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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)**

### **DISCLOSEABLE TRANSACTION AND SHARE TRANSACTION INVOLVING ISSUE OF NEW SHARES UNDER GENERAL MANDATE**

The Board is pleased to announce that on 25 January 2015, the Company and the Offshore Vendors entered into the Offshore Share Purchase Agreement, pursuant to which the Company has conditionally agreed to acquire 100% share capital in the Offshore Target Company at the consideration of RMB115.2 million (equivalent to approximately HK\$145.6 million), which shall be satisfied by the allotment and issue of the Consideration Shares. On the same day, Greenstate Landscape and the Onshore Vendor entered in to the Onshore Share Purchase Agreement, pursuant to which Greenstate Landscape has conditionally agreed to acquire 10% equity interest in the Onshore Target Company at the consideration of RMB12.8 million (equivalent to approximately HK\$16.2 million), which shall be satisfied by cash. Completion of the Onshore Acquisition will be conditional upon the completion of the Offshore Acquisition. Upon completion of the Acquisitions, the Onshore Target Company will become an indirect wholly-owned subsidiary of the Company.

As the applicable percentage ratios exceed 5% but are less than 25% and the consideration shall be satisfied by the allotment and issue of the Consideration Shares, the Acquisitions constitute a discloseable transaction and share transaction for the Company, and is therefore subject to the announcement requirement but is exempt from shareholders' approval under Chapter 14 of the Listing Rules.

**WARNING: as the Offshore Share Purchase Agreement and the Onshore Share Purchase Agreement may not be completed, the Consideration Shares may or may not be issued. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

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The principal terms of the Offshore Share Purchase Agreement and the Onshore Share Purchase Agreement are set out below:

## **THE OFFSHORE SHARE PURCHASE AGREEMENT**

**Date:** 25 January 2015

**Parties:** the Company  
the Offshore Vendors

### **Consideration and payment method**

The consideration for the Offshore Acquisition is RMB115.2 million (equivalent to approximately HK\$145.6 million), which shall be satisfied by the allotment and issue of 40,738,000 Consideration Shares in total by the Company to the Offshore Vendors. Among the 40,738,000 Consideration Shares, 15,843,000 Consideration Shares will be allotted and issued to BVI A and 24,895,000 Consideration Shares will be allotted and issued to BVI B. The Consideration Shares shall rank *pari passu* in all respects with each other and with all other existing Shares in issue as at the date of allotment and issue of the Consideration Shares, and have all the rights to dividends and other distributions. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

### **Conditions precedent**

Offshore Completion is subject to the fulfillment of the conditions and the delivery of relevant documents as follows, amongst others, provided that the Company shall have the right to waiver in writing any part or all of such conditions or documents:

(i) The Reorganisation has been completed in a lawful and valid manner;

- (ii) The board of the Onshore Target Company is composed of five directors, among which, three directors are nominated by the Company and the other two directors are nominated by the Offshore Vendors;
- (iii) The board of the Offshore Target Company is composed of only one director, who is nominated by the Company;
- (iv) The necessary government approvals (including but not limited to the relevant approvals from foreign exchange authorities in the PRC) as required by the Company have been obtained;
- (v) All of the Offshore Vendors' statements and representations remain true, accurate and not misleading up to the date of completion of the Offshore Acquisition;
- (vi) There has been no abnormal operation or material safety accident of the Target Group, nor there has been any circumstance which may have a material and adverse impact on the business, asset or operation of the Target Group, and there is no material risk not disclosed to the Company; and
- (vii) The approval of the Stock Exchange of the listing of the Consideration Shares has been obtained and the Consideration Shares can be listed and traded on the Stock Exchange.

### **Offshore Completion**

Offshore Completion shall take place on a day as separately agreed by the Company and the Offshore Vendors after the satisfaction of all the conditions precedent (or if not satisfied, waiver from the Company in writing of such unsatisfied conditions precedent). In any event, Offshore Completion shall occur no later than the Long Stop Date.

### **Lock up**

Each of the Offshore Vendors has undertaken to the Company that it will not transfer any of the Consideration Shares allotted and issued to it pursuant to the Offshore Share Purchase Agreement within 24 months from the date of the Offshore Completion.

### **THE ONSHORE SHARE PURCHASE AGREEMENT**

**Date:** 25 January 2015

**Parties:** Greenstate Landscape  
the Onshore Vendor

### **Consideration and payment method**

The consideration for the Onshore Acquisition is RMB12.8 million (equivalent to approximately HK\$16.2 million), which shall be satisfied by cash.

## **Conditions precedent**

The Onshore Share Purchase Agreement will take effect upon completion of Offshore Acquisition.

## **Onshore Completion**

Onshore Completion shall take place within three business days after the satisfaction of the condition precedent (or if not satisfied, waiver from the Company in writing). In any event, Onshore Completion shall occur no later than the Long Stop Date.

## **REORGANISATION**

As at the date of this announcement, (i) the Offshore Vendors together hold 100% issued share capital in the Offshore Target Company; (ii) Offshore Target Company holds 100% issued share capital in the HK Company; and (iii) Mr. Xu, together with other third parties independent from the Company, hold 100% equity interest in the Onshore Target Company.

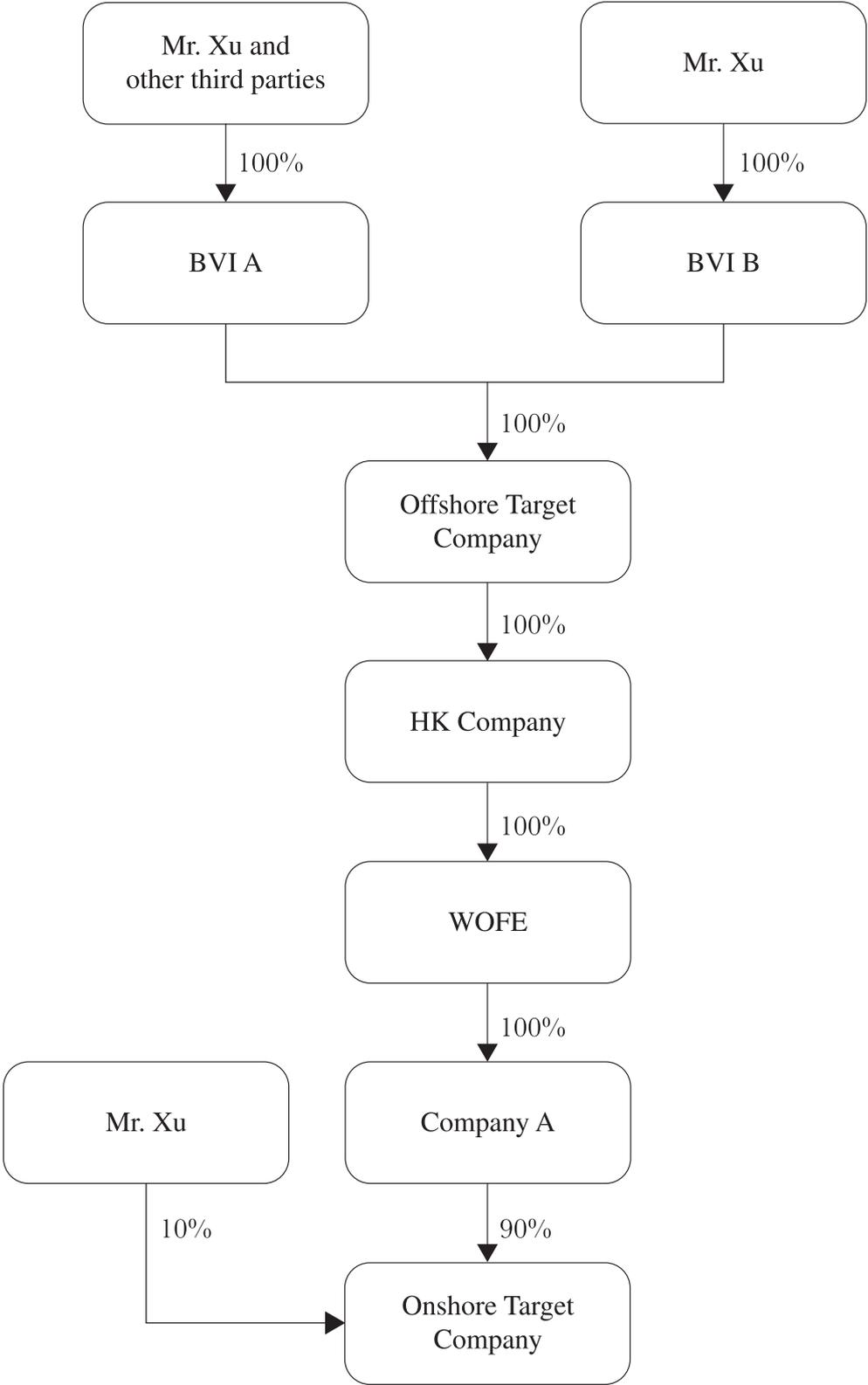
Prior to Offshore Completion, the Offshore Vendors will undergo the Reorganisation. Pursuant to the Reorganisation, (i) HK Company will establish WFOE, a wholly-owned subsidiary of HK Company; (ii) WFOE will then establish Company A, a wholly-owned subsidiary of WFOE; and (iii) Company A will further acquire 90% equity interest in the Onshore Target Company from Mr. Xu and other third parties independent from the Company. Upon completion of the Reorganisation, the Offshore Target Company will indirectly hold 90% equity interest in the Onshore Target Company.

Pursuant to the Offshore Share Purchase Agreement, the Company shall acquire 100% issued share capital in the Offshore Target Company from the Offshore Vendors. Upon completion of the Offshore Acquisition, the Offshore Target Company will become a wholly-owned subsidiary of the Company. As a result, the Company will indirectly hold 90% equity interest in the Onshore Target Company.

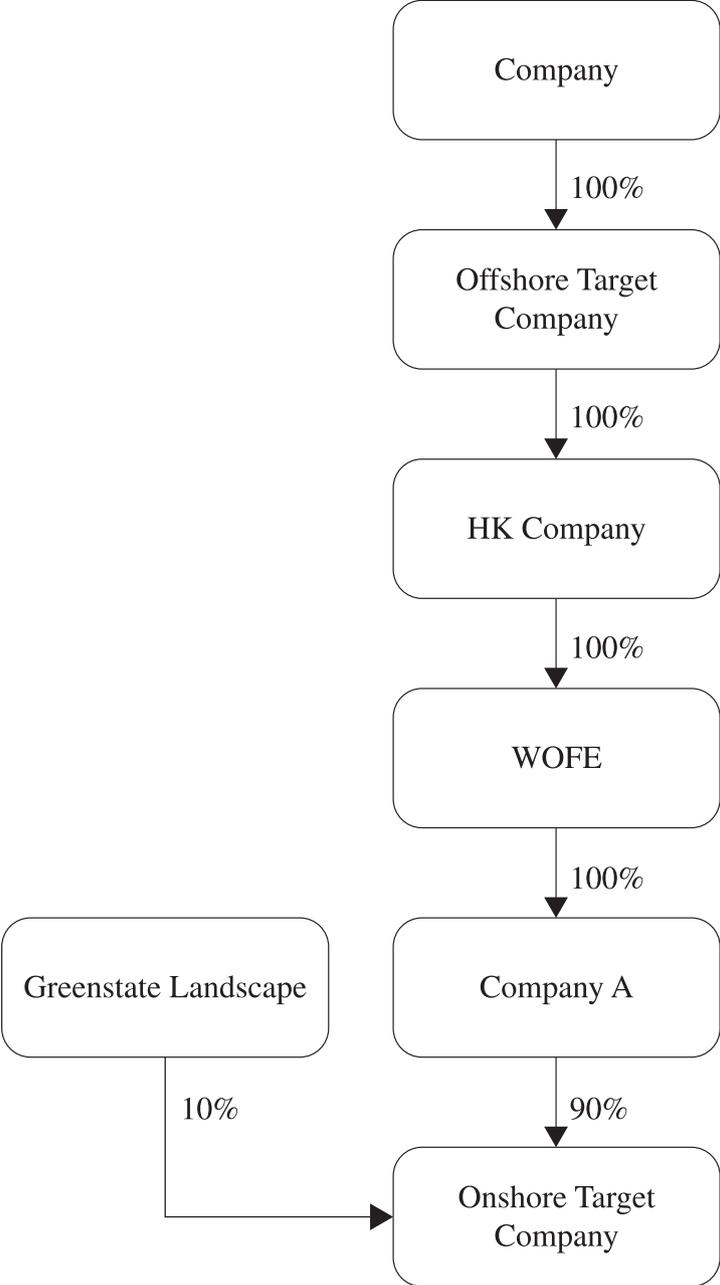
Pursuant to the Onshore Share Purchase Agreement, Greenstate Landscape shall acquire 10% equity interest in the Onshore Target Company. Upon completion of the Acquisitions, the Onshore Target Company will become an indirect wholly-owned subsidiary of the Company.

The diagrams below set out the shareholding structure of the Target Group after the Reorganisation, and immediately prior to and after the Offshore Completion and Onshore Completion.

**Prior to the Offshore Completion and Onshore Completion**



**After the Offshore Completion and Onshore Completion**



## **INFORMATION ON THE OFFSHORE TARGET COMPANY AND THE ONSHORE TARGET COMPANY**

The Offshore Target Company is an investment holding company incorporated in the British Virgin Islands. As at the date of this announcement, the Offshore Target Company is owned as to 38.89% by BVI A and 61.11% by BVI B. Upon completion of the Reorganisation, the Offshore Target Company will indirectly hold 90% equity interest in the Onshore Target Company. The Offshore Target Company is an investment holding company which does not have any asset. The Offshore Target Company has not conducted any business activities since its incorporation.

The Onshore Target Company is incorporated in the PRC which is principally engaged in landscape design and construction services. The Onshore Target Company holds a grade one qualification in urban landscape construction and a grade one qualification in scenery landscape design. As at the date of this announcement, Mr. Xu, together with other third parties independent from the Company, hold 100% equity interest in the Onshore Target Company. Upon completion of the Reorganisation and immediately before the completion of the Acquisitions, the Onshore Target Company will be owned as to 90% by the Offshore Target Company and 10% by Mr. Xu.

## **FINANCIAL INFORMATION OF THE ONSHORE TARGET COMPANY**

The table below sets forth a summary of the unaudited financial information of the Onshore Target Company for the two years ended 31 December 2014:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<i>RMB'000</i>	
	<b>2013</b>	<b>2014</b>
Profit before taxation	17,770	26,850
Profit after taxation	13,330	20,140

As at 31 December 2014, the unaudited net assets value of the Onshore Target Company was approximately RMB40 million.

## EFFECT ON SHAREHOLDERS OF THE COMPANY

The table below sets out a summary of the shareholdings in the Company (i) as at the date of this announcement; and (ii) upon the issuance of the Consideration Shares:

<u>Shareholders</u>	<u>As at the date of this announcement</u>		<u>Immediately following the allotment and issue of all the Consideration Shares by the Company</u>	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Mr. Shen Wenlin, Mr. Song Shudong, Mr. Zhang Kequan, Mr. Jiao Ye, Mr. Wang Lei, Mr. Li Qiuling, Mr. Xiao Xu, Ms. Zhu Wen, Mr. She Lei (collectively the “ <b>Management Shareholders</b> ”), Ms. Xiao Li, Mr. Zhao Guanghua, Ms. Zhou Wei and Mr. Wu Zhengping ( <i>Note 1</i> )	543,798,936	70.92%	543,798,936	67.30%
Mr. Chen Zhengliang ( <i>Note 2</i> )	8,201,064	1.07%	8,201,064	1.02%
BVI A ( <i>Note 3</i> )	—	—	15,843,000	1.96%
BVI B ( <i>Note 4</i> )	—	—	24,895,000	3.08%
Other Shareholders	<u>215,214,000</u>	<u>28.01%</u>	<u>215,214,000</u>	<u>26.64%</u>
<b>Total</b>	<b><u>767,214,000</u></b>	<b><u>100</u></b>	<b><u>807,952,000</u></b>	<b><u>100</u></b>

*Notes:*

- (1) Among these 543,798,936 Shares, 164,652,216 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) These 8,201,064 Shares are directly held by YiYu International. YiYu International is 100% directly owned by Mr. Chen Zhengliang.

(3) BVI A is 100% owned by Mr. Xu and other parties independent from the Company.

(4) BVI B is 100% owned by Mr. Xu.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE OFFSHORE SHARE PURCHASE AGREEMENT AND THE ONSHORE SHARE PURCHASE AGREEMENT**

The Company currently holds a grade one qualification in urban landscape construction and a grade two qualification in scenery landscape design. As the Onshore Target Company holds a grade one qualification in urban landscape construction and a grade one qualification in scenery landscape design, the Company is expected to hold the dual grade one qualifications if the Acquisitions are completed. The Directors believe that the dual grade one qualifications will enhance the Company's ability to undertake large-scale municipal and city level public sector projects which requires the service providers to possess a high level of technical expertise in landscape design and project construction, which will further enhance the Company market reputation at the same time.

The consideration for the Acquisitions was determined based on normal commercial terms and arm's length negotiations having considered various factors, including (i) the assets, operating conditions, the qualifications of the Onshore Target Company; (ii) the prevailing market price of the Shares; and (iii) the Company's historical share price performance and its present financial position as well as current market conditions.

The Directors are of the view that the terms and conditions of the Acquisitions are fair and reasonable and the Acquisitions are in the interest of the Group and the Shareholders as a whole.

## **ISSUE OF CONSIDERATION SHARES AND GENERAL MANDATE**

Pursuant to the Offshore Share Purchase Agreement, the consideration of RMB115.2 million shall be satisfied by the allotment and issue of 40,738,000 Consideration Shares, which equates to an issue price per Consideration Share of HK\$3.574, representing an average closing price per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of signing the Offshore Share Purchase Agreement. The issue price also represents:

- (i) a discount of approximately 1.0% to the closing price of HK\$3.61 per Share as quoted on the Stock Exchange on 25 January 2015, being the date of signing the Offshore Share Purchase Agreement; and
- (ii) a discount of approximately 0.2% to the average closing price of HK\$3.58 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the date of signing the Offshore Share Purchase Agreement.

The allotment and issue of the Consideration Shares will be made pursuant to the General Mandate adopted on 25 June 2014. The 40,738,000 Consideration Shares to be allotted and issued will fully utilise the General Mandate, and hence is not subject to the Shareholders' further approval.

As at the date of this announcement, the Company has 767,214,000 Shares in issue. Assuming there is no other change in the shareholding structure of the Company, the 40,738,000 Consideration Shares represent approximately 5.31% of the current issued share capital of the Company and approximately 5.04% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

## **GENERAL INFORMATION**

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.

BVI A is an investment holding company incorporated in the British Virgin Islands and is owned as to approximately 42.9% by Mr. Xu and 57.1% by other third parties independent from the Company. BVI B is an investment holding company incorporated in the British Virgin Islands and is wholly owned by Mr. Xu.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, each of the Offshore Vendors and their respective ultimate beneficial owners and Onshore Vendor is a third party independent from the Company and is not connected with the Company and its connected persons.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the applicable percentage ratios exceed 5% but are less than 25% and the consideration shall be satisfied by the allotment and issue of the Consideration Shares, the Acquisitions constitute a discloseable transaction and share transaction for the Company, and is therefore subject to the announcement requirement but is exempt from shareholders' approval under Chapter 14 of the Listing Rules.

**WARNING: as the Offshore Share Purchase Agreement and the Onshore Share Purchase Agreement may not be completed, the Consideration Shares may or may not be issued. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

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

“Acquisitions”	Offshore Acquisition and Onshore Acquisition
“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 the British Virgin Islands on 8 October 2013
“BVI A”	Ally International Investment Limited (寧波艾聯投資有限公司), a limited company incorporated in the British Virgin Islands on 31 December 2014
“BVI B”	Nita International Holding Limited (寧波奧爾尼塔投資有限公司), a limited company incorporated in the British Virgin Islands on 31 December 2014
“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 and the Shares of which are listed on the Main Board of the Stock Exchange
“Company A”	a company to be established in the PRC, a wholly-owned subsidiary of WFOE
“connect person(s)”	has the meaning ascribed thereto in the Listing Rules
“Consideration Shares”	new shares to be allotted and issued by the Company to the Offshore Vendors
“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

“General Mandate”	the general mandate adopted on 25 June 2014 by the Shareholders to the Board to allot, issue and deal with additional Shares not exceeding 20% of the issued share capital of the Company
“Greenstate Landscape”	Shanghai Greenstate Landscape Properties Company Limited* (上海綠澤景觀置業有限公司), a company established in the PRC with limited liability on 15 June 2004, which is an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK Company”	Allynita International Hongkong Limited, a company incorporated in Hong Kong on 23 January 2015 with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Long Stop Date”	being the date of 30 April 2015 or any other date as agreed by the parties
“Offshore Acquisition”	the acquisition of 100% equity interest in the Offshore Target Company pursuant to the Offshore Share Purchase Agreement
“Offshore Completion”	completion of the Offshore Acquisition
“Offshore Target Company”	Allynita International Holding Co. Ltd, a limited company incorporated in the British Virgin Islands on 1 January 2015
“Offshore Vendors”	BVI A and BVI B
“Offshore Share Purchase Agreement”	offshore share purchase agreement dated 25 January 2015 entered into between the Company and the Offshore Vendors in relation to the Offshore Acquisition

“Onshore Acquisition”	the acquisition of 10% equity interest in the Onshore Target Company pursuant to the Onshore Share Purchase Agreement
“Onshore Completion”	completion of the Onshore Acquisition
“Onshore Vendor” or “Mr. Xu”	Mr. Xu Xiongwen (徐雄文)
“Onshore Share Purchase Agreement”	onshore share purchase agreement dated 25 January 2015 entered into between the Company and the Onshore Vendors in relation to the Onshore Acquisition
“Onshore Target Company”	浙江尼塔園林景觀發展有限公司, a company established in the PRC with limited liability on 30 December 1997
“Reorganisation”	the reorganisation to be completed by the Offshore Vendors, upon completion of which the Offshore Target Company shall hold 100% equity interest in WFOE and Company A through HK Company
“RMB”	Renminbi, the lawful currency of China
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	the Offshore Target Company, HK Company, WFOE, Company A and the Onshore Target Company
“WFOE”	寧波博大尼塔環境建設投資控股有限公司, a wholly-owned company to be established in the PRC

“YiYu International” YiYu International Company Limited (乙羽國際有限公司), a company incorporated in the British Virgin Islands on 8 October 2013

“%” per cent.

*For the purpose of this announcement, unless otherwise specified, conversion of Renminbi, the lawful currency of the PRC, into Hong Kong dollars, the lawful currency of Hong Kong, is based on the approximate exchange rate of HK\$1 to RMB0.79122 for information purpose only. Such translation should not be construed as a representation that the relevant amounts have been, could have been, or could be converted at that rate at all.*

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

Shanghai, the People’s Republic of China

25 January 2015

*\* for identification purposes only*

*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.*