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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)**

### **SUPPLEMENT ANNOUNCEMENT**

#### **DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION ACQUISITION OF 100% OF THE EQUITY INTERESTS IN THE TARGET COMPANY**

Reference is made to the announcement of China Greenland Broad Greenstate Group Company Limited (the “**Company**”) dated 15 August 2025 (the “**Announcement**”) in relation to the acquisition of 100% equity interests in Shanghai Greenland Senmao Landscaping Engineering Co., Ltd. (上海綠地森茂綠化工程有限公司) (the “**Target Company**”). Unless otherwise defined herein, terms used in this announcement shall have the same meanings as those defined in the Announcement.

The board of Directors of the Company (the “**Board**”) would like to provide the following additional information.

#### **The appraised value of the 100% equity interests in the Target Company**

The valuation of the 100% equity interest in the Target Company was developed through the application of a market approach known as comparable company methodology. Market approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparative. The fair value of 100% equity interest in the Target Company as at the Valuation Date is RMB4,700,000.

## Selection criteria for the comparable companies

The six listed CoCos formed an exhaustive list based on the selection criteria.

Multiples from 6 listed CoCos for the Target Company were derived based on the following criteria (*with the explanation of the criteria in italics*):

- Company type: public companies (*to obtain publicly available information*);
- Industry classification: construction and Engineering or Environmental and Facilities Services (*companies selected within the same industry as the Target Company*). The % of revenue attributable to the business of construction and engineering or environmental and facilities services to be above 85%;
- Businesses include projects of Landscaping Engineering, Municipal Greening Maintenance, Landscape Design & Construction (*companies selected engaging in similar projects as the Target Company*);
- Country of incorporation and listing: China mainland or China Hong Kong (*companies selected operating under the same economic areas as the Target Company*);
- Trading history as least 3 years (*companies selected with sufficient trading history*);
- Debt-to-asset ratio is within +/- 25% of the Target Company's ratio (*companies selected with similar capital structure*);
- Historical 3-year gross profit margin is within +/- 25% of the Target Company's ratio (*companies selected with similar profitability*); and
- Latest-twelve-month price-to-book ratio is less than 3 (*companies selected with a ratio consistent with industry level*). The 3x P/B threshold was determined based on the industry average P/B. We conducted a screening of comparable companies that are within the industry of construction and engineering or environmental and facilities services. We calculated its average P/B ratio as at the Valuation Date to be approximately at 3.0x.

Qualitatively, this sector is typically characterized by asset-heavy operations, prolonged project cycles, and modest profit margins. These fundamentals do not justify sustained high P/B multiple.

Below is a summary of the quantitative metrics of the selected comparable companies and the Target Company.

| Company Name  | Debt to<br>asset ratio | Gross profit<br>margin | Price to<br>Book as at<br>31 July 2025<br>("P/B") | % of revenue<br>attributable to<br>relevant<br>businesses | Market Cap<br>(RMB million) | Net Asset<br>Value<br>(RMB million) | Common<br>Equity<br>(RMB million) |
|---|------------------------|------------------------|---|---|-----------------------------|-------------------------------------|-----------------------------------|
| New Concepts Holdings<br>Limited (SEHK:2221)  | 68.8%                  | 8.6%                   | 0.4x  | 89.84%  | 118                         | 352                                 | 293                               |
| China Greenland Broad<br>Greenstate Group Company<br>Limited (SEHK:1253)                  | 93.1%                  | 40.5%                  | 0.85x   | 85.98%  | 100                         | 142                                 | 117                               |
| Kangda International<br>Environmental Company<br>Limited (SEHK:6136)                      | 68.6%                  | 46.8%                  | 0.13x   | 100%  | 746                         | 6,020                               | 5,935                             |
| China State Construction<br>International Holdings<br>Limited (SEHK:3311)                 | 71.9%                  | 14.7%                  | 0.86x   | 92.41%  | 58,323                      | 71,814                              | 67,640                            |
| Hangzhou Landscaping<br>Incorporated (SHSE:605303)  | 53.7%                  | 14.1%                  | 1.94x   | 89.57%  | 1,966                       | 1,017                               | 1,012                             |
| Beijing ZEHO Waterfront<br>Ecological Environment<br>Treatment Co., Ltd.<br>(SHSE:605069) | 68.3%                  | 6.2%                   | 2.50x   | 98.8%   | 2,291                       | 1,051                               | 915                               |
| <b>Target Company</b>   | 69.4%                  | 26.6%                  | 1.12x <sup>(1)</sup>                              | 100%  | 4.70 <sup>(3)</sup>         | 4.65                                | 4.65 <sup>(2)</sup>               |

*Notes:*

1. The P/B of the Target Company is based on the average of the comparable companies.
2. The book value of common equity of the Target Company is based on the financial statements of the Target Company as at the Valuation Date.

3. The total equity value of the Target Company is calculated based on the following procedures (minor differences may be caused by rounding):

**Market approach**

|   |            |     |              |
|---|------------|-----|--------------|
| Selected multiple   | A          |     | 1.12x        |
| Target financials (RMB'000)                                 | B          |     | <u>4,645</u> |
| <b>100% equity value, non-control, marketable basis</b>     |            |     |              |
| (RMB'000)   | $C=A*B$    |     | <b>5,180</b> |
| Less: Discount for lack of marketability                    | $D=28\%*C$ | 28% | <u>1,450</u> |
| <b>100% equity value, non-control, non-marketable basis</b> |            |     |              |
| (RMB'000)   | $E=C-D$    |     | <b>3,730</b> |
| Plus: Control premium                                       | $F=25\%*E$ | 25% | <u>932</u>   |
| <b>100% equity value, control, non-marketable basis</b>     |            |     |              |
| (RMB'000, rounded)  | $G=E+F$    |     | <b>4,700</b> |

Note that market cap and net asset value metrics are only for illustration purpose, and are not used in our CoCos selection criteria, because of the following reasons:

- A. The net asset value as well as the size of the Target Company is very small, which there is not really a comparable level between the Target Company and the public companies. All of the public companies within the same industry have much larger size than the Target Company.
- B. The P/B multiple, as a relative valuation metric, is primarily driven by a company's profitability, growth prospects, risk profile, rather than the absolute size of its equity. In our analysis, we paid more attention to the comparability of business model, client concentration (e.g., municipal projects), profit margins, capital structure between the Target Company and the public companies.
- C. We observed similar P/B ratios for small-sized public companies and big-sized public companies as long as their above-mentioned metrics are similar.

**Rationale for using price-to-book ratio as the pricing multiplier for the Valuation**

As the business relies heavily on tangible assets and typically maintain significant working capital, making book value a reliable indicator of underlying value, we utilized the latest-twelve-month ("LTM") price-to-book ("P/B") ratio of the comparable companies. Specifically, the average of the CoCos' LTM P/B ratio is selected, which is approximately 1.12x.

## **FURTHER INFORMATION OF THE TARGET COMPANY**

The Target Company was established by the Vendor in 2008. The Target Company returned to profitability for the seven months ended 31 July 2025, following net losses recorded in 2023 and 2024, was primarily due to it obtaining new professional qualification in 2024. The new qualification, which is Work Safety Permit (安全生產許可證) for building constructions enabled the Target Company to secure new business orders in the first half of 2025. This expansion in business scale subsequently led to a recovery in performance.

Furthermore, the decrease in the Target Company's net assets from RMB29.2 million as at 31 December 2023 to RMB4.6 million as at 31 July 2025 was mainly attributable to the distribution of dividends to its shareholders, which totaled RMB22.2 million during the period from January to July 2025.

### **Independent Non-executive Directors' View**

Having reviewed the Equity Transfer Agreement and the Acquisition, the independent non-executive Directors are of the view that that the Equity Transfer Agreement and the Acquisition is conducted on normal commercial terms and although not in the ordinary course of business of the Group; and the terms of the Equity Transfer Agreement and the Acquisition are fair and reasonable; and are in the interest of the Company and the shareholders of the Company as a whole.

Save for the additional information in this announcement, all other information contained in the Announcement remain unchanged.

Shanghai, the People's Republic of China

9 October 2025

*As at the date of this announcement, our executive Directors are Mr. Lin Guangqing and Mr. Wang Yaoming and our independent non-executive Directors are Mr. Dai Guoqiang, Mr. Yang Yuanguang and Ms. Zhang Rui.*