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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)**

## **CLARIFICATION ANNOUNCEMENT**

Reference is made to the announcement of allotment results (the “**Announcement**”) of Broad Greenstate International Company Limited (the “**Company**”) dated 18 July 2014, the Company’s prospectus dated 30 June 2014 (the “**Prospectus**”) and supplemental prospectus dated 14 July 2014 (the “**Supplemental Prospectus**”). Unless otherwise defined herein, terms used in this announcement shall have the same meanings as those defined in the Announcement, the Prospectus and the Supplemental Prospectus.

It was disclosed in the Announcement that “the net proceeds to the Company from the Global Offering after deducting the Sponsor fee, the underwriting commissions and the estimated offering expenses are estimated to be approximately HK\$211.4 million.” It was also disclosed in the Announcement that “the Selling Shareholders estimate that they will receive, in aggregate, net proceeds from the Global Offering of approximately HK\$60.8 million, after deducting the estimated underwriting commissions and expenses payable by them in the Global Offering based on the Offer Price of HK\$1.30 per Share.”

The amount of HK\$211.4 million and HK\$60.8 million were calculated based on gross proceed from Global Offering, after deducting the underwriting commission, the Hong Kong Stock Exchange trading fee and SFC transaction levy, and roadshow expenses. The Sponsor fee and other listing-related expenses have not been taken into account.

The Company wishes to clarify that the net proceeds to the Company and the Selling Shareholders after deducting the Sponsor fee, the underwriting commissions and all estimated offering related expenses will be approximately HK\$183.5 million (equivalent to approximately RMB147.6 million) and HK\$54.4 million (equivalent to approximately RMB43.8 million), respectively. Based on the aforesaid, please refer to Appendix I to this announcement for the revised unaudited pro forma statement of adjusted consolidated net tangible assets of the Group.

The Company wishes to advise that the gross proceed from the Global Offering to the Company is HK\$216.8 million and the total listing related expenses to the Company is expected to be approximately HK\$33.3 million, of which approximately HK\$27.9 million has already been funded out of the Company’s internal resources prior to the commencement of the Global Offering. After paying the remaining balance of approximately HK\$5.4 million (representing the underwriting commission, the Hong Kong Stock Exchange trading fee and SFC transaction levy and roadshow expenses) out of the gross proceed from the Global Offering to the Company of HK\$216.8 million, the total net cash amount to the Company from the Global Offering is expected to be approximately HK\$211.4 million as disclosed in the Announcement, which the Company will apply for the purposes and in accordance with the proportions as disclosed in the Announcement.

Save as the aforesaid, all the information in the Announcement, the Prospectus and the Supplemental Prospectus remains unchanged.

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

Hong Kong, Monday, 28 July 2014

*As of 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 Mr. Wang Xiaohong.*

## APPENDIX I

### A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following pro forma adjusted consolidated net tangible assets of the Group have been prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for inclusion in Investment Circulars” issued by the HKICPA for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on our consolidated net tangible assets as at 31 December 2013 as if it had taken place on 31 December 2013.

The pro forma adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as at 31 December 2013 or any future date. It is prepared based on the Group’s consolidated net assets as at 31 December 2013 in the Accountants’ Report as set out in Appendix I to the Prospectus and adjusted as described below. The pro forma adjusted consolidated net tangible assets does not form part of the Accountants’ Report as set out in Appendix I to the Prospectus.

	<b>Consolidated net tangible assets attributable to the owners of the Company as at 31 December 2013</b>	<b>Estimated net proceeds from the Global Offering</b>	<b>Pro forma adjusted consolidated net tangible assets</b>	<b>Pro forma adjusted consolidated net tangible assets per share</b>	
	<i>RMB'000</i> <i>(Note 1)</i>	<i>RMB'000</i> <i>(Note 2)</i>	<i>RMB'000</i>	<i>RMB</i> <i>(Note 3)</i>	<i>(HK\$ equivalent)</i> <i>(Note 4)</i>
Based on an offer price of HK\$1.30 per Share	1,114	147,617	148,731	0.19	0.24

*Notes:*

- (1) The consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2013 is extracted from the section headed “Appendix I – Accountants’ Reports” in the Prospectus, which is based on the audited consolidated equity attributable to owners of the Company as at 31 December 2013 of RMB8,871,000 less goodwill and other intangible assets as at 31 December 2013 of RMB1,916,000 and RMB5,841,000.
- (2) The estimated net proceeds from the Global Offering are based on offer price of HK\$1.30 per Share after deduction of the underwriting fees and other related expenses payable by the Company and 166,800,000 Shares expected to be issued under the Global Offering, taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering is converted into RMB at an exchange rate of HK\$1.00 to RMB0.8043.

- (3) The pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 766,800,000 Shares are in issue assuming that the Global Offering has been completed on 31 December 2013 and an Offer Price of HK\$1.30 per Share, excluding Shares which may be issued upon the exercise of the Over-allotment Option.
- (4) The pro forma adjusted consolidated net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK\$1.00 to RMB0.8043.
- (5) No adjustment has been made to reflect any trading results or other transactions of our Group entered into subsequent to 31 December 2013.

## **B. INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report received from the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this announcement.*

28 July 2014

To the Directors of Broad Greenstate International Company Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Broad Greenstate International Company Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 31 December 2013, and related notes as set out in Section A of Appendix I of the clarification announcement of the Company dated 25 July 2014 (the “**Clarification Announcement**”) issued by the Company (the “**Pro Forma Financial Information**”). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in the Clarification Announcement.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 31 December 2013 as if the transaction had taken place at 31 December 2013. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the year ended 31 December 2013, on which an Accountants' Report has been published.

### **Directors' responsibility for the Pro Forma Financial Information**

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on the Hong Kong Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

### **Reporting Accountant's responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Hong Kong Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information, in accordance with paragraph 4.29 of the Hong Kong Listing Rules and with reference to AG7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in the Clarification Announcement is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Opinion**

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Hong Kong Listing Rules.

This report supersedes our previous report dated 14 July 2014 in respect of the unaudited pro forma financial information of the Group as set out in Appendix I to the supplemental prospectus of the Company dated 14 July 2014.

Yours faithfully,

*Certified Public Accountants*  
Hong Kong