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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)

CONTINUING CONNECTED TRANSACTIONS LEASE OF PROPERTIES DISCLOSEABLE AND CONNECTED TRANSACTIONS ACQUISITION OF PROPERTY

PROPERTY LEASE AGREEMENT

The Board hereby announces that on 6 September 2018, a subsidiary of the Company, Broad Greenstate Ecological, entered into the Property Lease Agreement with Shanghai Kaitai, pursuant to which Shanghai Kaitai agreed to lease the Properties to Broad Greenstate Ecological at a rental of RMB793,428.79 per month.

PROPERTY SALE AGREEMENT

The Board hereby announces that on 6 September 2018, a subsidiary of the Company, Broad Greenstate Ecological, entered into the Property Sale Agreement with Shanghai Kaitai, pursuant to which Shanghai Kaitai agreed to sell and Broad Greenstate Ecological agreed to acquire Property II at a consideration of RMB124,966,696.00.

SUPPLEMENTAL AGREEMENT TO THE PROPERTY SALE AGREEMENT

The Board hereby announces that on 6 September 2018, a subsidiary of the Company, Broad Greenstate Ecological, entered into a supplemental agreement (the “**Supplemental Agreement**”) to the Property Sale Agreement with Shanghai Kaitai (the Property Sale Agreement and the Supplemental Agreement collectively, the “**Property Acquisition Agreements**”) to further amend the Property Sale Agreement.

LISTING RULES IMPLICATIONS

As at the date of the announcement, Greenland Holdings Group Corporation Limited* (綠地控股集團股份有限公司) (“**Greenland Holdings**”) indirectly holds approximately 29.66% equity interest in the Company through Greenland Financial Holdings Company Limited* (綠地金融投資控股集團有限公司) and Greenland Financial Overseas Investment Group Co., Ltd.* (綠地金融海外投資集團有限公司). Thus, Greenland Holdings is a connected person of the Company as defined under the Listing Rules. Greenland Holdings indirectly holds 50% equity interest in Shanghai Kaitai through Greenland Estate Group Co., Ltd.* (綠地地產集團有限公司). Therefore, Shanghai Kaitai is an associate of Greenland Holdings and thus a connected person of the Company. As such, the transactions contemplated under the Property Lease Agreement constitute continuing connected transactions and the transactions contemplated under the Property Acquisition Agreements constitute connected transactions of the Company.

As all the applicable percentage ratios in respect of the Property Lease Agreement and the transactions contemplated thereunder are more than 0.1% but less than 5%, Property Lease Agreement and the transactions contemplated thereunder are subject to the announcement and reporting requirements but are exempt from the independent shareholders’ approval requirement under the Listing Rules.

As one or more of the applicable ratios on an aggregated basis under Rule 14A.81 of the Listing Rules are more than 5%, the Property Acquisition Agreements and the transactions contemplated thereunder are subject to reporting, announcement and independent shareholders’ approval requirements under the Listing Rules.

As one or more of the applicable ratios on an aggregated basis under Rule 14A.81 of the Listing Rules are more than 5% but all the applicable ratios on an aggregated basis are less than 25%, the Property Acquisition Agreements and the transactions contemplated thereunder also constitute disclosable transactions for the Company under Chapter 14 of the Listing Rules.

A circular containing, *inter alia*, further details of the Property Acquisition Agreements and the transactions contemplated thereunder, a letter from the Independent Board Committee, a letter of advice from an independent financial adviser, and a notice convening the EGM to approve the Property Acquisition Agreements and the transactions contemplated thereunder will be despatched to the Shareholders on or before 28 September 2018.

WARNING: as completion of the acquisition of Property II is subject to fulfillment of the condition precedent under the Property Acquisition Agreements, acquisition of Property II may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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The Board hereby announces that on 6 September 2018, a subsidiary of the Company, Broad Greenstate Ecological, entered into the Property Lease Agreement with Shanghai Kaitai, pursuant to which Shanghai Kaitai agreed to lease the Properties to Broad Greenstate Ecological at a rental of RMB793,428.79 per month.

Date: 6 September 2018

Parties: (1) Shanghai Kaitai as landlord
(2) Broad Greenstate Ecological as tenant

Leased Objects: Property I and Property II, being the properties located at the 7th and 8th floors at No. 508, 5th Building, 1588 Lane, Zhuguang Road, Shanghai with a total gross floor area of approximately 5,796.74 square meters

Term: a term of 10 months commencing from 1 March 2018 and expiring on 31 December 2018 (both days inclusive), subject to an automatic termination upon full payment of consideration (being RMB124,966,696.00) by Broad Greenstate Ecological under the Property Acquisition Agreements

Monthly Rental (exclusive of management fees payable to an independent third party): RMB793,428.79

Usage: Office space

PROPOSED ANNUAL CAP

The annual cap for the transactions contemplated under the Property Lease Agreement for the year ending 31 December 2018 is set out below:

	For the year ending 31 December 2018 (RMB)
Annual Cap	<u><u>7,934,287.90</u></u>

The annual cap was calculated based on the monthly rental (i.e. RMB793,428.79) being multiplied by ten (i.e. the term of lease) and was determined with reference to the prevailing market rates of rentals for comparable properties in the PRC as of the date of the Property Lease Agreement. The Directors (including the independent non-executive Directors) considered that the annual cap is fair and reasonable and in the interests of the Group and its Shareholders as a whole.

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Date: 6 September 2018

Parties: (1) Shanghai Kaitai as vendor
(2) Broad Greenstate Ecological as purchaser

Subject Matter: Property II, being the property located at the 8th floor at No. 508, 5th Building, 1588 Lane, Zhuguang Road, Shanghai, the PRC with a total gross floor area of approximately 2,731.86 square meters

Consideration: The consideration is RMB124,966,696.00

Payment Arrangement: Broad Greenstate Ecological shall make payment in cash by wire transfer.

SUPPLEMENTAL AGREEMENT TO THE PROPERTY SALE AGREEMENT

The Board hereby announces that on 6 September, a subsidiary of the Company, Broad Greenstate Ecological, entered into a Supplemental Agreement to the Property Sale Agreement with Shanghai Kaitai to further amend the terms and conditions of the Property Sale Agreement.

Date: 6 September 2018

Parties: (1) Shanghai Kaitai as vendor
(2) Broad Greenstate Ecological as purchaser

Condition Precedent: Completion of the acquisition of Property II is subject to the approval by the Shareholders at the forthcoming EGM.

Others: If Broad Greenstate Ecological fails to receive the approval by the Shareholders at the forthcoming EGM within 90 days after execution of the Property Sale Agreement, Broad Greenstate Ecological is entitled to terminate the Property Sale Agreement by serving a written notice (the “**Termination Notice**”) to Shanghai Kaitai. Shanghai Kaitai should return any payment received from Broad Greenstate Ecological in respect of the Property Sale Agreement together with the corresponding interest based on the bank deposit interest rate published by the People’s Bank of China* (中國人民銀行) within five business days after receipt of the Termination Notice.

When the consideration (being RMB124,966,696.00) under the Property Sale Agreement is fully paid by Broad Greenstate Ecological, the Property Lease Agreement will terminate automatically.

BASIS OF CONSIDERATIONS

The consideration under the Property Lease Agreement (i.e. the rental) was determined after arm’s length negotiations between Broad Greenstate Ecological and Shanghai Kaitai with reference to the prevailing market price.

The consideration under the Property Acquisition Agreements was determined after arm’s length negotiations between Broad Greenstate Ecological and Shanghai Kaitai with reference to the valuation result of Property II.

It is intended that the considerations payable under the Property Lease Agreement and the Property Acquisition Agreements will be funded by internal resources of the Group and external financing from bank(s).

REASONS AND BENEFITS FOR LEASE AND ACQUISITION OF THE PROPERTIES

The Company believes that it will benefit from the location of the Properties due to the following reasons: (1) The Properties are located at West Hongqiao Commercial Development Center* (西虹橋商業開發中心區) and the Company believes that this area will be the center of Yangtze River Delta Economic Development Zone* (長三角經濟開發區) in the future. (2) The Group intends to use the Properties as office space. It will further enhance the Group’s market image and position by operating the business in a prestigious and prominent location in Shanghai. (3) The Properties are merely five minutes ride from Hongqiao airport and Hongqiao railway station. Thus, there will be a saving of time and expenses for the Company to send employees on business trips.

In addition, the Property Acquisition Agreements will allow the Group to invest in land and properties in a premium location in Shanghai. Given the promising long-term economic and financial prospects of Shanghai and the PRC, there is potential for attractive capital appreciation for this investment over the long term.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the Property Lease Agreement and the transactions contemplated thereunder are on normal commercial terms or better, and the terms in the Property Lease Agreement are fair and reasonable and are in the interest of the Company and its Shareholders as a whole. The Directors (excluding the independent non-executive Directors whose views will be given after having taken into account the advice of the independent financial advisor and set out in the circular to be published by the Company) are of the view that the Property Acquisition Agreements and the transactions contemplated thereunder are on normal commercial terms or better, and the terms in the Property Acquisition Agreements are fair and reasonable and are in the interest of the Company and its Shareholders as a whole.

None of the Directors has any material interest in the Property Lease Agreement and the Property Acquisition Agreements and the transactions contemplated thereunder, thus none of the Directors had abstained from voting on the Board resolutions approving the Property Lease Agreement, the Property Acquisition Agreements and the transactions contemplated thereunder.

INFORMATION ON THE GROUP AND THE PARTIES TO THE PROPERTY LEASE AGREEMENT AND THE PROPERTY ACQUISITION AGREEMENTS

The Group

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.

Broad Greenstate Ecological

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

Shanghai Kaitai

Shanghai Kaitai is a company incorporated under the laws of the PRC. Shanghai Kaitai is principally engaged in real estate development and operation.

LISTING RULES IMPLICATIONS

As at the date of the announcement, Greenland Holdings indirectly holds approximately 29.66% equity interest in the Company through Greenland Financial Holdings Company Limited* (綠地金融投資控股集團有限公司) and Greenland Financial Overseas Investment Group Co., Ltd.* (綠地金融海外投資集團有限公司). Thus, Greenland Holdings is a connected person of the Company as defined under the Listing Rules. Greenland Holdings indirectly holds 50% equity interest in Shanghai Kaitai through Greenland Estate Group Co., Ltd.* (綠地地產集團有限公司). Therefore, Shanghai Kaitai is an associate of Greenland Holdings and thus a connected person of the Company. As such, the

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A circular containing, *inter alia*, further details of the Property Acquisition Agreements and the transactions contemplated thereunder, a letter from the Independent Board Committee, a letter of advice from an independent financial advisor, and a notice convening the EGM to approve the Property Acquisition Agreements and the transactions contemplated thereunder will be despatched to the Shareholders on or before 28 September 2018.

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DEFINITIONS

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

“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), incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company

“Company”	China Greenland Broad Greenstate Group Company Limited (中國綠地博大綠澤集團有限公司) (stock code: 1253), a limited company incorporated in the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company convened to be held to approve the Property Acquisition Agreements and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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
“Properties”	collectively, Property I and Property II
“Property I”	the property located at the 7th floor at No. 508, 5th Building, 1588 Lane, Zhuguang Road, Shanghai, the PRC with a total gross floor area of approximately 3,064.88 square meters
“Property II”	the property located at the 8th floor at No. 508, 5th Building, 1588 Lane, Zhuguang Road, Shanghai, the PRC with a total gross floor area of approximately 2,731.86 square meters
“Property Lease Agreement”	the agreement entered into between Broad Greenstate Ecological and Shanghai Kaitai on 6 September 2018 for the leasing of the Properties
“Property Sale Agreement”	a property sale agreement entered into between Broad Greenstate Ecological and Shanghai Kaitai on 6 September 2018 for the sale and purchase of Property II
“RMB”	Renminbi, the lawful currency of China
“Share(s)”	ordinary share(s) of par value of HK\$0.025 each in the share capital of the Company

“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Shanghai Kaitai”	Shanghai Kaitai Real Estate Development Co., Ltd.* (上海愷泰房地產開發有限公司), incorporated under the laws of the PRC
“%”	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
6 September 2018

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.