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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 FORMATION OF JOINT VENTURE

THE JV AGREEMENT

On 28 March 2019, the Private Parties and Xiangfu Investment entered into the JV Agreement, pursuant to which the parties agreed to (i) form the JV Company for the purpose of constructing the PPP Project; and (ii) regulate their respective rights and obligations in the JV Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios exceeds 5% and all of the percentage ratios are less than 25%, the investment in the JV Company pursuant to the JV Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 9 October 2018 in relation to the successful tender for the PPP Project. Pursuant to the Tender, the Private Parties and the government will establish the JV Company to develop the PPP Project.

On 28 March 2019, the Private Parties and Xiangfu Investment entered into the JV Agreement, pursuant to which the parties agree to (i) form the JV Company for the purpose of constructing the PPP Project; and (ii) regulate their respective rights and obligations in the JV Company.

JV AGREEMENT

Date

28 March 2019

Parties

- (1) Broad Greenstate Ecological Construction Group Company Limited* (博大綠澤生態建設集團有限公司) (“**Broad Greenstate Ecological**”), 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), an indirect wholly-owned subsidiary of the Company
- (2) Zhongbo Construction Engineering Group Co., Ltd.* (中博建設工程集團有限公司) (“**Zhongbo Construction**”), an indirect non-wholly-owned subsidiary of the Company, which is owned as to 85% by the Group and 15% by independent third parties
- (3) Kaifeng City Xiangfu District Development and Investment Co., Ltd.* (開封市祥符區發展投資有限公司) (“**Xiangfu Investment**”), an independent third party

Proposed name of the JV Company

Pursuant to the JV Agreement, the proposed name of the JV Company shall be Kaifeng City Xiangfu District Broad Greenstate Huiji River Wetland Park Co., Ltd.* (開封市祥符區博大綠澤惠濟河濕地公園有限公司).

Subject matter

Pursuant to the JV Agreement, the Private Parties and Xiangfu Investment shall establish the JV Company for the investment, financing, construction, operation and maintenance of the PPP Project. The JV Company shall have an operation period commencing from the date of obtaining the operation licence by the JV Company and ending on the expiry of the concessionary period.

Registered capital

The JV Company shall have a registered capital of RMB153,034,100, which shall be contributed by the parties in cash as follows:

Equity Holder Names	Amount (RMB)	Proportion (%)
Xiangfu Investment	7,651,700	5
Broad Greenstate Ecological	143,852,100	94
Zhongbo Construction	<u>1,530,300</u>	<u>1</u>
Total	<u><u>153,034,100</u></u>	<u><u>100</u></u>

The respective contribution to the registered capital of the JV Company is determined after arm's length negotiations between the parties with reference to the proposed capital requirements of the PPP Project and the parties' interests in the JV Company.

Restrictions on equity transfers

The Private Parties shall not transfer or assign all or any part of their respective equity interest in the JV Company without the written consent from the Xiangfu District government.

Board composition

The board of directors of the JV Company (the “**JV Board**”) shall be comprised of five directors, of which two directors shall be nominated by Xiangfu Investment, the other three directors shall be nominated by the Private Parties. The chairman of the JV Board shall be nominated by the Private Parties and appointed by the JV Board. The vice chairman of the JV Board shall be nominated by Xiangfu Investment and appointed by the JV Board. Decisions of the JV Board shall be resolved by over half of the directors of the JV Board, save for certain reserved matters (including but not limited to approval of the decrease or increase in the registered capital, split-up or dissolution; connected transactions with shareholders of the JV Company; engagement or dismissal of accounting firms; use of funds in the joint account of the JV Company and etc.) which shall be resolved by over four-fifths of the directors of the JV Board.

Supervisory committee composition

The supervisory committee of the JV Company shall be comprised of three members, of which one shall be nominated by Xiangfu Investment (who shall be the chairman of the supervisory committee), one shall be nominated by the Private Parties and one shall be the representative of the employees.

Management

The senior management of the JV Company shall consist of one general manager nominated by the Private Parties and appointed by the JV Board, two deputy general managers (one of which shall be appointed by Xiangfu Investment), and one financial director. The general manager shall be responsible for the daily management of the JV Company and shall report to the JV Board.

Profit distribution

The profit distribution plan in respect of the JV Company shall be approved by the equity holders meeting of the JV Company. Pursuant to the JV Agreement, Xiangfu Investment is not entitled to any profit distribution.

INFORMATION OF THE PPP PROJECT

The PPP Project is for the construction of Huiji River Wetland Park in Xiangfu District of Kaifeng City* (開封市祥符區惠濟河濕地公園建設). The total land area consists of approximately 3,448.07 mu. The amount of investment is approximately RMB743.03 million. The PPP Project has a concessionary period of 15 years (including 2 years of construction and 13 years of operation).

REASONS FOR AND BENEFITS OF THE PPP PROJECT AND THE JV COMPANY

The Company believes that future large scale projects in the public sector in the PRC will be mainly developed through PPP cooperation mode and projects using PPP cooperation mode will remain as the focus of the Company's future development. Participation in the PPP Project is a significant attempt of the Company to develop landscaping projects in the public sector and allows the Company to expand its business to the public sector.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the JV Agreement is entered in the ordinary and usual course of business of the Group, on normal commercial terms or better, and the terms of the JV Agreement are fair and reasonable and are in the interest of the Company and its Shareholders as a whole.

INFORMATION ON THE GROUP AND THE PARTIES TO THE JV AGREEMENT

The Group

The Company is an investing holding company incorporated in the Cayman Islands with limited liability. The Company's subsidiaries were 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.

Zhongbo Construction

Zhongbo Construction is a company incorporated under the laws of the PRC and an indirect non-wholly-owned subsidiary of the Company. Zhongbo Construction is principally engaged in EPC projects including (i) architectural engineering, contracting of mechanical and electrical installation engineering, contracting of renovation and decoration project, (ii) municipal public utilities construction, (iii) steel structure engineering, contracting of building foundation construction, design and construction of curtain wall engineering, (iv) mine engineering, (v) railway engineering, (vi) design, production and installation of aluminum alloy windows and plastic windows, and (vii) sales of decoration and building materials.

Xiangfu Investment

Xiangfu Investment is an agency of the Kaifeng City Xiangfu District people's government* (開封市祥符區人民政府), responsible for the government's investment in the PPP Project. To the best knowledge, information and belief of the Board, having made all reasonable enquiry, Xiangfu Investment is an independent third party independent of the Company and its connected persons (as defined in the Listing Rules).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios exceeds 5% and all of the percentage ratios are less than 25%, the investment in the JV Company pursuant to the JV Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

None of the Directors has any material interest in the JV Agreement, thus none of the Director is required to abstained from voting on the Board resolutions approving the JV Agreement and the transactions contemplated thereunder.

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
“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 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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Agreement”	the agreement entered into between the Private Parties and Xiangfu Investment on 28 March 2019 for the establishment of the JV Company
“JV Company”	the joint venture company to be established by the Private Parties and Xiangfu Investment pursuant to the JV Agreement

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PPP Project”	the project for the construction of Huiji River Wetland Park in Xiangfu District of Kaifeng City* (開封市祥符區惠濟河濕地公園建設)
“Private Parties”	Broad Greenstate Ecological and Zhongbo Construction
“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
“Tender”	the successful bid of the Public-Private-Partnership project on 26 September 2018 for the construction of Huiji River Wetland Park in Xiangfu District of Kaifeng City* (開封市祥符區惠濟河濕地公園建設)
“Xiangfu Investment”	Kaifeng City Xiangfu District Development and Investment Co., Ltd.* (開封市祥符區發展投資有限公司), an agency of the Kaifeng City Xiangfu District people’s government* (開封市祥符區人民政府) responsible for the government’s investment in the PPP Project
“Zhongbo Construction”	Zhongbo Construction Engineering Group Co., Ltd.* (中博建設工程集團有限公司), a company incorporated under the laws of the PRC and an indirect non-wholly-owned subsidiary of the Company, which is owned as to 85% by the Group and 15% by independent third parties

By order of the Board

China Greenland Broad Greenstate Group Company Limited

WU Zhengping

Chairman and Executive Director

* *for identification purpose only*

Shanghai, the People’s Republic of China

28 March 2019

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.