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Broad Greenstate International Company Limited

博大綠澤國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1253)

(1) SHARE SUBSCRIPTION UNDER SPECIFIC MANDATE

(2) RESUMPTION OF TRADING

SHARE SUBSCRIPTION UNDER SPECIFIC MANDATE

On 7 May 2015, after trading hours, the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 59,440,000 Subscription Shares at the Subscription Price of HK\$2.15 per Subscription Share.

Assuming 59,440,000 Subscription Shares are successfully subscribed, the Subscription Shares represent (i) approximately 7.75% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 7.19% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares (without taking into consideration of the Shares to be issued pursuant to the Nita Acquisition and assuming that there will not be any change in the issued share capital of the Company between the date of the Subscription Agreement and the Completion Date save for the issue of such Subscription Shares).

The Subscription Price of HK\$2.15 per Subscription Share represents:

- (i) a discount of approximately 61.74% to the closing price of HK\$5.62 per Share as quoted on the Stock Exchange on 6 May 2015, being the last trading day immediately prior to the date of the Subscription Agreement;
- (ii) a discount of approximately 57.34% to the average closing price of HK\$5.04 per Share as quoted on the Stock Exchange for the last five trading days up to and including 6 May 2015, being the last trading day immediately prior to the date of the Subscription Agreement;
- (iii) a discount of approximately 49.05% to the average closing price of HK\$4.22 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including 6 May 2015, being the last trading day immediately prior to the date of the Subscription Agreement; and
- (iv) a premium of approximately 298.15% over the audited consolidated net asset value per Share of the Group attributable to the Shareholders as at 31 December 2014 of approximately HK\$0.54 (based on the audited consolidated net asset value of the Group attributable to the Shareholders as at 31 December 2014 of approximately RMB331,866,000, which is equivalent to approximately HK\$414.31 million, and 767,214,000 Shares in issue as at the date of this announcement).

On the assumption that 59,440,000 Subscription Shares are successfully subscribed, the gross proceeds of the Subscription will be approximately HK\$127,796,000 and the net proceeds of the Subscription will amount to approximately HK\$127,246,000 which is intended to be used for financing existing and potential projects and general working capital of the Company. The Subscription Shares will be allotted and issued under the Specific Mandate to be sought from the Shareholders at the EGM.

A circular containing, among other matters, (i) further details of the Subscription Agreement and (ii) the Specific Mandate together with a notice convening the EGM and a form of proxy will be despatched to the Shareholders in accordance with the Listing Rules.

Shareholders and potential investors should note that Completion of the Subscription is subject to fulfillment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been halted from 9:00 a.m. on 7 May 2015 pending the release of this announcement.

Application has been made to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange with effect from 9:00 a.m. on 8 May 2015.

THE SUBSCRIPTION AGREEMENT

Date

7 May 2015

Parties

Issuer: the Company

The Subscriber: Greenland Financial Overseas Investment Group Co., Ltd. 綠地金融海外投資集團有限公司

The Subscription

Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for the Subscription Shares at HK\$2.15 per Subscription Share, representing approximately 7.75% of the issued share capital of the Company as at the date of this announcement, and approximately 7.19% of the issued share capital as enlarged by the issue of the Subscription Shares (without taking into consideration of the Shares to be issued pursuant to the Nita Acquisition and assuming that there will not be any change in the issued share capital of the Company between the date of the Subscription Agreement and the Completion Date save for the issue of such Subscription Shares). The aggregate nominal value of the Subscription Shares will be HK\$5,944,000.

Subscription Price

The Subscription Price of HK\$2.15 per Subscription Share represents:

- (i) a discount of approximately 61.74% to the closing price of HK\$5.62 per Share as quoted on the Stock Exchange on 6 May 2015, being the last trading day immediately prior to the date of the Subscription Agreement;
- (ii) a discount of approximately 57.34% to the average closing price of HK\$5.04 per Share as quoted on the Stock Exchange for the last five trading days up to and including 6 May 2015, being the last trading day immediately prior to the date of the Subscription Agreement;
- (iii) a discount of approximately 49.05% to the average closing price of HK\$4.22 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including 6 May 2015, being the last trading day immediately prior to the date of the Subscription Agreement; and
- (iv) a premium of approximately 298.15% over the audited consolidated net asset value per Share of the Group attributable to the Shareholders as at 31 December 2014 of approximately HK\$0.54 (based on the audited consolidated net asset value of the Group attributable to the Shareholders as at 31 December 2014 of approximately RMB331,866,000, which is equivalent to approximately HK\$414.31 million, and 767,214,000 Shares in issue as at the date of this announcement).

The aggregate consideration for the Subscription is HK\$127,796,000, which will be paid in cash by the Subscriber to the Company upon Completion. The Subscription Price was determined on arm's length basis between the Company and the Subscriber based on current market conditions, the prevailing market price of the Shares and the terms of the Subscription Agreement. After due and careful consideration of the terms of the Subscription Agreement, in particular, the fact that the Subscriber has (i) agreed to a lock-up arrangement for the Subscription Shares (with details set out under the heading "Undertakings of the Subscriber") for three years following the Completion Date (the "**Lock-up Period**"); and (ii) undertaken to fulfill the Total Commitment (as defined below with details set out under the heading "Undertakings of the Subscriber"), the Directors (including the independent non-executive Directors) consider that the Subscription Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Ranking of the Subscription Shares

The Subscription Shares will, when issued, be free from encumbrances and will rank *pari passu* in all respects with the other Shares in issue or to be issued by the Company on or prior to the Completion Date including the rights to all dividends and other distributions declared, made or paid at any time on or after the date of issue.

Conditions Precedent to the Obligations of the Subscriber

The obligations of the Subscriber under the Subscription Agreement are conditional upon (i) all the warranties made by the Company being true, complete and accurate in all respects and not misleading in any respect as of the date of the Subscription Agreement and the Completion Date; (ii) the Company, to the extent applicable, having duly (a) complied with all the requirements under applicable laws and its constitutional documents necessary for the validity and enforceability of the Subscription Agreement and the Subscription and proposed issue of the Subscription Shares; (b) completed all procedural requirements (including without limitation notification, filing, registration, disclosure and/or announcement requirements) required by any relevant governmental authority and its constitutional documents in connection with the signing of the Subscription Agreement and the proposed issue of the Subscription Shares; and (c) obtained all Approvals required by any relevant governmental authority and under its constitutional documents in connection with the signing of the Subscription Agreement and the proposed issue of the Subscription Shares; (iii) the passing of the resolution(s) by the Shareholders of the Company at the EGM approving the Subscription Agreement and the transactions contemplated therein including the allotment and issue of the Subscription Shares to the Subscriber; (iv) the Company having obtained the approval for the listing of and the permission to deal in the Subscription Shares on the Stock Exchange; and (v) no Material Adverse Event having occurred.

The conditions in items (i) and (v) above may be waived at any time in writing by the Subscriber while the other conditions may not be waived.

Conditions Precedent to the Obligations of the Company

The obligations of the Company under the Subscription Agreement are subject to the fulfillment (or waiver by the Company, as applicable) of all the warranties made by the Subscriber being true, complete and accurate in all respects and not misleading in any respect as of the date of the Subscription Agreement and the Completion Date.

The condition above may be waived at any time in writing by the Company.

Termination

The Company or the Subscriber (as the case may be) may, by notice in writing to the other party, terminate the Subscription Agreement at any time before the Completion Date in any of the following circumstances:

- (a) if any of the conditions precedent mentioned above has not been fulfilled, or waived (as applicable) by the Company or the Subscriber (as the case may be) by the Long Stop Date; or
- (b) if there is any material breach of any provision in the Subscription Agreement, including, without limitation, any undertakings made by the Company or the Subscriber under the Subscription Agreement.

Upon such written notice being given by the Company or the Subscriber, the Subscription Agreement shall terminate and be of no further effect, and no party shall be under any liability to any other in respect of the Subscription Agreement, and the parties shall be released and discharged from their respective obligations in the Subscription Agreement, in each case without prejudice to any rights or obligations which have accrued on or before the termination of the Subscription Agreement.

Undertakings of the Subscriber

The Subscriber undertakes that during the Lock-up Period, it shall not, and shall procure its Affiliates not to, without the prior written consent of the Company (i) offer, sell, lend, mortgage, pledge, assign, charge, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, all or any of the Subscription Shares (or any interest thereof) held by it or its Affiliates (“**Subscriber Lock-up Shares**”) or any voting rights attached to the Subscriber Lock-up Shares; (ii) enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of the Subscriber Lock-up Shares or any interest therein or any voting rights attached to the Subscriber Lock-up Shares; (iii) enter into any transaction with the same economic effect as any transaction described in (i) and (ii) above; or (iv) offer to or agree to do any of the foregoing or announce any intention to do so, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise (whether or not such transaction will be completed within such period), provided that the Lock-Up Period may end on any earlier date as agreed in writing between the Company and the Subscriber.

The Subscriber further undertakes that, during the Lock-up Period, it shall provide or otherwise introduce landscaping projects to the Group (on terms reasonably satisfactory to the Company and on normal commercial terms or better (as defined in the Listing Rules)) such that the revenue attributable to such project(s) (the “**Introduced Projects**”) shall be not less than RMB300 million for each of the three 12-month periods during the Lock-up Period, provided that the Company shall in good faith consider each of the Introduced Projects provided or otherwise introduced by the Subscriber, failing which the Subscriber shall be deemed to have fully fulfilled its commitment in respect of such Introduced Project(s). Subject to the foregoing, if, at the end of the Lock-up Period, the revenue attributable to the Introduced Projects provided or introduced by the Subscriber and accepted by the Company is in aggregate less than RMB900 million (the “**Total Commitment**”), the Parties shall formulate a mutually agreed remedial plan through amicable consultation.

Specific Mandate

The Company proposes to seek the grant of the Specific Mandate from the Shareholders at the EGM to be convened and held by the Company for the allotment and issue of the Subscription Shares.

Completion of the Subscription

Completion of the Subscription will take place on the second Business Day after the fulfillment or waiver (as the case may be) of all the conditions in respect of the Subscription under the Subscription Agreement or such other date as may be agreed in writing between the Company and the Subscriber. The Subscriber is currently a Shareholder holding approximately 6.15% of the total issued share capital of the Company. Upon Completion, the Subscriber will hold in total approximately 12.90% of the total issued share capital of the Company as enlarged by the issue of the Subscription Shares (without taking into consideration of the Shares to be issued pursuant to the Nita Acquisition and assuming that there will not be any change in the issued share capital of the Company between the date of the Subscription Agreement and the Completion Date save for the issue of such Subscription Shares). Therefore, upon Completion, the Subscriber will become the second largest Shareholder ranking next to the Controlling Shareholders and a substantial shareholder of the Company under the Listing Rules.

APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the listing of and the permission to deal in the Subscription Shares.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the date of this announcement and immediately after the Completion of the Subscription is as follows (assuming that there will not be any change in the issued share capital of the Company from the date of this announcement to the Completion Date save for the issue of the Subscription Shares and, if any, the issue of Shares pursuant to the Nita Acquisition):

Shareholders	As at the date of this announcement		Immediately after Completion of the Subscription, assuming the Nita Acquisition is not completed		Immediately after Completion of the Subscription, assuming the Nita Acquisition is completed	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Mr. Shen Wenlin, Mr. Song Shudong, Mr. Zhang Kequan, Mr. Jiao Ye, Mr. Wang Lei, Mr. Li Qiuliang, Mr. Xiao Xu, Ms. Zhu Wen, Mr. She Lei (collectively the “ Management Shareholders ”), Ms. Xiao Li, Mr. Zhao Guanghua, Ms. Zhou Wei and Mr. Wu Zhengping (<i>Note 1</i>)	512,798,936	66.84%	512,798,936	62.03%	512,798,936	59.12%
Subscriber (<i>Note 2</i>)	47,216,000	6.15%	106,656,000	12.90%	106,656,000	12.30%
Other Shareholders	<u>207,199,064</u>	<u>27.01%</u>	<u>207,199,064</u>	<u>25.07%</u>	<u>247,937,064</u>	<u>28.58%</u>
Total	<u>767,214,000</u>	<u>100%</u>	<u>826,654,000</u>	<u>100%</u>	<u>867,392,000</u>	<u>100%</u>

Notes:

- (1) Among these 512,798,936 Shares, 133,652,216 Shares are directly held by Eastern Greenstate International and 379,146,720 Shares are directly held by Broad Landscape International. Eastern Greenstate International is 100% directly owned by Ms. Xiao Li, the Management Shareholders, Mr. Zhao Guanghua and Ms. Zhou Wei. Broad Landscape International is 100% directly owned by Mr. Wu Zhengping. Pursuant to the acting in concert deed dated 12 January 2014, each of Mr. Wu Zhengping, Ms. Xiao Li and the Management Shareholders has agreed to jointly control their respective interests in the Company and the decisions as to the business and operations of the Group shall be in accordance with the unanimous consent of all of them. Hence, each of them is deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO.
- (2) The Subscriber is directly wholly-owned by Greenland Financial Investment Holding Company Limited* (綠地金融投資控股有限公司) (“**Greenland Financial**”) which in turn is directly wholly-owned by Greenland. As a result, under the SFO, both Greenland Financial and Greenland are deemed to be interested in the 106,656,000 Shares held by the Subscriber.

FUND RAISING ACTIVITY IN THE PAST TWELVE MONTHS

The Company has not undertaken any fund raising activities on any issue of equity securities in the 12 months immediately preceding the date of this announcement.

INFORMATION ON THE COMPANY AND THE SUBSCRIBER

The Company is an investment holding company and 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.

The Subscriber is a company incorporated under the laws of the British Virgin Islands with limited liability in June 2014. The Subscriber is principally engaged in IPO investments, pre-IPO investments, mergers and acquisitions, real estate finance, micro finance, financial leasing. It is directly wholly-owned by Greenland Financial, which in turn is directly wholly-owned by Greenland. The Subscriber serves as Greenland’s main investment and finance platform to conduct diversified domestic and overseas investments in accordance with Greenland’s global strategy.

Greenland is a state-controlled enterprise group headquartered in Shanghai, China, and a Global Fortune 500 Company with its main businesses in real estate, energy and finance.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The gross proceeds to be raised from the Subscription will be approximately HK\$127,796,000. After taking into account the estimated expenses in relation to the Subscription, the estimated net proceeds from the Subscription will be approximately HK\$127,246,000, representing a net price of HK\$2.14 per Subscription Share. The net proceeds from the Subscription are intended to be used for financing existing and potential projects and general working capital of the Company.

The Directors consider that the Subscription represents a good opportunity to raise additional funds to meet the Company’s funding needs, to reduce debt by way of raising funds through equities and strengthen the shareholder base of the Company. In addition, after due and careful consideration of the terms of the Subscription Agreement, in particular, the fact that the Subscriber has (i) agreed to a lock-up arrangement for the Subscription Shares during the Lock-up Period; and (ii) undertaken the Total Commitment, the Directors consider that the terms of the Subscription Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EGM

An EGM will be convened and held for the purpose of considering and, if thought fit, approving the Subscription Agreement and the transaction contemplated thereunder including the allotment and issue of the Subscription Shares under the Specific Mandate. Since the Subscriber has an interest in the transaction contemplated under the Subscription Agreement as at the date of this announcement, the Subscriber will be required to abstain from voting at the EGM in respect of the resolution(s) relating to the Subscription.

A circular containing, among other matters, (i) further details of the Subscription Agreement and (ii) the Specific Mandate, together with a notice convening the EGM and a form of proxy will be despatched to the Shareholders in accordance with the Listing Rules.

Shareholders and potential investors should note that Completion of the Subscription is subject to fulfillment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been halted from 9:00 a.m. on 7 May 2015 pending the release of this announcement.

Application has been made to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange with effect from 9:00 a.m. on 8 May 2015.

DEFINITIONS

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

“Affiliate”	with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person (including any subsidiary) or any investment funds managed or advised by such Person or any of its other Affiliates. Notwithstanding the foregoing, in the case of a Person that is a pooled investment vehicle or an entity wholly owned by a pooled investment vehicle, “Affiliates” shall include any of its general partners and fund managers and pooled investment vehicles managed by its fund managers, and any officers, general partners and fund managers thereof. “Affiliates” and “Affiliated” shall have correlative meanings. For the purpose of this definition, the term “control” (including with correlative meanings, the terms “controlling”, “controlled by” and “under common control with”), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise
“Approvals”	any consent, permit, approval, authorisation, waiver, grant, concession, licence, exemption, order, registration or certificate granted by any Governmental Authority in respect of the filings, documents, reports or notices submitted to such Governmental Authority
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Broad Landscape International”	Broad Landscape International Company Limited (博大國際有限公司), a company incorporated in British Virgin Islands on 8 October 2013
“Business Day”	a day (other than a Saturday, Sunday or public holiday or days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which commercial banks are generally opened for banking business in Hong Kong
“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”	博大綠澤國際有限公司 (Broad Greenstate International 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
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“Completion Date”	the second Business Day after the fulfillment or waiver (as the case may be) of all the conditions in respect of the Subscription under the Subscription Agreement or such other date as may be agreed in writing between the Company and the Subscriber
“Connected Person(s)”	has the meaning ascribed thereto in the Listing Rules
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules, and in the context of this announcement refers to Broad Landscape International, Eastern Greenstate International, Mr. Wu Zhengping (吳正平), Ms. Xiao Li (肖莉) and the Management Shareholders
“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
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder including the allotment and issue of the Subscription Shares under the Specific Mandate
“Governmental Authority”	any national, provincial, municipal or local government, administrative or regulatory body or department, commission, agency, court, tribunal, arbitrator or any body that exercises the function of a regulator, including but not limited to the Stock Exchange, the Registrar of Corporate Affairs in the Cayman Islands and the Companies Registry in Hong Kong
“Greenland”	Greenland Holding Group Company Limited* (綠地控股集團有限公司), a company incorporated under the laws of the PRC
“Group”	the Company and its subsidiaries
“Group Company”	any member of the Group

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	15 July 2015 or any other dates as agreed in writing between the Company and the Subscriber
“Material Adverse Event”	any event having (i) a material adverse effect on (a) the assets, financial condition, business, prospects, results of operations or properties of the Group taken as a whole, (b) the ability of the Company or any Group Company to perform its obligations under the Subscription Agreement, or (c) the validity or enforceability of the Subscription Agreement; or (ii) an effect which is otherwise material in the context of the transactions contemplated under the Subscription Agreement
“Nita Acquisition”	the proposed acquisition by the Company of Allynita International Holding Co. Ltd, a limited company incorporated in the British Virgin Islands, details of which are contained in the announcement of the Company dated 25 January 2015
“Person”	any individual, firm, corporation, joint venture, enterprise, partnership, trust, unincorporated association, limited liability company, Governmental Authority or other entity of any kind, whether or not having separate legal personality
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Specific Mandate”	the specific mandate for the allotment and issue of the Subscription Shares to be sought by the Directors at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Greenland Financial Overseas Investment Group Co., Ltd., a company incorporated under the laws of the British Virgin Islands, an indirectly wholly-owned subsidiary of Greenland

“Subscription”	the subscription of the Subscription Shares pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the agreement in relation to the Subscription entered into between the Company and the Subscriber on 7 May 2015
“Subscription Price”	HK\$2.15 per Subscription Share
“Subscription Share(s)”	59,440,000 new Shares to be subscribed under the Subscription
“subsidiary (subsidiaries)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“%”	per cent.

* *for identification purposes only*

By Order of the Board
Broad Greenstate International Company Limited
Wu Zhengping
Chairman and Executive Director

Shanghai, the People’s Republic of China
7 May 2015

As at the date of this announcement, our executive Directors are Mr. Wu Zhengping, Ms. Xiao Li, Ms. Zhu Wen and Mr. Wang Lei and our independent non-executive Directors are Mr. Dai Guoqiang, Mr. Zhang Qing and Dr. Jin Hexian.