeng, the Transferee and Greenstate Business in relation to the Disposal |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Target Company” or “Hangzhou Zhongling” | Hangzhou Zhongling Gardenview Design Company Limited* (杭州中靈園林景觀設計有限責任公司), a company established in the PRC with limited liability on 14 November 2016, a direct wholly-owned subsidiary of Hangzhou Beifeng and thus an indirect wholly-owned subsidiary of the Company prior to the Completion |
| “Target Group” | the Target Company and its subsidiary (i.e. Jiangnan Garden) |
| “Transferee” or “Shanghai Nianpu” | Shanghai Nianpu Corporate Management Co., Ltd. * (上海念樸企業管理有限公司), a company established in the PRC with limited liability on 14 September 2018 and an Independent Third Party |
| “%” | per cent |

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

Shanghai, the People’s Republic of China
12 October 2018

* *for identification purposes only*

As at the date of this announcement, our executive Directors are Mr. Wu Zhengping, Ms. Xiao Li, Ms. Zhu Wen and Ms. Chen Min and our independent non-executive Directors are Mr. Dai Guoqiang, Dr. Jin Hexian and Dr. Chan Wing Bun.