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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 TRANSACTION AND ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 21 September 2017 (after trading hours), the Company, the Offshore Vendor and the Guarantors entered into the Offshore Share Purchase Agreement, pursuant to which the Company has conditionally agreed to acquire, and the Offshore Vendor has conditionally agreed to sell, 100% issued share capital in the Offshore Target Company at the consideration of RMB72,000,000 (subject to price adjustment), of which RMB48,000,000 shall be satisfied by the allotment and issue of the Consideration Shares and RMB24,000,000 shall be settled by cash in RMB or in other currencies. Upon the Completion, the Offshore Target will be owned as to 100% by the Company and the Onshore Target Company will be indirectly owned as to 60.30% by the Company and become a subsidiary of the Company.

As the applicable percentage ratios for the Company in respect of the Acquisition exceed 5% or more but all are less than 25%, the Acquisition constitutes a discloseable transaction of the Company, and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

WARNING: as the Completion is subject to fulfilment or waiver of the Conditions Precedent, the Acquisition may or may not proceed, and the Consideration Shares may or may not be issued. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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The principal terms of the Offshore Share Purchase Agreement are set out below:

THE OFFSHORE SHARE PURCHASE AGREEMENT

Date: 21 September 2017 (after trading hours)

Parties:

- (1) the Company as the buyer;
- (2) the Offshore Vendor as the seller; and
- (3) Mr. Yu and Ms. Song as the guarantors.

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 Offshore Vendor, Mr. Yu and Ms. Song, and the ultimate beneficial owners, is a third party independent from the Company and its connected persons.

Subject matter to be acquired

Pursuant to the Offshore Share Purchase Agreement, the Company has conditionally agreed to acquire, and the Offshore Vendor has conditionally agreed to sell, 100% issued share capital in the Offshore Target Company.

Consideration and payment method

The consideration for the Acquisition is RMB72,000,000 (subject to adjustment as described below) and shall be partially satisfied by the allotment and issue of 35,387,758 Consideration Shares in total by the Company to the Offshore Vendor and be partially satisfied by the payment of RMB24,000,000 in cash in RMB or other currencies on the Completion Date.

The Consideration Shares shall rank *pari passu* in all respects with each other and with all other existing Shares in issue as at the date of allotment and issue of the Consideration Shares, and have all the rights to dividends and other distributions. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Price adjustment mechanism and profit guarantee

Pursuant to the Offshore Share Purchase Agreement, the consideration of RMB72,000,000 shall be adjusted according to the following manner:

- a) Within three (3) years after the date on which the Company issues the Consideration Shares to the Offshore Vendor, if there is any overdue and outstanding balance with respect to all book accounts receivable and other receivables (deducting the portions which have been recognized as bad debt losses) as confirmed in the Onshore Target Company's audited financial statements as of 31 May 2017, 60.30% of the relevant balance (the "**Consideration Adjustment Amount**") shall be correspondingly deducted from the total consideration for the Acquisition. The Offshore Vendor or the Guarantors shall compensate the Company for the Consideration Adjustment Amount within one (1) month after the Closing Date for Receivables Adjustment.
- b) Each of the Offshore Vendor and the Guarantors guarantee that the Onshore Target Company's audited net profits after deduction of the non-recurring gains and losses for the years of 2017, 2018 and 2019 (which shall be audited by the auditor appointed by the Company) shall exceed RMB20,000,000, RMB30,000,000 and RMB40,000,000, respectively. If the Onshore Target Company's aggregated net profits for the abovementioned three years, after deduction of the non-recurring gains and losses, fails to achieve RMB90,000,000, the Offshore Vendor and the Guarantors guarantee that they will compensate the Company for the amount of compensation ("**Profit Compensation Amount**") calculated in accordance with the following formula within one (1) month after the Calculation Date for Profit Compensation.

Profit Compensation Amount =

$$\text{the total consideration of RMB72,000,000} \times \frac{(1 - \frac{\text{the accumulated audited net profits for the three years after deduction of the non-recurring gains and losses}}{\text{the accumulated target net profits of RMB90,000,000}})}{1}$$

If the aggregated audited net profits for the abovementioned three years, after deduction of non-recurring gains and losses, are negative, the relevant net profits shall be deemed as zero.

The Offshore Vendor and the Guarantors agree to compensate the Company for the Consideration Adjustment Amount or the Profit Compensation Amount in accordance with the following manner:

- (a) The Offshore Vendor and Guarantors will first make the payment in cash. The Offshore Vendor and the Guarantors will use their best efforts to make the payment in cash for the adjusted total consideration;

- (b) For the insufficient part of the consideration after the cash payment, the Guarantors shall make the payment by transferring the following percentage of equity interest in the Onshore Target Company they own directly or indirectly (the Company may decide at its sole discretion whether one or all of the Guarantors shall make such payment):

Percentage of shareholding in the Onshore Target Company used for payment =

the insufficient cash amount		
the total consideration of RMB72,000,000	Consideration Adjustment Amount	Profit Compensation Amount
60.30%	60.30%	60.30%

For the avoidance of doubt, there will not be any upward adjustment to the total consideration for the Acquisition.

Conditions Precedent

Completion is subject to the fulfillment of the conditions and the delivery of relevant documents (the “**Conditions Precedent**”) as follows, amongst others, provided that the Company shall have the right to waive in writing any part or all of such conditions or documents (except for condition (f) below which is not waivable):

- (a) the Onshore Target Company having a board of directors which is composed of three directors (with no executive director), among which, two directors being nominated by the Company and one director being nominated by the Offshore Vendor; the role of chief financial officer or the responsible person for financial matters of the Onshore Target Company being assumed by a director nominated by the Company; and the Onshore Target Company having no board of supervisors, but with one supervisor being nominated by the Company;
- (b) the board of the Offshore Target Company being composed of only one executive director, and such executive director being assumed by a person who is nominated by the Company;
- (c) the necessary government approvals (including but not limited to the relevant approvals from foreign exchange authorities in the PRC) as required by the Company having been obtained;
- (d) all of the Offshore Vendor’s and the Guarantors’ representations and warranties remaining true, accurate and not misleading up to the date of the Completion;
- (e) from the end of the Accounting Date, there having been no abnormal operation or material safety incident of the Offshore Target Group, nor there been any circumstance which may have a material and adverse impact on the business, asset or operation of the Offshore Target Group, and there being no material risk not disclosed to the Company;
- (f) the approval of the Stock Exchange in relation to the listing of, and permission to deal in the Consideration Shares on the Stock Exchange having been obtained and such approval not having been revoked;

- (g) the Offshore Target Company, the Guarantors and certain real estate developer having entered into an agreement pursuant to which (i) the parties agree that the obligations of the Onshore Target Company under certain contract and any liabilities due to breach of such contract shall be assumed by the Guarantors; and (ii) the real estate developer agrees to give up its rights to claim against the Onshore Target Company in relation thereto;
- (h) the Onshore Target Company having obtained from its lending banks waivers in relation to the share transfer of the Offshore Target Company by the Offshore Vendor; and
- (i) Mr. Yu having waived the RMB900,000 owed to him by the Onshore Target Company.

Completion

Completion shall take place on the Completion Date, which shall be separately agreed by the Company and the Offshore Vendor after the satisfaction of all the Conditions Precedent (or if not satisfied, waived by the Company in writing of such unsatisfied Condition Precedent). In any event, the Completion shall occur no later than the Long Stop Date.

Lock up

The Offshore Vendor has undertaken to the Company that it will not transfer any of the Consideration Shares allotted and issued to it pursuant to the Offshore Share Purchase Agreement within 36 months from the Completion Date.

Undertaking by the Company

The Company has undertaken (the “**Company’s Undertaking**”) that during the three-year period from the date of issue of new Consideration Shares to the Offshore Vendor by the Company, Broad Landscape shall take into account the sequence of the Company’s acquisition of similar landscaping companies as well as the shareholding of the Company in such landscaping companies when selecting its project collaboration partner, when the terms and conditions of services offered by such similar landscaping companies are equivalent.

Guarantee

Pursuant to the Offshore Share Purchase Agreement, the Guarantors unconditionally, irrevocably, jointly and severally, guarantee that the Offshore Vendor shall perform any and all obligations and liabilities pursuant to the terms and conditions of the Offshore Share Purchase Agreement. Further, the Guarantors unconditionally, irrevocably, jointly and severally, guarantee to indemnify the Company any loss as well as any consequential liabilities, costs and expenses incurred by the Company as a result of (i) failure by the Offshore Vendor to promptly perform its obligations and liabilities under the Offshore Share Purchase Agreement; or (ii) breach by the Offshore Vendor of any representations, warranties or terms made in the Offshore Share Purchase Agreement.

The guaranty provided above shall be an ongoing security until payment and fulfillment of all secured obligations. The guaranty shall be an extra security and in addition to any existing and future lien, pledge, guarantee or other warranty or right or remedy entitled or available to the Company anytime. At the request of the Company, the Guarantors shall immediately perform such obligations and liabilities described above and the Company shall not be required to recover such against the Offshore Vendor in the first place.

BASIS OF CONSIDERATION

The consideration for the Acquisition was determined based on arm's length negotiations having considered various factors, including:

- (a) the assets, operating conditions, the qualifications of the Onshore Target Group;
- (b) the future prospects of the Onshore Target Group;
- (c) the prevailing market price of the Shares and the Company's historical share price performance; and
- (d) current market conditions and development plan of the Company.

The Board considers the consideration for the Acquisition to be fair and reasonable and on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

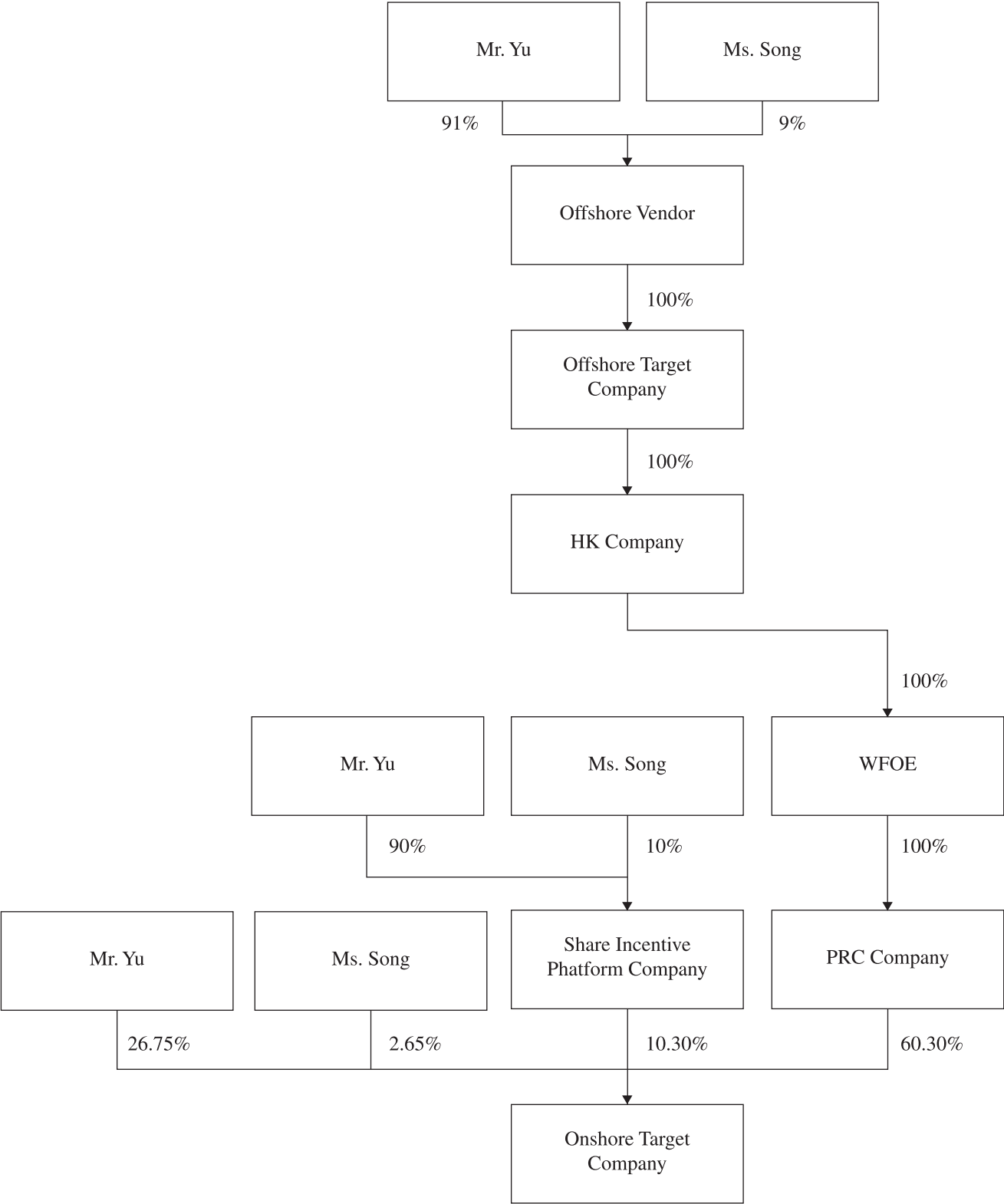
INFORMATION ON THE OFFSHORE TARGET COMPANY AND THE ONSHORE TARGET COMPANY

The Offshore Target Company is an investment holding company incorporated in the British Virgin Islands. As at the date of this announcement, the Offshore Target Company is wholly-owned by the Offshore Vendor. The Offshore Vendor is indirectly owned as to 91% by Mr. Yu and 9% by Ms. Song. The Offshore Target Company is an investment holding company which does not have any asset. The Offshore Target Company has not conducted any business activities since its incorporation.

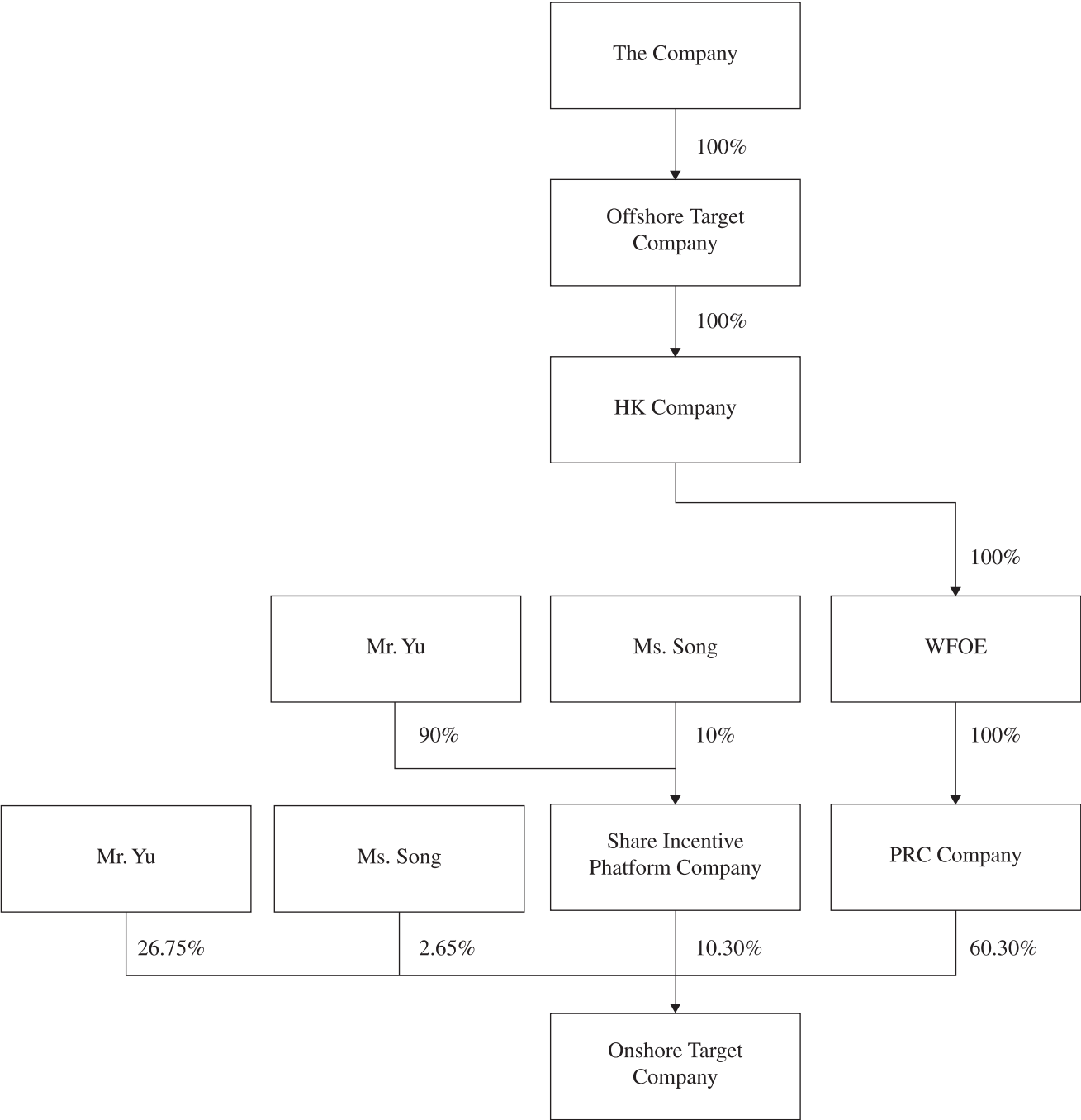
The Onshore Target Company is incorporated in the PRC which is principally engaged in landscaping construction and design business especially through collaboration with large-scale real estate development companies. The Onshore Target Group currently holds a Grade Two Qualification in Urban Landscaping (城市園林綠化二級資質) and a Grade B Qualification in Landscaping Engineering Design (風景園林工程設計專項乙級資質). As of the date of this announcement, the Onshore Target Company is owned as to 36.02%, 3.68% and 60.30% by Mr. Yu (including through the Share Incentive Platform Company), Ms. Song (including through the Share Incentive Platform Company) and the Offshore Vendor.

The diagrams below set out the shareholding structure of the Offshore Target Group immediately prior to the Completion and immediately after the Completion.

Immediately prior to the Completion



Immediately after the Completion



FINANCIAL INFORMATION OF THE ONSHORE TARGET GROUP

The table below sets forth a summary of the audited financial information of the Onshore Target Group for the two years ended 31 December 2016:

	For the year ended	
	31 December	
	2015	2016
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	15,825	20,774
Profit after taxation	12,759	15,529

As at 31 May 2017, the unaudited total assets and net assets of the Onshore Target Group were approximately RMB150,991,715.49 and RMB98,291,470.41.

INFORMATION ON THE GROUP

The Group is a fast-growing integrated landscape architecture service provider in China. The Group focuses on major urban landscape projects across China and offers customers “one stop” project-based landscape architecture service solutions, including design and planning, design refinement, construction, seedlings cultivation and maintenance.

EFFECT ON SHAREHOLDERS OF THE COMPANY

The table below sets out a summary of the shareholdings in the Company (i) as at the date of this announcement; and (ii) upon the issuance of the Consideration Shares:

Shareholders	As at the date of this announcement		Immediately following the allotment and issue of all the Consideration Shares by the Company	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Broad Landscape International	991,321,041	29.66	991,321,041	29.35
Greenland Financial	991,321,041	29.66	991,321,041	29.35
Eastern Greenstate International	306,313,662	9.16	306,313,662	9.07
Offshore Vendor	—	—	35,387,758	1.05
Other public Shareholders	<u>1,053,581,213</u>	<u>31.52</u>	<u>1,053,581,213</u>	<u>31.18</u>
Total	<u><u>3,342,536,957</u></u>	<u><u>100.00</u></u>	<u><u>3,377,924,715</u></u>	<u><u>100.00</u></u>

REASONS FOR AND BENEFITS OF ENTERING INTO THE OFFSHORE SHARE PURCHASE AGREEMENT

By grasping the opportunities brought by the quick development of landscaping infrastructure construction in China, the Company aims at developing into an industrial platform which consists of three main business modules, namely investment, construction and operation. The Onshore Target Company has a rich experience accumulated for decades as well as outstanding construction abilities in the landscaping industry. The Directors believe the Acquisition would effectively increase the comprehensive solving ability of the Company in terms of facing future large-scale landscaping projects.

The Directors are of the view that the terms and conditions of the Acquisition are fair and reasonable and the Acquisition is in the interest of the Group and the Shareholders as a whole.

ISSUE OF CONSIDERATION SHARES AND GENERAL MANDATE

Pursuant to the Offshore Share Purchase Agreement, RMB48,000,000 of the total consideration of RMB72,000,000 (subject to the price adjustment mechanism) shall be satisfied by the allotment and issue of 35,387,758 Consideration Shares, which equates to an issue price per Consideration Share of HK\$1.612, representing an average closing price per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the date of signing the Offshore Share Purchase Agreement. The issue price also represents:

- (i) a premium of approximately 6.75% to the closing price of HK\$1.510 per Share as quoted on the Stock Exchange on 21 September 2017, being the date of signing the Offshore Share Purchase Agreement; and
- (ii) a premium of approximately 1.13% to the average closing price of HK\$1.594 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of signing the Offshore Share Purchase Agreement.

The allotment and issue of the Consideration Shares will be made pursuant to the General Mandate adopted on 12 May 2017 and hence is not subject to the Shareholders' further approval.

As at the date of this announcement, the Company has 3,342,536,957 Shares in issue. Assuming there is no other change in the shareholding structure of the Company, the 35,387,758 Consideration Shares represent approximately 1.06% of the current issued share capital of the Company and approximately 1.05% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios for the Company in respect of the Acquisition exceed 5% or more but all are less than 25%, the Acquisition constitutes a discloseable transaction of the Company, and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

WARNING: as the Completion is subject to fulfilment or waiver of the Conditions Precedent, the Acquisition may or may not proceed, and the Consideration Shares may or may not be issued. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Accounting Date”	31 December 2016
“Acquisition”	the acquisition of 100% equity interest in the Offshore Target Company pursuant to the Offshore Share Purchase Agreement
“Board”	the board of Directors
“Broad Landscape”	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 and a wholly-owned subsidiary of the Company
“Broad Landscape International”	Broad Landscape International Company Limited (博大國際有限公司), a company incorporated in the British Virgin Islands on 8 October 2013
“Calculation Date for Profit Adjustment”	the completion date of the audit report of the Onshore Target Company for the year ending 31 December 2019 prepared by an auditor designated by 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
“Closing Date for Receivables Adjustment”	the third anniversary of the date of issue of new Consideration Shares to the Offshore Vendor by the Company pursuant to the Offshore Sale and Purchase Agreement

“Company”	China Greenland Broad Greenstate Group Company Limited (中國綠地博大綠澤集團有限公司) (stock code: 1253), a limited company incorporated in the Cayman Islands and the Shares of which are listed on the Main Board of the Stock Exchange
“Company’s Undertaking”	has the meaning ascribed to it under the paragraph headed “Undertaking by the Company”
“Completion”	completion of the Acquisition and issue of the Consideration Shares in accordance with the Offshore Share Purchase Agreement
“Completion Date”	the date when the Acquisition is completed
“Conditions Precedent”	has the meaning ascribed to it under the paragraph headed “Conditions Precedent”
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration Adjustment Amount”	has the meaning ascribed to it under the paragraph headed “Price adjustment mechanism and profit guarantee”
“Consideration Shares”	new shares to be allotted and issued by the Company to the Offshore Vendor pursuant to the Offshore Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Eastern Greenstate International”	Eastern Greenstate International Company Limited (綠澤東方國際有限公司), a company incorporated in the British Virgin Islands on 9 October 2013
“General Mandate”	the general mandate adopted on 12 May 2017 by the Shareholders to the Board to allot, issue and deal with additional Shares not exceeding 20% of the issued share capital of the Company
“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 is listed in the Shanghai Stock Exchange (Stock Code: 600606)
“Greenland Financial”	Greenland Financial Overseas Investment Group Co., Ltd. (綠地金融海外投資集團有限公司), a company incorporated under the laws of the British Virgin Islands, an indirectly wholly-owned subsidiary of Greenland and a substantial shareholder of the Company
“Group”	the Company and its subsidiaries
“Guarantor(s)”	Mr. Yu and Ms. Song

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK Company”	Greenbay Landscape Limited, a company incorporated in Hong Kong with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	being the date of 31 December 2017 or any other date as agreed by the parties
“Mr. Yu”	Mr. Yu Huan (余煥)
“Ms. Song”	Ms. Song Li (宋力)
“Offshore Target Company”	EcoVista Holdings Limited, a limited company incorporated in the British Virgin Islands
“Offshore Target Group”	the Offshore Target Company, the HK Company, the WFOE, the PRC Company, the Onshore Target Company and its subsidiaries
“Offshore Vendor”	AllVista Holdings Limited, a limited company incorporated in the British Virgin Islands
“Offshore Share Purchase Agreement”	offshore share purchase agreement dated 21 September 2017 entered into between the Company, the Offshore Vendor and the Guarantors in relation to the Acquisition
“Onshore Target Company”	Shenyang Furui Garden Decoration Engineering Company Limited* (瀋陽福瑞園林裝飾工程有限公司), a company established in the PRC with limited liability on 19 March 1999.
“Onshore Target Group”	the Onshore Target Company and its subsidiaries
“PRC Company”	Shenyang Sheng Shengda Investment Advisory Company Limited* (瀋陽盛升達投資諮詢有限公司), a company established in the PRC and a direct wholly-owned subsidiary of the WFOE
“Profit Compensation Amount”	has the meaning ascribed to it under the paragraph headed “Price adjustment mechanism and profit guarantee”
“RMB”	Renminbi, the lawful currency of China

“Share Incentive Platform Company”	Shenyang Maoyuantong Investment Consulting Company Limited* (瀋陽茂源通投資諮詢有限公司), a company established in the PRC with limited liability, which as of the date of this announcement is 90% owned by Mr. Yu and 10% owned by Ms. Song and is intended to be used for share incentive plan for management of the Onshore Target Company.*
“Share(s)”	ordinary share(s) of HK\$0.025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“WFOE”	Shenyang Geyaxian Consulting Company Limited* (瀋陽格雅遜諮詢有限公司), a wholly foreign-owned enterprise established in the PRC and a wholly-owned subsidiary of the HK Company
“%”	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
21 September 2017

* *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, Mr. Zhang Qing and Dr. Jin Hexian.