

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Broad Greenstate International Company Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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) CONNECTED TRANSACTION — PROPOSED ISSUE OF NOTES
AND
(2) PROPOSED GRANT OF SHARE OPTIONS TO EXECUTIVES
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the
Independent Board Committee and the Independent Shareholders**



**建泉環球金融服務有限公司
V Baron Global Financial Services Limited**

A letter from the Board is set out on pages 9 to 30 of this circular.

A letter from the Independent Board Committee is set out on pages 31 to 32 of this circular.

A letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 33 to 47 of this circular.

A letter from the independent non-executive Directors is set out on page 48 of this circular.

A notice convening the EGM of Broad Greenstate International Company Limited to be held at Admiralty Conference Centre, Room 1804A, 18th Floor, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Thursday, 8 October 2015 at 2:00 p.m. is set out on pages 57 to 60 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.broad-greenstate.com.cn>).

Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM if they so wish, and in such event, the instrument appointing a proxy shall be deemed to be revoked.

21 September 2015

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	9
Letter from the Independent Board Committee	31
Letter from V Baron	33
Letter from the independent non-executive Directors	48
Appendix — General Information	49
Notice of the EGM	57

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acting in Concert Deed”	a deed of confirmation dated 12 January 2014 executed by Mr. Wu Zhengping (吳正平), Ms. Xiao Li (肖莉) and the Management Shareholders, whereby they confirmed the existence of their acting in concert arrangements. A summary of the Acting in Concert Deed is set out in the section headed “Relationship with Controlling Shareholders” in the Prospectus
“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
“Articles of Association”	the articles of association of the Company conditionally adopted on 25 June 2014 and became unconditionally effective on the Listing Date and as amended from time to time
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors of the Company
“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 and a wholly-owned company of Mr. Wu Zhengping (吳正平)
“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 circular excludes Hong Kong, Macao Special Administrative Region of the PRC and Taiwan
“Closing”	the closing of the purchase of the Notes

DEFINITIONS

“Closing Date”	the second Business Day after the fulfillment or waiver (as the case may be) of the last of the conditions precedent set out in the Note Purchase Agreement, or such other date as may be agreed in writing between the Company and the Purchaser, but in any event no later than the Long Stop Date
“Company”	Broad Greenstate International Company Limited (博大綠澤國際有限公司), a company incorporated in the Cayman Islands on 22 October 2013 with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 1253)
“Company Charged Shares”	100,000 ordinary shares of Greenstate Times, representing the entire issued share capital of Greenstate Times, legally and beneficially held by the Company as at the date of the Note Purchase Agreement and to be charged in favor of the Purchaser under the Company Share Charge
“Company Share Charge”	the charge of all rights, entitlements, interests and benefits in the Company Charged Shares and all derived interests to be made by the Company in favor of the Purchaser on the Closing Date as security for all sums due and payable to the holders of the Notes under the Note Purchase Agreement and the other transaction documents relating to the transactions contemplated thereunder
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“core connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“connected transaction(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 circular refers to Broad Landscape International, Eastern Greenstate International, Mr. Wu Zhengping (吳正平), Ms. Xiao Li (肖莉) and the Management Shareholders
“Date of Grant”	1 September 2015
“Deed of Novation”	the deed of novation entered into on 11 September 2015 between the Company, Greenland Leasing and the Purchaser, pursuant to which Greenland Leasing shall novate all its rights, obligations and liabilities under the Note Purchase Agreement to the Purchaser

DEFINITIONS

“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 British Virgin Islands on 9 October 2013, which is owned as to approximately 48.4% by Ms. Xiao Li (肖莉), 16.1% by Mr. Shen Wenlin (沈文林), 8.1% by Mr. Song Shudong (宋曙東), 6.4% by Mr. Zhang Kequan (張克泉), 4.0% by Mr. Jiao Ye (焦擘), 3.2% by Mr. Wang Lei (王磊), 3.2% by Mr. Li Qiuliang (李秋亮), 2.4% by Mr. Xiao Xu (肖旭), 1.6% by Ms. Zhu Wen (朱雯), 1.6% by Mr. She Lei (余磊), 1.7% by Mr. Zhao Guanghua (趙光華) and 3.3% by Ms. Zhou Wei (周維)
“EGM”	the extraordinary general meeting of the Company to be held at Admiralty Conference Centre, Room 1804A, 18th Floor, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Thursday, 8 October 2015 at 2:00 p.m. to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 57 to 60 of this circular, or any adjournment thereof
“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
“Grantee(s)”	certain Directors, chief executive, substantial shareholders and employees of the Company to which Share Options are conditionally granted by the Board on 1 September 2015
“Greenland”	綠地控股集團有限公司 Greenland Holding Group Company Limited*, a company incorporated under the laws of the PRC
“Greenland Financial”	Greenland Financial Overseas Investment Group Co., Ltd. (綠地金融海外投資集團有限公司), a company incorporated under the laws of the British Virgin Islands, an indirectly wholly-owned subsidiary of Greenland
“Greenstate International”	Greenstate International Company Limited (綠澤國際有限公司), a company incorporated in Hong Kong with limited liability on 12 November 2013 and a wholly-owned subsidiary of Greenstate Times

DEFINITIONS

“Greenland Leasing”	Greenland Financial Leasing Co., Ltd. 綠地融資租賃有限公司, a company incorporated under the laws of the PRC, an indirectly wholly-owned subsidiary of Greenland
“Greenstate Times”	Greenstate Times International Company Limited (綠澤時代國際有限公司*), a company incorporated in the British Virgin Islands on 30 October 2013 and a wholly-owned subsidiary of the Company
“Greenstate Times Charged Shares”	10,000 ordinary shares of Greenstate International, representing the entire issued share capital of Greenstate International, legally and beneficially held by Greenstate Times as at the date of the Note Purchase Agreement and to be charged in favor of Greenland Financial under the Greenstate Times Share Charge
“Greenstate Times Share Charge”	the charge of all rights, entitlements, interests and benefits in the Greenstate Times Charged Shares and all derived interests to be made by Greenstate Times in favor of Greenland Financial on the Closing Date as security for all sums due and payable to the holders of the Notes under the Note Purchase Agreement and the other transaction documents relating to the transactions contemplated thereunder
“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” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising Mr. Dai Guoqiang, Mr. Zhang Qing and Dr. Jin Hexian, the independent non-executive Directors of the Company, established for the purpose of making recommendations to the Independent Shareholders in respect of the Proposed Issue of Notes and the transactions contemplated thereunder
“Independent Financial Advisor” or “V Baron”	V Baron Global Financial Services Limited, a corporation licensed by the Securities and Futures Commission to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders

DEFINITIONS

“Independent Shareholders”	the Shareholders who are not required to abstain from voting in respect of the Proposed Issue of Notes and the transactions contemplated thereunder or the Shareholders who are not required to abstain from voting in respect of the Grant of Share Options to Executives, as the case may be
“Latest Practicable Date”	16 September 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 November 2015 or any other dates as agreed in writing between the Company and the Subscriber
“Management Shareholders”	Mr. Shen Wenlin (沈文林), Mr. Song Shudong (宋曙東), Mr. Zhang Kequan (張克泉), Mr. Jiao Ye (焦擘), Mr. Wang Lei (王磊), Mr. Li Qiuliang (李秋亮), Mr. Xiao Xu (肖旭), Ms. Zhu Wen (朱雯) and Mr. She Lei (佘磊), who are full time employees of the Group and indirect Shareholders of the Company as at the date of the Prospectus
“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 member of the Group to perform its obligations under the Note Purchase Agreement, or (c) the validity or enforceability of the Note Purchase Agreement; or (ii) an effect which is otherwise material in the context of the transactions contemplated under the Note Purchase Agreement
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
“Mr. She”	Mr. She Lei (佘磊), a project manager and substantial shareholder of the Company
“Mr. Wang”	Mr. Wang Lei (王磊), an executive Director, construction manager and substantial shareholder of the Company
“Mr. Wu”	Mr. Wu Zhengping (吳正平), an executive Director, chief executive officer, chairman and substantial shareholder of the Company

DEFINITIONS

“Ms. Xiao”	Ms. Xiao Li (肖莉), an executive Director, deputy general manager and substantial shareholder of the Company
“Ms. Zhu”	Ms. Zhu Wen (朱雯), an executive Director, administrative manager and substantial shareholder of the Company
“Note Instrument”	the instrument to be issued by the Company for the creation and issue of the promissory note due 2016 with a principal amount of US\$40,000,000 (equivalent to approximately RMB258.4 million based on the conversion rate of US\$1 to RMB6.46) at the rate of 9.00% per annum in favour of the Purchaser pursuant to the Note Purchase Agreement
“Note Purchase”	the purchase by the Purchaser of the Notes on the terms and subject to the conditions set out in the Note Purchase Agreement
“Note Purchase Agreement”	the note purchase agreement entered into on 20 August 2015 between the Company and Greenland Leasing (subsequently novated to the Purchaser pursuant to the Deed of Novation), pursuant to which the Company conditionally agreed to issue and sell, and Greenland Leasing (subsequently novated to the Purchaser pursuant to the Deed of Novation) conditionally agreed to purchase a redeemable fixed coupon promissory note due 2016 with a principal amount of US\$40,000,000 (equivalent to approximately RMB258.4 million based on the conversion rate of US\$1 to RMB6.46) at the rate of 9.00% per annum
“Notes”	the redeemable fixed coupon promissory note due 2016 with a principal amount of US\$40,000,000 (equivalent to approximately RMB258.4 million based on the conversion rate of US\$1 to RMB6.46) at the rate of 9.00% per annum issued pursuant to the terms and conditions of the Note Purchase Agreement
“Obligors”	Greenstate Times as well as any future subsidiaries of the Company that owns capital stock of another subsidiary of the Company organized outside the PRC
“PPP”	public-private partnership, a government service or private business venture funded and operated through partnership of government and one or more private sector companies

DEFINITIONS

“Proposed Grant of Share Options to Executives”	the proposed grant of Share Options to each of Mr. Wu, Ms. Xiao, Ms. Zhu and Mr. Wang pursuant to the Share Option Scheme, which are subject to the Independent Shareholders’ approval at the EGM
“Proposed Issue of Notes”	the proposed issue of the Notes by the Company to the Purchaser on the terms and subject to the conditions set out in the Note Purchase Agreement
“Prospectus”	the prospectus of the Company dated 30 June 2014 issued in connection with the initial public offering and listing of shares of the Company on the main board of Stock Exchange on 21 July 2014, as amended and supplemented by the supplemental prospectus of the Company dated 14 July 2014
“Purchaser”	Greenland Financial
“RMB”	means Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of par value of HK\$0.025 each in the share capital of the Company
“Share Charges”	the Company Share Charge and the Greenstate Times Share Charge
“Share Options”	an aggregate of 112,750,000 new Shares conditionally granted to the Grantees pursuant to the Share Option Scheme on 1 September 2015
“Share Option Scheme”	the share option scheme adopted by the Company pursuant to an ordinary resolution of the Shareholders passed on 25 June 2014, details of which are set out in the Prospectus
“Share Subscription under Specific Mandate”	the subscription of 237,760,000 Shares by Greenland Financial pursuant to the subscription agreement between the Company and Greenland Financial dated 7 May 2015, details of which are set out in the Company’s announcements and circular dated 7 May 2015, 8 June 2015 and 25 June 2015
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“subsidiary (subsidiaries)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

In this circular, if there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. Translation of company names in English, Chinese or another language which are marked with “*” is for identification purpose only.

LETTER FROM THE BOARD



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)

Executive Directors:

Wu Zhengping

(Chairman and chief executive officer)

Xiao Li

Zhu Wen

Wang Lei

Registered Office:

The offices of Maples Corporate
Services Limited

PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Independent Non-Executive Directors:

Dai Guoqiang

Zhang Qing

Jin Hexian

Head Office:

Floor 8, Hong Quan Building
No. 1357, Mei Chuan Road
Putuo District
Shanghai, PRC

Principal Place of

Business in Hong Kong:

Room 607, 6/F
MassMutual Tower
38 Gloucester Road, Wanchai
Hong Kong

21 September 2015

To the Shareholders

Dear Sir/Madam,

**(1) CONNECTED TRANSACTION — PROPOSED ISSUE OF NOTES
AND
(2) PROPOSED GRANT OF SHARE OPTIONS TO EXECUTIVES
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 20 August 2015, 1 September 2015 and 11 September 2015 in relation to (1) the Proposed Issue of Notes and the transactions contemplated thereunder and (2) the Proposed Grant of Share Options to Executives.

LETTER FROM THE BOARD

The Proposed Issue of Notes and the transactions contemplated thereunder and the Proposed Grant of Share Options to Executives are subject to the Shareholders' approval at the EGM. The purpose of this circular is to provide you, among other things:

- (i) further information on the Proposed Issue of Notes and the transactions contemplated thereunder;
- (ii) further information of the Proposed Grant of Share Options to Executives;
- (iii) a letter of advice containing the recommendations from the Independent Board Committee to the Independent Shareholders in relation to the Proposed Issue of Notes and the transactions contemplated thereunder;
- (iv) a letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Issue of Notes and the transactions contemplated thereunder;
- (v) a letter of advice containing the recommendations from the independent non-executive Directors in relation to the Proposed Grant of Share Options to Executives; and
- (vi) the notice of the EGM.

I. PROPOSED ISSUE OF NOTES

Reference is made to the announcement of the Company dated 20 August 2015 and 11 September 2015 whereby the Company announced that on 20 August 2015, the Company entered into the Note Purchase Agreement with Greenland Leasing pursuant to which the Company conditionally agreed to issue and sell, and Greenland Leasing conditionally agreed to purchase a redeemable fixed coupon promissory note due 2016 with a principal amount of US\$40,000,000 (equivalent to approximately RMB258.4 million based on the conversion rate of US\$1 to RMB6.46) at the rate of 9.00% per annum. The Company subsequently announced on 11 September that the Company entered into the Deed of Novation with Greenland Leasing and the Purchaser pursuant to which Greenland Leasing shall novate all its rights, obligations and liabilities under the Note Purchase Agreement to the Purchaser. As security of the Notes, the Company, as legal and beneficial owner, has agreed to charge by way of a first fixed charge all rights, entitlements, interests and benefits in the Company Charged Shares and all derived interests to be made by the Company in favor of the Purchaser and Greenstate Times, as legal and beneficial owner, has agreed to charge by way of a first fixed charge all rights, entitlements, interests and benefits in the Greenstate Times Charged Shares and all derived interests to be made by Greenstate Times in favor of the Purchaser.

The Note Purchase Agreement

Date

20 August 2015

(to be read in conjunction with the Deed of Novation dated 11 September 2015)

LETTER FROM THE BOARD

Parties

Issuer: the Company

Original Purchaser: Greenland Leasing

Purchaser: Greenland Financial

In order to streamline the logistics of the transactions contemplated under the Note Purchase Agreement, the Company entered into the Deed of Novation with Greenland Leasing and the Purchaser pursuant to which Greenland Leasing shall novate all its rights, obligations and liabilities under the Note Purchase Agreement to the Purchaser

Principle terms of the Notes

The principal terms of the Notes are summarized as follows:

Issuer: The Company

Principal amount of the Notes: US\$40,000,000 (equivalent to approximately RMB258.4 million based on the conversion rate of US\$1 to RMB6.46)

Maturity date: One year from the Issue Date or on the expiration date of the extended period in accordance with the terms and conditions of the Notes.

Form: The Notes are issued in certificated form and will be issued upon Closing (the “**Issue Date**”).

Interest rate: The Notes bear interest from and including the Issue Date to and excluding the maturity date or redemption date at the rate of 9.00% per annum (computed on the basis of a 365-day year), payable semi-annually in arrear, until the principal amount of the Notes shall have become due and payable, *provided that* the first interest shall be prepaid by the Issuer on the Issue Date.

LETTER FROM THE BOARD

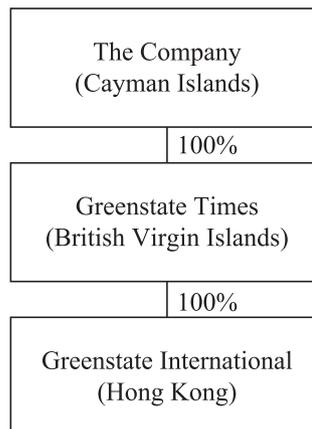
- Status of the Notes: The Notes constitute direct, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
- Transferability: The Notes are freely transferable.
- Security: The Notes will have the benefit of the security constituted by the Share Charges.
- Redemption: Unless previously redeemed, or purchased and cancelled, or extended by the Purchaser as holder of the Notes in accordance with the terms of the Notes, the Notes will be redeemed at the principal amount on the date falling on the maturity date of the Notes.
- In addition, following the occurrence of a change of control as defined in the terms of the Notes, the holder of any Notes will have the right to require the Issuer to redeem all, but not some of such holder's Notes at 101% of the principal amount together with accrued interest to the date of change of control.
- The Notes may not be redeemed at the options of the Issuer other than for taxation reasons and in accordance with the terms of the Notes.
- Events of default: Events of default include but not limited to the following:
- (a) the Issuer fails to pay the principal of or any interest on any of the Notes when due except in circumstances where such failure was caused by an administrative or technical error and payment of the amount due is made within 3 Business Days of the due date for payment;

LETTER FROM THE BOARD

- (b) the Issuer or the Obligors does not perform or comply with one or more of its respective obligations in the Notes or the Share Charges, which default is incapable of remedy or if capable of remedy, is not remedied within thirty days after notice of such default shall have been given to the Issuer by the holders of the Notes;
- (c) winding-up or insolvency of the Issuer or any of its principle subsidiaries; and
- (d) the Share Charges are not in full force and effect, or any of the Share Charges is modified, amended or terminated other than in accordance with its terms.

The Share Charges

As security of the Notes, based on the shareholding structure set out below, the Company, as legal and beneficial owner, has agreed to charge by way of a first fixed charge all rights, entitlements, interests and benefits in the Company Charged Shares and all derived interests to be made by the Company in favor of the Purchaser and Greenstate Times, as legal and beneficial owner, has agreed to charge by way of a first fixed charge all rights, entitlements, interests and benefits in the Greenstate Times Charged Shares and all derived interests to be made by Greenstate Times in favor of the Purchaser.



LETTER FROM THE BOARD

The Share Charges will be released when (i) all the obligations, contingent or otherwise, of the Company to the Purchaser and the holders of the Notes arising under or pursuant to the Note Instrument; and (ii) other obligations of the Company under the transaction documents relating to the transactions contemplated thereunder have been irrevocably and unconditionally paid and discharged in full. The Company Charged Shares represent the entire issued capital of Greenstate Times, legally and beneficially held by the Company. The Greenstate Times Charged Shares represent the entire issued capital of Greenstate International, legally and beneficially held by Greenstate Times. As both Greenstate Times and Greenstate International are investment holding companies without any substantial assets or liabilities of their own, their respective unaudited consolidated net asset value as at 30 June 2015 is approximately the same as the Company's unaudited consolidated net asset value as at 30 June 2015, which was approximately RMB414.5 million. As of the Latest Practicable Date, save for a real property interest of book value of approximately RMB8.6 million which has been pledged to a commercial bank in the PRC for a loan facility obtained by the Group, there was no other asset underlying the Share Charges that had been charged or pledged for any other liabilities of the Group.

When determining the terms of the Share Charges, the Directors have taken into account the following factors:

- the common market practice to create share charges in connection with the issue of the promissory notes;
- the number of Shares held by the Purchaser, which represents approximately 12.90% of the total issued share capital of the Company as at the Latest Practicable Date;
- the capability of realizing the Company Charged Shares and the Greenstate Times Charged Shares (both of which are unlisted securities) into cash, on which the parties to the Note Purchase Agreement have mutually agreed on a discount rate of 30%; and
- the minimum discount rate of approximately 30% provided by one of the big four state-owned commercial banks in Hong Kong on pledged listed securities for securities-backed financing.

Based on the above, the value of the Share Charges would be approximately RMB247.5 million, being RMB414.5 million minus RMB8.6 million, then times 87.10% (i.e., 1-12.90%) and 70% (i.e., 1-30%). In light of that the principal amount of the Notes of US\$40,000,000 (equivalent to approximately RMB258.4 million based on the conversion rate of US\$1 to RMB6.46), which is comparable to the estimated value of the Share Charges, the Directors consider that the terms of the Share Charges are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors believe that, as all of the Existing Projects are expected to be completed by end of 2016, the Company is able to make interest payments and repay the principal amount of the Notes when due in accordance with the Note Purchase Agreement.

LETTER FROM THE BOARD

Shareholders and potential investors should note in the event that the Company fails to make interest payments and/or repay the principal amount of the Notes in time or at all, the Purchaser may enforce the Share Charges and in turn obtain control over the Group, which may affect the Company's listing position on the Stock Exchange. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

Conditions Precedent to the Obligations of the Purchaser

The obligations of the Purchaser under the Note Purchase Agreement are conditional upon:

- (a) 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 Note Purchase Agreement and the Closing Date;
- (b) the Company, to the extent applicable, having, (i) duly complied with all requirements under applicable laws and its constitutional documents necessary for the validity and enforceability of the Note Purchase Agreement and the transaction documents relating to the transactions contemplated thereunder; (ii) duly 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 Note Purchase Agreement and the transaction documents relating to the transactions contemplated thereunder and the Proposed Issue of the Notes that is reasonably capable of being completed prior to the Closing; and (iii) obtained all Approvals required by any relevant Governmental Authority and under its constitutional documents in connection with the signing of the Transaction Documents and the Proposed Issue of the Notes that is reasonably capable of being completed prior to the Closing;
- (c) the passing of the resolution(s) by the Shareholders at the EGM approving the Note Purchase Agreement and the transactions contemplated therein including the Proposed Issue of the Notes and the Share Charges; and
- (d) no Material Adverse Event having occurred.

The conditions in items (a) and (d) above may be waived at any time in writing by the Purchaser while the other conditions may not be waived. As of the Latest Practicable Date, neither of the conditions in items (a) and (d) above has been waived by the Purchaser and none of the other conditions has been fulfilled.

LETTER FROM THE BOARD

Conditions Precedent to the Obligations of the Company

The obligations of the Company under the Note Purchase Agreement are subject to the fulfilment (or waiver by the Company, as applicable) of all the warranties made by the Purchaser being true, complete and accurate in all respects and not misleading in any respect as of the date of the Note Purchase Agreement and the Closing Date.

The condition above may be waived at any time in writing by the Company. As of the Latest Practicable Date, the condition above has not been waived by the Company.

Completion of the Note Purchase

The Closing shall take place on the second Business Day after the fulfilment or waiver (as applicable) of the last of the conditions precedent for the Note Purchase, or such other date as agreed in writing between the Company and the Purchaser, but in any event no later than the Long Stop Date.

The Purchaser shall pay the principal amount of the Notes to the Company by means of wire transfer of immediately available funds on the Closing Date

Reasons For And Benefits Of The Proposed Issue of Notes

The Company entered into the Note Purchase Agreement with the Purchaser for the purpose of financing general working capital and the capital requirements in the near future. In particular, based on preliminary plans of the Company, the Company expects to utilize 30% of the proceeds from the Proposed Issue of Notes in financing the Existing Projects (as defined below) and expects to utilize 30% of the proceeds in financing the PPP Projects (as defined below). In addition, as disclosed in the 2015 Interim Results Announcement, implementation of PPP mode in landscape industry is undergoing an exploration period. The Company plans to seize this opportunity to rapidly expand PPP mode business and intends to utilize 40% of the proceeds in investing in PPP mode projects. As of the Latest Practicable Date, the Company has six major landscape projects in progress with an aggregate initial contract value of approximately RMB949.2 million (the “**Existing Projects**”). Moreover, the Company has entered into a strategic cooperation agreement in July 2015 for the first PPP mode landscape project of the Company, with an initial contract value of approximately RMB 300 million (the “**First PPP Project**”), and is in the final stage of negotiations of two other PPP mode landscape projects with an aggregate initial contract value of approximately RMB1,500 million (together with the First PPP Project, the “**PPP Projects**”). Save for the Existing Projects and the PPP Projects, the Company is not under negotiation for other potential projects as at the Latest Practicable Date.

The Company has considered both debt financing and equity financing to raise additional funds for the above mentioned funding needs of the Company. Debt financing from banks was considered impracticable for the Group as the pledge of assets as security for additional borrowings was requested by banks while the Group has already pledged most of its fixed assets or bank deposits as security for its existing bank loans. In addition, based on discussion with several investment banks, public issue of debt securities with one year maturity and of

LETTER FROM THE BOARD

comparable principal amount as the Proposed Issue of Notes will likely require an annual interest rate of more than 10%. Equity financing was also considered inappropriate as it is a relatively lengthy process and requires underwriting (in case of rights issue and open offer) or would create dilution to shareholding of the existing Shareholders (in case of placing).

The Board considers that the Proposed Issue of Notes is an appropriate means of fund raising for the Company without dilution effect on the shareholding of the existing Shareholders and it better equips the Group with the financial flexibility for development of the business of the Group. The principal amount of the Notes was determined based on the Company's estimated needs for general working capital in the near future. The Purchaser is a substantial shareholder of the Company and thus a connected person of the Company. The terms of the Note Purchase Agreement and the transactions contemplated thereunder (including the interest rate), were agreed by the parties after arm's length negotiations. When determining the terms of the Note Purchase Agreement, the Directors have also taken into account the following factors:

- the expected annual interest rate of over 10% if the Company is going to borrow from other financial institutions;
- the prevailing market rates (0% to 9% per annum) on the promissory notes issue by other companies listed on the Stock Exchange; and

the proposed one-year term of the Notes, which can provide more flexibility to the Company to review its financial condition and funding need, and to explore other financing alternatives when needed. In light of the above and the utilization of the net proceeds from share subscription under specific mandate and the IPO proceeds set out below, the Directors consider that the terms of the Note Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Fund Raising Activities In The Past Twelve-month Period

The following fund raising activity has been carried out by the Company in the 12 months immediately prior to the Latest Practicable Date:

Date of announcement	Event	Net proceeds raised (<i>approximately</i>)	Intended use of proceeds	Actual use of proceeds
7 May 2015	Share subscription under specific mandate	HK\$127,246,000 (equivalent to RMB101,278,000)	Financing the Existing Projects and the PPP Projects and general working capital of the Company	Please see below

Save as disclosed above, the Company has not carried out any fund raising activity in the 12 months immediately prior to the Latest Practicable Date.

LETTER FROM THE BOARD

The table below set out the details of the net proceeds from the Share Subscription under Specific Mandate utilized by the Company as of the Latest Practicable Date:

Purposes	Proportion	Proceeds	Utilized amount
	<i>%</i>	<i>RMB million</i>	<i>RMB million</i>
		<i>(approximately)</i>	<i>(approximately)</i>
For two of the Existing Projects	10	10.1	—
For two of the PPP Projects	80	81.0	—
Used as general working capital of the Group	10	<u>10.1</u>	<u>10.1</u>
Total		<u><u>101.2</u></u>	<u><u>10.1</u></u>

As at the Latest Practicable Date, 10% of the net proceeds from the Share Subscription under Specific Mandate had been utilized as intended and based on existing plan of the Company, the unutilized amount of the said proceeds is expected to be fully used as intended on the Existing Projects by January 2016.

Use of IPO Proceeds

The Shares were listed on the Main Board of the Stock Exchange on 21 July 2014. The table below set out the details of the net proceeds from the IPO utilised by the Company as of the Latest Practicable Date:

Purposes	Proportion	Proceeds	Utilized amount
	<i>%</i>	<i>RMB million</i>	<i>RMB million</i>
		<i>(approximately)</i>	<i>(approximately)</i>
Offering to finance the completion of Chenzhou Project	20	33.7	33.7
For Project F and Project J as disclosed in the Company's interim report dated 26 August 2015	30	50.5	27.2
For potential acquisition of landscape architecture service companies or design companies	20	33.7	0.0
For expansion of geographical coverage in China by establishing more subsidiaries and branches	10	16.8	16.8

LETTER FROM THE BOARD

Purposes	Proportion	Proceeds	Utilized amount
	<i>%</i>	<i>RMB million</i>	<i>RMB million</i>
		<i>(approximately)</i>	<i>(approximately)</i>
For research & development activities, including introducing new and rare seedling planting technology research, establishing research and development centre in Hong Kong and recruiting relevant talents	10	16.8	16.8
Used as general working capital of the Group	10	<u>16.8</u>	<u>16.8</u>
Total		<u><u>168.3</u></u>	<u><u>111.3</u></u>

Based on the current plan of the Company, the unutilized amount of the IPO proceeds (excluding the portion for potential acquisition of landscape architecture service companies or design companies) is expected to be fully utilized by 31 December 2015. The remaining IPO proceeds shall be utilized in accordance with the purposes stated in the Prospectus.

Prospects of PPP Projects

Looking ahead, due to the continuous urbanization and the increasing demand for per capita green area, the whole landscaping market will maintain a stable growth. Meanwhile, landscaping projects in public sector which the Group focuses now undergo a key period of PPP mode transformation which are expected to bring a higher growth prospect for the industry following the successive implementation of pilot projects in different areas.

The Group believes that PPP mode will become a major trend. At the end of 2014, the Ministry of Finance of the State Council successively issued documents to regulate debt financing mechanism of local government and required that PPP mode to be actively and extensively applied into infrastructure and public service areas. The promotion of PPP mode in landscape industry brings more development opportunities for landscape companies which were heavily restrained by the payment collection. Currently, implementation of PPP mode in landscape industry is undergoing an exploration period, and the total investment of signed orders reached approximately RMB2 billion, which is less than 5% of the total amount of the industry. Therefore, the Group will seize this opportunity to rapidly expand PPP mode business.

LETTER FROM THE BOARD

Information About The Parties

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 Purchaser is a company incorporated under the laws of the British Virgin Islands with limited liability in June 2014 and is principally engaged in IPO investments, pre-IPO investments, mergers and acquisitions, real estate finance, micro finance and financial leasing. It is directly wholly-owned by Greenland Financial Investment Holding Group Co. Ltd.* (綠地金融投資控股集團有限公司), which in turn is directly wholly-owned by Greenland. Greenland Financial Investment Holding Group Co. Ltd.* (綠地金融投資控股集團有限公司) serves as Greenland’s main investment and finance platform to conduct diversified domestic and overseas investments in accordance with Greenland’s global strategy. The Purchaser is a substantial shareholder of the Company.

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.

Listing Rules Implications

The Purchaser is a substantial shareholder of the Company directly holding approximately 12.90% of the issued share capital of the Company and is therefore a connected person of the Company. Accordingly, the Proposed Issue of Notes and the transactions contemplated thereunder (including the Share Charges) constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As (i) one of the applicable percentage ratios as defined in Chapter 14 of the Listing Rules in respect of the Proposed Issue of Notes and the transactions contemplated thereunder (including the Share Charges) is more than 25%, and (ii) the exemption provided under Rule 14A.90 of the Listing Rules is not applicable as the Proposed Issue of Notes is secured by the Share Charges, the Proposed Issue of Notes and the transactions contemplated thereunder (including the Share Charges) are subject to the reporting, announcement and independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

Approval By The Board

None of the Directors has a material interest in the Proposed Issue of Notes and the transactions contemplated thereunder. As such none of the Directors were required to nor had abstained from voting on the resolution(s) of the Board approving the Proposed Issue of Notes and the transactions contemplated thereunder.

LETTER FROM THE BOARD

Independent Board Committee And Independent Financial Adviser

The Independent Board Committee, comprising Mr. Dai Guoqiang, Mr. Zhang Qing and Dr. Jin Hexian has been established to advise the Independent Shareholders in respect of the Proposed Issue of Notes and the transactions contemplated thereunder. All members of the Independent Board Committee are independent non-executive Directors who do not have any interest in the proposed transactions mentioned in this circular. V Baron has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

II. PROPOSED GRANT OF SHARE OPTIONS TO EXECUTIVES

Reference is made to the announcement of the Company dated 1 September 2015 whereby the Company announced that on 1 September 2015, the Company has granted the Share Options to 17 Grantees, which include certain Directors, chief executive, substantial shareholders and employees of the Company pursuant to the Share Option Scheme to subscribe for an aggregate of 112,750,000 new Shares, subject to the acceptance of the Share Options by the Grantees. As set out in the announcement, the proposed grant of Share Options to Mr. Wu, Ms. Xiao, Ms. Zhu and Mr. Wang are subject to and conditional upon the approval of the Proposed Grant of Share Option to Executives by the Independent Shareholders at the EGM.

Principal Terms Of The Share Options

Date of grant:	1 September 2015
Exercise price of the Share Options granted:	HK\$1.24, which is equal to the higher of (i) the closing price of HK\$1.19 per Share as stated in the daily quotations sheet issued by the Stock Exchange on the Date of Grant; (ii) the average closing price of HK\$1.24 per Share as stated in the daily quotations sheets for the five business days immediately preceding the Date of Grant; and (iii) the nominal value per Share
Number of Share Options granted:	112,750,000 Share Options, divided into the following tranches: Tranche 1 — 22,550,000 Tranche 2 — 22,550,000 Tranche 3 — 33,825,000 Tranche 4 — 33,825,000

LETTER FROM THE BOARD

The table below sets out the allocation of Share Options to the Grantees:

	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Mr. Wu	6,000,000	6,000,000	9,000,000	9,000,000
Ms. Xiao	4,500,000	4,500,000	6,750,000	6,750,000
Ms. Zhu	1,000,000	1,000,000	1,500,000	1,500,000
Mr. Wang	1,000,000	1,000,000	1,500,000	1,500,000
Other Grantees	<u>10,050,000</u>	<u>10,050,000</u>	<u>15,075,000</u>	<u>15,075,000</u>
Total	<u>22,550,000</u>	<u>22,550,000</u>	<u>33,825,000</u>	<u>33,825,000</u>

Each Share Option shall entitle the holder of the Share Option to subscribe for one Share. Shares to be issued on full exercise of the Share Options represent approximately 3.41% of the existing issued share capital of the Company as at the Latest Practicable Date

Closing price of Shares on the Date of Grant:	HK\$1.19 per Share
Validity period of the Share Options:	6 years from the Date of Grant being 1 September 2015 to 31 August 2021 (both dates inclusive)
Waiting period of the Share Options:	Two years from the Date of Grant
Vesting and exercise period of the Share Options:	Subject to the Share Option Scheme and vesting conditions, the Share Options granted shall be vested and exercised in different tranches. The vesting and exercise period of the respective tranches are as follows:
	Tranche 1 — from 1 September 2017 to 31 August 2018 (both dates inclusive)
	Tranche 2 — from 1 September 2018 to 31 August 2019 (both dates inclusive)
	Tranche 3 — from 1 September 2019 to 31 August 2020 (both dates inclusive)
	Tranche 4 — from 1 September 2020 to 31 August 2021 (both dates inclusive)

LETTER FROM THE BOARD

- Consideration on acceptance of the Share Options: HK\$1.00 to be paid to the Company within one month as consideration for the grant, which is in no circumstances be refundable
- Voting, dividend, transfer and other rights: No voting rights shall be exercisable and no dividends shall be payable in relation to the Share Options that have not been exercised. A Share issued upon the exercise of a Share Option shall not carry voting rights until the registration of the Grantee (or any other person) as the holder thereof. Subject to the aforesaid, and the terms of the Share Option Scheme, Shares allotted and issued upon exercise of the Share Options will rank *pari passu* with and will have the same voting, dividend, transfer and other rights, including those arising on liquidation of the Company as attached to other fully-paid Shares in issue
- Vesting conditions and performance targets: Each tranche of the Share Options is subject to the following vesting conditions performance targets:
- (1) the respective Grantee shall attain a “pass” grade or above in the previous year’s appraisal;
 - (2) none of the following has occurred to the respective Grantee up to the current exercise period:
 - a. the performance appraisal pursuant to the respective Grantee is below a “pass” grade;
 - b. public censure or declaration as inappropriate person by the Stock Exchange in the past three years;
 - c. imposition of administrative penalties by any securities regulatory authorities due to material non-compliance in the past three years; and
 - d. being prohibited by any regulatory authorities from being an eligible person under the Share Option Scheme.

LETTER FROM THE BOARD

- (3) the net profit attributable to the Shareholders for each year during the vesting period of the Share Options shall not be lower than the average of those in the three financial years prior to the Date of Grant and shall not be a negative figure;
- (4) the net profit attributable to the Shareholders for during each of the corresponding exercise period must have reached the following:

Tranche	Corresponding exercise period	Requirements for net profit attributable to Shareholders
1	1 September 2017–31 August 2018 (both dates inclusive)	RMB150 million for the year 2015 and RMB205 million for the year 2016
2	1 September 2018–31 August 2019 (both dates inclusive)	RMB280 million for the year 2017
3	1 September 2019–31 August 2020 (both dates inclusive)	RMB383 million for the year 2018
4	1 September 2020–31 August 2021 (both dates inclusive)	RMB525 million for the year 2019

The above net profits exclude the effect of expenses incurred from the Share Option Scheme

LETTER FROM THE BOARD

Grant Of Share Options To Directors, Chief Executive And Substantial Shareholders Of The Company

As at the Latest Practicable Date, the Company had 3,306,616,000 issued Shares. Among the 112,750,000 Share Options granted, options to subscribe for a total of 64,000,000 Shares were conditionally granted to Directors, chief executive and substantial shareholders of the Company, details of which are as follows:

Name of Grantees	Position(s) held with the Company	Number of Share Options conditionally granted and the approximate percentage in the issued share capital of the Company upon full exercise of the respective Share Options granted as at the Latest Practicable Date
Mr. Wu	Executive Director, chief executive officer, chairman and substantial shareholder	30,000,000 (0.91%)
Ms. Xiao	Executive Director, deputy general manager and substantial shareholder	22,500,000 (0.68%)
Ms. Zhu	Executive Director, administrative manager and substantial shareholder	5,000,000 (0.15%)
Mr. Wang	Executive Director, construction manager and substantial shareholder	5,000,000 (0.15%)
Mr. She	Project manager and substantial shareholder	1,500,000 (0.05%)

Save as disclosed above, none of the other Grantees is a Director, chief executive or substantial shareholder of the Company or an associate (as defined in the Listing Rules) of any of them.

Listing Rules Implications

Approval from the independent non-executive Directors

In accordance with Rule 17.04(1) of the Listing Rules, the grant of Share Options to each of the above Directors, chief executive or substantial shareholders of the Company or any of their respective associates must be approved by the independent non-executive Directors.

LETTER FROM THE BOARD

On the Date of Grant, the grant of the Share Options to each of Mr. Wu, Ms. Xiao, Ms. Zhu, Mr. Wang and Mr. She has been approved by the independent non-executive Directors.

Approval from the shareholders of the Company

Pursuant to Rule 17.04(1) of the Listing Rules and the terms of the Share Option Scheme, where a grant of Share Options to a substantial shareholder of the Company or an independent non-executive Director and/or their respective associates would result in the Shares issued and to be issued upon exercise of all the Share Options granted and to be granted (including options exercised, cancelled and outstanding Share Options) under the Share Option Scheme to such person in the 12-month period up to and including the date of such grant (i) representing in aggregate over 0.1% of the Shares in issue; and (ii) having an aggregate value, based on the closing price of the Shares on the date of grant, in excess of HK\$5 million, such grant of Share Options must be approved by the shareholders of the Company at a general meeting at which the grantee, his/her associates and all core connected persons of the Company shall abstain from voting in favour as set out in Rule 13.40 of the Listing Rules, although they may vote against the resolution to approve the grant of Share Options at such general meeting provided that their intention to do so has been stated in the relevant circular.

As the total number of Shares to be issued upon exercise of the Share Options offered to be granted to each of Mr. Wu, Ms. Xiao, Ms. Zhu and Mr. Wang represents in aggregate over 0.1% of the Shares in issue and having an aggregate value in excess of HK\$5 million, based on the closing price of the Shares of HK\$1.19 on the Date of Grant, pursuant to Rule 17.04(1) of the Listing Rules, the grant of Share Options to Mr. Wu, Ms. Xiao, Ms. Zhu and Mr. Wang must be approved by the Shareholders at the EGM at which the abovementioned Grantees, their associates, and all core connected persons of the Company shall abstain from voting in favour at the EGM to be convened by the Company as set out in Rule 13.40 of the Listing Rules.

None of the Grantees will, as a result of the grant of Share Options, be entitled to be issued with such number of Shares as represents over 1% of the Shares in issue upon exercise of all Share Options granted to him/her in the 12-month period up to and including the Date of Grant.

Reasons And Consideration Of The Grant Of Share Options To Mr. Wu, Ms. Xiao, Ms. Zhu And Mr. Wang

Mr. Wu, Ms. Xiao, Ms. Zhu and Mr. Wang are each an executive Director and substantial shareholder of the Company. The Proposed Grant of Share Options to Executives is in recognition of the contribution to the growth of the Group in the past by the abovementioned Directors as well as to provide incentives for the continuing commitment of such Directors and to promote the success of the business of the Group. There will be vesting conditions and performance target which must be achieved before the Share Options granted to such Directors can be exercised. The Directors consider that the Proposed Grant of Share

LETTER FROM THE BOARD

Options to Executives will serve to encourage the above Directors to acquire proprietary interest in the Company. As such, the Directors (including the independent non-executive Directors) consider that the terms of the Proposed Grant of Share Options to Executives are fair and reasonable.

Effect On Shareholding Structure of the Company Upon Exercising of Share Options

The shareholding structure of the Company as at Latest Practicable Date and immediately upon exercising of all Share Options are as follows:

Shareholders	Nature of interests	Immediately upon exercising of all Share Options	%
		<i>Number of shares</i>	
The Management Shareholders, Mr. Wu, Ms. Xiao, Ms. Zhu and Mr. Wang	Interest held jointly with another person; interest in controlled corporation; interest of spouse ⁽¹⁾⁽²⁾	2,115,195,744 ⁽³⁾⁽⁴⁾	61.85%
Greenland Financial	Interest in controlled corporation ⁽²⁾	426,624,000	12.48%
Other Shareholders	Beneficial owner	<u>877,546,256⁽⁵⁾</u>	<u>25.67%</u>
Total		<u>3,419,366,000</u>	<u>100%</u>

Notes:

- (1) Mr. Wu holds 100% equity interests in Broad Landscape International and under the SFO, Mr. Wu is deemed to be interested in the 1,516,586,880 Shares held by Broad Landscape International. Ms. Xiao has controls more than one third of the voting power at the general meeting of Eastern Greenstate International, therefore under the SFO, Ms. Xiao Li is deemed to be interested in the 534,608,864 Shares held by Eastern Greenstate International. Pursuant to the Acting in Concert Deed, each of Mr. Wu, Ms. Xiao, Ms. Zhu, Mr. Wang and other 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, including the Share Options granted to each of Mr. Wu, Ms. Xiao, Ms. Zhu, Mr. Wang and Mr. She.
- (2) Greenland wholly owns Greenland Financial Holdings Company Limited which in turn wholly owns Greenland Financial. As a result, under the SFO, both Greenland and Greenland Financial Holdings Company Limited are deemed to be interested in the 426,624,000 Shares held by Greenland Financial.
- (3) Includes the exercise of a total of 62,500,00 Share Options for 62,500,000 Shares by Mr. Wu, Ms. Xiao, Ms. Zhu and Mr. Wang. The grant of 30,000,000 Share Options, 22,500,000 Share Options, 5,000,000 Share Options and 5,000,000 Share Options to each of Mr. Wu, Ms. Xiao, Ms. Zhu and Mr.

LETTER FROM THE BOARD

Wang respectively is subject to Independent Shareholders' approval in compliance with Rule 17.04(1) of the Listing Rules. Each of Mr. Wu, Ms. Xiao, Ms. Zhu, Mr. Wang and other Management Shareholders is deemed to be interested in such Share Options granted pursuant to the Acting in Concert Deed.

- (4) Includes the exercise of 1,500,000 Share Options for 1,500,000 Shares by Mr. She. The grant of 1,500,000 Share Options to Mr. She has been approved by the independent non-executive Directors pursuant to Rule 17.04(1) of the Listing Rules on the Date of Grant. Each of Mr. Wu, Ms. Xiao, Ms. Zhu, Mr. Wang and other Management Shareholders is deemed to be interested in such Share Options granted pursuant to the Acting in Concert Deed.
- (5) Includes the exercise of 48,750,000 Share Options for 48,750,000 Shares by the other Grantees (i.e. excluding Mr. Wu, Ms. Xiao, Ms. Zhu, Mr. Wang and Mr. She).

The Directors will ensure the Company maintains a public float of over 25% in compliance with Rule 8.08(1)(a) of the Listing Rules at all times.

Subject to the Listing Rules, the aggregate number of Shares which may be issued upon exercise of all outstanding Share Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time. No Share Options may be granted if this will result in the limit being exceeded.

Independent Non-executive Directors' Recommendation

The independent non-executive Directors consider that the terms of the Proposed Grant of Share Options to Executives are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the independent non-executive Directors recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Proposed Grant of Share Options to Executives.

LETTER FROM THE BOARD

III. EGM AND PROXY ARRANGEMENT

The EGM will be held at Admiralty Conference Centre, Room 1804A, 18th Floor, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Thursday, 8 October 2015 at 2:00 p.m. for the purpose of considering and, if thought fit, approving

- (i) the Proposed Issue of Notes and the transaction thereunder; and
- (ii) the Proposed Grant of Share Options to Executives.

The notice convening the EGM is set out on pages 57 to 60 of this circular.

As Greenland Financial has a material interest in the Proposed Issue of Notes and is a party to certain transactions contemplated thereunder, Greenland Financial is required to abstain from voting on the resolutions approving the Proposed Issue of Notes and the transactions contemplated thereunder at the EGM.

Mr. Wu, Ms. Xiao, Ms. Zhu and Mr. Wang, their respective associates and all core connected persons of the Company are required to abstain from voting in favour for the resolutions regarding the Proposed Grant of Share Options to Executives at the EGM as set out in Rules 17.04(1) and 13.40 of the Listing Rules. As such, Broad Landscape International, which is wholly-owned by Mr. Wu and Eastern Greenstate International, in which Ms. Xiao has control of more than one third of the voting power, holding 1,516,586,880 Shares and 534,608,864 Shares, respectively (representing approximately 45.86% and 16.17% of the issued share capital of the Company, respectively) as at the Latest Practicable Date, would be required to abstain from voting in favour of the resolutions approving the Proposed Grant of Share Options to Executives at the EGM as set out in Rules 17.04(1) and 13.40 of the Listing Rules.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands pursuant to the Listing Rules. An announcement on the poll vote results will be published by the Company after the EGM in the manner prescribed under the Listing Rules.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.broad-greenstate.com.cn>). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish and in such event, the instrument appointing the proxy shall be deemed to have revoked.

LETTER FROM THE BOARD

IV. RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in relation to the Proposed Issue of Notes and the transactions contemplated thereunder set out on pages 31 to 32 of this circular, (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 33 to 47 of this circular which contains its advice in respect of the fairness and reasonableness on the terms of the Proposed Issue of Notes and the transactions contemplated thereunder; and (iii) the letter from the independent non-executive Directors containing its recommendations to the Independent Shareholders in relation to the Proposed Grant of Share Options to Executives set out on page 48 of this circular.

The Directors consider that the Proposed Issue of Notes is an appropriate means of fund raising for the Company without dilution effect on the shareholding of the existing Shareholders and it better equips the Group with the financial flexibility for development of the business of the Group. The principal amount of the Notes was determined based on the Company's estimated needs for general working capital in the near future. The terms of the Note Purchase Agreement and the transactions contemplated thereunder (including the interest rate), were agreed by the parties after arm's length negotiations having taken into account the prevailing market rates. The Directors consider that the terms of the Note Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Proposed Issue of Notes and the transactions contemplated thereunder.

The Directors (excluding Mr. Wu, Ms. Xiao, Ms. Zhu and Mr. Wang in respect of his/her interest in the Proposed Grant of Share Options to Executives) considers the Proposed Grant of Share Options to Executives are in the interests of the Company and the Shareholders as a whole and is fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Proposed Grant of Share Options to Executives.

V. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of the Board
Broad Greenstate International Company Limited
Wu Zhengping
Chairman and Executive Director



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)

21 September 2015

To the Independent Shareholders

Dear Sir/Madam,

CONNECTED TRANSACTION — PROPOSED ISSUE OF NOTES

We refer to the circular of the Company to the Shareholders dated 21 September 2015 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalize terms used in this letter will have the same meanings as defined in the Circular.

We have been authorized by the Board to form the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Proposed Issue of Notes and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

We wish to draw your attention to the letter of advise from V Baron, the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Proposed Issue of Notes and the transactions contemplated thereunder as set out on pages 33 to 47 of the Circular and the letter from the Board as set out on pages 9 to 30 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered, among other matters, the factors and reasons considered, and the opinion as stated in the letter of advice from the Independent Financial Adviser, we consider that the Proposed Issue of Notes and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group. The Proposed Issue of Notes and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned for the Company to use secured financing to finance needs for general working capital in the near future, and are in the interests of the Company and the Independent Shareholders as a whole and accordingly recommend the Independent Shareholders to vote in favour of the ordinary resolutions in relation to the Proposed Issue of Notes and the transactions contemplated thereunder to be proposed at the EGM.

Yours faithfully,

For and on behalf of the

Independent Board Committee of

Broad Greenstate International Company Limited

Mr. Dai Guoqiang

Mr. Zhang Qing

Dr. Jin Hexian

Independent Non-executive Directors

LETTER FROM V BARON

The following is the full text of the letter of advice from V Baron to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Issue of Notes and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.



建泉環球金融服務有限公司
V Baron Global Financial Services Limited

18/F., Prosperity Tower
39 Queen's Road Central
Hong Kong

21 September 2015

*To: The Independent Board Committee and the Independent Shareholders of
Broad Greenstate International Company Limited*

Dear Sirs,

CONNECTED TRANSACTION — PROPOSED ISSUE OF NOTES

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Issue of Notes and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 21 September 2015 (the “**Circular**”), of which this letter of advice forms part. Unless the context requires otherwise, capitalised terms used in this letter of advice shall have the same meanings as ascribed to them under the section headed “Definitions” in this Circular.

With reference to the announcements of the Company dated 20 August 2015 and 11 September 2015 (the “**Announcements**”), the Company entered into the Note Purchase Agreement with Greenland Leasing on 20 August 2015, pursuant to which the Company conditionally agreed to issue and sell, and Greenland Leasing conditionally agreed to purchase, the one-year redeemable fixed coupon promissory notes with principal amount of US\$40,000,000 at a rate of 9% per annum. The Company subsequently entered into the Deed of Novation with Greenland Leasing and the Purchaser on 11 September 2015, pursuant to which Greenland Leasing shall novate all its rights, obligations and liabilities under the Note Purchase Agreement to the Purchaser.

With reference to the Letter from the Board, the Purchaser is a substantial shareholder of the Company, and is therefore a connected person of the Company. Accordingly, the Proposed Issue of Notes and the transactions contemplated thereunder constitute connected transactions for the Company under Chapter 14A of the Listing Rules. In addition, as the applicable percentage ratios as defined in Chapter 14 of the Listing Rules in respect of the Proposed Issue of Notes and the

LETTER FROM V BARON

transactions contemplated thereunder are more than 25%, the Proposed Issue of Notes and the transactions contemplated thereunder are subject to the reporting, announcement and independent shareholders' approval requirement under the Listing Rules.

The Independent Board Committee, comprising Mr. Dai Guoqiang, Mr. Zhang Qing and Dr. Jin Hexian, all being the independent non-executive Directors, has been established to advise the Independent Shareholders as to (i) whether the Proposed Issue of Notes is in the interests of the Company and the Shareholders as a whole; (ii) whether the terms of the Notes are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Proposed Issue of Notes and the transactions contemplated thereunder at the EGM.

As at the Latest Practicable Date, apart from the existing engagement in connection with the Proposed Issue of Notes and the transactions contemplated thereunder, we did not have any business relationship with the Company within the past two years. Save for the normal fees payable to us in connection with this appointment, no arrangement exists whereby we shall receive any fees or benefits from the Company and its subsidiaries or the Directors, chief executive or substantial shareholders of the Company or any of their associates (as defined in the Listing Rules). We consider ourselves independent to form our opinion in respect of the Proposed Issue of Notes and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion with regard to the Proposed Issue of Notes and the transactions contemplated thereunder, we have relied on the information and facts supplied, opinions expressed and representations made to us by the management of the Group (including but not limited to those contained or referred to in the Announcements and this Circular). We have assumed that the information and facts supplied, opinions expressed and representations made to us by the management of the Group were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of this Circular. We have also assumed that all statements of belief, opinions, expectation and intention made by the management of the Company in this Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in this Circular, or the reasonableness of the opinions expressed by the Company, its management and/or advisers, which have been provided to us.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in this Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this Circular or this Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of this Circular, save and except for this letter of advice.

LETTER FROM V BARON

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs or future prospects of the Group, Greenland Leasing and the Purchaser, or their respective shareholders, subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Proposed Issue of Notes. Our opinion is necessarily based on the market, financial, economic and other conditions in effect and the information made available to us as at the Latest Practicable Date. Any subsequent developments may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of such information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the Proposed Issue of Notes and the transactions contemplated thereunder, we have considered the following principal factors and reasons:

1. Background of and reasons for the Proposed Issue of Notes

(a) Background information of the Group

The Company is an investment holding company and the Group is a fast-growing integrated landscape architecture design service provider in China. The Group focuses on major urban landscape projects across China and offers customers “one-stop” project-based landscape architecture design and construction service solutions, including design and planning, design refinement, construction, seedlings cultivation and maintenance.

LETTER FROM V BARON

The following is a summary of the key financial information of the Group for the six months ended 30 June 2015 and the two years ended 31 December 2014 and 2013 as extracted from the interim report of the Company for the six months ended 30 June 2015 (the “**2015 Interim Report**”) and the annual report of the Company for the year ended 31 December 2014 (the “**2014 Annual Report**”) respectively:

	For the six months ended 30 June 2015	For the year ended 31 December 2014	For the year ended 31 December 2013
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)	(audited)
Revenue	327,823	530,109	289,883
Profit for the period/year	71,263	109,342	53,500
	As at 30 June 2015	As at 31 December 2014	As at 31 December 2013
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)	(audited)
Cash and cash equivalents	184,797	143,919	10,793

According to the 2014 Annual Report, the Group proactively participated in undertaking several large scale municipal and city level ecology landscape projects in 2014. As depicted by the above table, for the year ended 31 December 2014, the Group’s audited total revenue amounted to approximately RMB530.1 million, representing a significant increase of approximately 82.9% as compared to that of the prior year. There were 38 landscape projects in total which made a contribution to income, 11 of which with initial contract value of RMB5 million or above, contributing approximately 96.4% of the Group’s revenue. During the year under review, the Group also recorded a significant increase in audited net profit from approximately RMB53.5 million to approximately RMB109.3 million. The aforesaid growing momentum had continued during the first half of 2015. As extracted from the 2015 Interim Report, the Group’s total unaudited revenue increased from approximately RMB273.2 million for the six months ended 30 June 2014 to approximately RMB327.8 million for the six months ended 30 June 2015. There were 35 landscape projects in total which made a contribution to the Group’s income, eight of which with initial contract value of RMB5 million or above, contributing approximately 92.1% of the Group’s revenue. The unaudited net profit of the Group was approximately RMB71.3 million for the six months ended 30 June 2015, representing a significant increase of approximately 27.6% as compared to that of the corresponding period in the prior year.

LETTER FROM V BARON

According also to the 2014 Annual Report, the substantial increase in audited cash and cash equivalents of the Group for the year ended 31 December 2014 was mainly due to the net cash inflow from financing activities of approximately RMB150.0 million, which was the combined effect of (i) new bank loans of approximately RMB377.2 million primarily due to the Group's structure reorganisation carried out for the preparation of listing of the Shares and working capital requirements; (ii) repayment of bank loans of approximately RMB291.7 million in relation to the short-term bank loans incurred for the Group's structure reorganisation; (iii) proceeds from issue of Shares upon listing of approximately RMB173.3 million; (iv) capital injection by the then equity shareholders of approximately RMB50.0 million; (v) share issue expense of approximately RMB30.0 million; and (vi) repayment of acquisition of equity interests by the Group from the then equity shareholders of approximately RMB124.1 million.

Looking ahead, due to the continuous urbanization and the increasing demand for per capita green area, the Group expected that the whole landscaping market in China will maintain a stable growth. Meanwhile, landscape projects in public sector which the Group focuses is undergoing a key period of PPP mode transformation which is expected to bring a higher growth prospect for the industry. The Group believes that PPP mode will become a major trend and the promotion of PPP mode will bring more development opportunities for landscape companies in China. According to the 2015 Interim Report, the implementation of PPP mode in the landscape market is undergoing an exploration period. The Group will seize this opportunity to rapidly expand its PPP mode business.

(b) *Equity fund raising activities in the past 12 months*

As stated in the Letter from the Board, the Company has carried out the following fund raising activity in the past 12 months immediately prior to the date of this Circular:

Date of announcement	Event	Net proceeds raised (approximately)	Intended use of proceeds
7 May 2015	Share subscription under specific mandate	HK\$127.2 million	Financing the Existing Projects and the PPP Projects (both as defined in the Letter from the Board) and general working capital of the Company

LETTER FROM V BARON

The table below sets out details of the net proceeds from the aforementioned Share Subscription under Specific Mandate utilized by the Company as at the Latest Practicable Date:

Purposes	Proportion <i>%</i>	Proceeds <i>RMB million</i> <i>(approximately)</i>	Utilized amount <i>RMB million</i> <i>(approximately)</i>
For two of the Existing Projects	10	10.1	—
For two of the PPP Projects	80	81.0	—
Used as general working capital of the Group	10	<u>10.1</u>	<u>10.1</u>
Total		<u><u>101.2</u></u>	<u><u>10.1</u></u>

As advised by the Directors, around 10% of the proceeds from the Share Subscription under Specific Mandate had been utilized as intended as at the Latest Practicable Date. The Directors also represented to us that based on the existing plan of the Company, the unutilized amount of the said proceeds is expected to be fully used as intended on the Existing Projects by January 2016.

LETTER FROM V BARON

(c) *Use of IPO proceeds*

The Shares were listed on the Main Board of the Stock Exchange on 21 July 2014. The table below sets out details of the net proceeds from IPO utilized by the Company as at the Latest Practicable Date:

Purposes	Proportion %	Proceeds <i>RMB million</i> <i>(approximately)</i>	Utilized amount <i>RMB million</i> <i>(approximately)</i>
Offering to finance the completion of Chenzhou Project	20	33.7	33.7
For Project F and Project J as disclosed in the 2015 Interim Report	30	50.5	27.2
For potential acquisition of landscape architecture service companies or design companies	20	33.7	—
For expansion of geographical coverage in China by establishing more subsidiaries and branches	10	16.8	16.8
For research & development activities, including introducing new and rare seedling planting technology research, establishing research and development centre in Hong Kong and recruiting relevant talents	10	16.8	16.8
Used as general working capital of the Group	10	<u>16.8</u>	<u>16.8</u>
Total		<u><u>168.3</u></u>	<u><u>111.3</u></u>

With reference to the Letter from the Board, the unutilized amount of the IPO proceeds (excluding the portion for potential acquisition of landscape architecture service companies or design companies) is expected to be fully utilized by 31 December 2015 based on the current plan of the Company. The remaining IPO proceeds shall be utilized in accordance with the purposes stated in the Prospectus.

LETTER FROM V BARON

(d) *Reasons for the Proposed Issue of Notes and expected use of proceeds*

As referred to in the Letter from the Board, the Company entered into the Note Purchase Agreement for the purpose of financing the general working capital and the capital requirements of the Group in the near future. As confirmed by the Directors, the Company expects to utilize 30% of the proceeds from the Proposed Issue of Notes in financing the Existing Projects, 30% of the proceeds in financing the PPP Projects based on preliminary plans of the Company, and the remaining 40% of the proceeds in investing in the PPP mode landscape projects to seize the rapidly expanding PPP mode business.

As disclosed in the 2015 Interim Report, the Existing Projects in progress have an aggregate initial contract value of approximately RMB949.2 million. It is expected that those landscape projects will be completed by 2015 or 2016. The Directors advised us that capital expenditures of approximately RMB240 million is required for completion of the Existing Projects. With reference to the 2015 Interim Report, the amount of revenue recognized from the Existing Projects was in aggregate approximately RMB272.9 million, representing approximately 83.3% of the total revenue of the Group for the six months ended 30 June 2015. As confirmed by the Directors, the trade and bills payables of the Group for the six months ended 30 June 2015 of approximately RMB327.4 million was mainly attributable to the Existing Projects in progress. The capital expenditures required for completion of the Existing Projects of approximately RMB240 million hence represent approximately 73.3% of the trade and bills payables of the Group for the six months ended 30 June 2015.

Moreover, as further disclosed in the 2015 Interim Report, the Company entered into a strategic cooperation agreement with the Chinese government in July 2015 for the First PPP Project (as defined in the Letter from the Board), with an initial contract value of approximately RMB300 million. As advised by the Directors, the First PPP Project will commence in November 2015 and is expected to be completed by 2017. The capital expenditures required for the initial investment of the First PPP Project are approximately RMB60 million, being the registered capital to be contributed by the Company for the project company to be jointly set up by the Company and the Chinese government.

Besides the aforesaid projects, as stated in the Letter from the Board, the Company is in the final stage of negotiations with the Chinese government of two other PPP mode landscape projects with an aggregate initial contract value of approximately RMB1,500 million. As advised by the Directors, the capital expenditures required for the initial investment of those two PPP mode projects are estimated to be in aggregate of approximately RMB148 million, being the registered capital in aggregate to be contributed by the Company for the project companies to be jointly set up by the Company and the Chinese government.

We noted that the undertaking of new PPP mode landscape projects is in line with the Company's business expansion strategies.

LETTER FROM V BARON

Based on our discussion with the Directors, we understand that the Company has considered both debt financing and equity financing to raise additional fund of substantial size as the principal amount of the Notes. Debt financing was considered by the Directors to be impracticable for the Group as the pledge of assets as security for additional borrowings was requested by banks while the Group has already pledged most of its fixed assets or bank deposits as security for its existing bank loans. On the other hand, in view of that equity financing is either relatively lengthy and requires underwriting (in the case of rights issue and open offer) or would create dilution to the existing shareholding of the Shareholders (in the case of placing), the Directors are of the opinion that the Proposed Issue of Notes is an appropriate means of fund raising currently available to the Company.

Having considered (i) the capital expenditures required for completion of the Existing Projects in progress and the PPP Projects with the Chinese government amounted to approximately RMB448 million in total; and (ii) the aggregate unutilized proceeds from the Share Subscription under Specific Mandate and IPO for the purpose of financing the Existing Projects and the PPP Projects of approximately RMB114.4 million, we are of the view that the estimated interest payable of the Notes of approximately US\$3.6 million (equivalent to approximately RMB23.3 million (based on the exchange rate of US\$1: RMB6.46)) is fair and reasonable since the proceeds from the Proposed Issue of Notes would facilitate the operations of the Existing Projects as well as the PPP Projects which the Group may otherwise fail to capture.

Given the foregoing reasons for the Proposed Issue of Notes and the expected use of proceeds therefrom which is in line with the Company's business strategies, we concur with the Directors that the Proposed Issue of Notes is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Company.

2. Principal terms of the Notes

On 20 August 2015, the Company entered into the Note Purchase Agreement with Greenland Leasing, pursuant to which the Company conditionally agreed to issue and sell, and Greenland Leasing conditionally agreed to purchase, the one-year redeemable fixed coupon promissory notes with principal amount of US\$40,000,000 at a rate of 9% per annum. The Company subsequently entered into the Deed of Novation with Greenland Leasing and the Purchaser on 11 September 2015, pursuant to which Greenland Leasing shall novate all its rights, obligations and liabilities under the Note Purchase Agreement to the Purchaser.

The principal terms of the Notes are summarised as follows:

Issuer:	The Company
Principal amount of the Notes:	US\$40,000,000

LETTER FROM V BARON

Maturity date: One year from the issue date or on the expiration date of the extended period in accordance with the terms and conditions of the Notes.

Interest rate: The Notes bear interest from and including the issue date to and excluding the maturity date or redemption date at the rate of 9% per annum (computed on the basis of a 365-day year), payable semi-annually in arrear, until the principal amount of the Notes shall have become due and payable, provided that the first interest shall be prepaid by the issuer on the issue date.

Status of the Notes: The Notes constitute direct, unconditional, unsubordinated and secured obligations of the issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

Security: The Notes will have the benefit of the security constituted by the Share Charges.

Redemption: Unless previously redeemed, or purchased and cancelled, or extended by the Purchaser as holder of the Notes in accordance with the terms of the Notes, the Notes will be redeemed at the principal amount on the date falling on the maturity date of the Notes.

In addition, following the occurrence of a change of control as defined in the terms of the Notes, the holder of any Notes will have the right to require the issuer to redeem all, but not some of such holder's Notes at 101% of the principal amount together with accrued interest to the date of change of control.

The Notes may not be redeemed at the options of the issuer other than for taxation reasons and in accordance with the terms of the Notes.

Further details of the terms and conditions of the Notes are set out in the Letter from the Board.

As stated in the Letter from the Board, the terms of the Note Purchase Agreement and the transactions contemplated thereunder were agreed by the parties after arm's length negotiations having taken into account the prevailing market rates (the fairness and reasonableness of the interest rate of the Notes will be illustrated in the below section headed "Comparable analysis").

LETTER FROM V BARON

As security of the Notes, the Company, as legal and beneficial owner, has agreed to charge by way of a first fixed charge all rights, entitlements, interests and benefits in the Company Charged Shares and all derived interests to be made by the Company in favor of the Purchaser and Greenstate Times, as legal and beneficial owner, has agreed to charge by way of a first fixed charge all rights, entitlements, interests and benefits in the Greenstate Times Charged Shares and all derived interests to be made by Greenstate Times in favor of the Purchaser.

As stated in the Letter from the Board, the Company Charged Shares represent the entire issued capital of Greenstate Times, legally and beneficially held by the Company. The Greenstate Times Charged Shares represent the entire issued capital of Greenstate International, legally and beneficially held by Greenstate Times. The Share Charges will be released when (i) all the obligations, contingent or otherwise, of the Company to the Purchaser and the holders of the Notes arising under or pursuant to the Note Instrument; and (ii) other obligations of the Company under the transaction documents relating to the transactions contemplated thereunder having been irrevocably and unconditionally paid and discharged in full.

Based on our enquiry with the Directors, we understand that in the event that the Company faces any financial difficulty in making interest payments and/or repaying the principal amount of the Notes when they fall due, the Company shall consider conducting other fund raising exercise(s) as and when appropriate to ensure that it will be able to comply with the relevant terms of the Notes.

In addition, based on the information provided by the Company, the unaudited consolidated net asset value of Greenstate Times as at 30 June 2015 was approximately RMB414.5 million. As at the Latest Practicable Date, save for a real property interest of book value of approximately RMB8.6 million which has been pledged to a commercial bank in the PRC for a loan facility obtained by the Group, there was no other asset underlying the Share Charges that had been charged or pledged for any other liabilities of the Group. Upon our enquiry, the Directors advised us that the Share Charges were determined taking into account: (i) the Purchaser's holding of approximately 12.90% of the issued share capital of the Company; and (ii) the capability of realizing the Share Charges into cash, on which the parties to the Note Purchase Agreement have mutually agreed to provide a 30% discount. In this relation, we noted from the website of one of the big four state-owned commercial banks in Hong Kong that the minimum discount charged on pledged listed securities for securities-backed financing is 30%. As such, as both Greenstate Times and Greenstate International are not listed on any stock exchanges, we consider that it is fair and reasonable to apply a 30% marketability discount on the value of the Share Charges.

Given the aforesaid, the value of the Share Charges would be approximately RMB247.5 million, being RMB414.5 million minus RMB8.6 million, then times 87.10% (i.e. 1-12.90%) and 70% (i.e. 1-30%). In light of that (i) the principal amount of the Notes of US\$40,000,000 (equivalent to approximately RMB258.4 million (US\$1: RMB6.46)) is comparable to the estimated value of the Share Charges; and (ii) the proceeds from the Proposed Issue of Notes would facilitate the operations of the Existing Projects as well as the PPP Projects which the Group may otherwise

LETTER FROM V BARON

fail to capture, and thereby allowing the Group to seize the market opportunity to rapidly expand its PPP mode business, we are of the view that the Share Charges are fair and reasonable so far as the Independent Shareholders are concerned.

3. Comparable analysis

In order to assess the fairness and reasonableness of the principal terms of the Notes, we have researched on issues of promissory notes by companies listed on the Main Board and GEM of the Stock Exchange (the “**Comparable Companies**”) from 1 August 2014 up to the date of the Note Purchase Agreement (i.e. 20 August 2015) (the “**Comparable Period**”). We noted that during the Comparable Period, the business operations, financial positions and future prospects of the Comparable Companies were not identical to those of the Company. However, we consider the Comparable Companies to be appropriate references as the principal terms of promissory notes issued (i.e. principal amount, maturity and interest rate) should be considered in whole rather than in isolation. Moreover, the terms of the promissory notes issued by the Comparable Companies were determined under comparatively similar market condition and sentiment within one year from the date of the Note Purchase Agreement, we therefore consider that the terms of the promissory notes issued by the Comparable Companies could provide a general reference for common market practices. Based on our best endeavor and as far as we are aware of, we have identified an

LETTER FROM V BARON

exhaustive list of six Comparable Companies. The principal terms of the promissory notes issued by the Comparable Companies are summarised as below:

Date of announcement	Company	Stock code	Principal HK\$ million	Annual interest rate %	Maturity Year
9 December 2014	Merdeka Mobile Group Limited	8163	32	0	3.5
22 December 2014	National Arts Entertainment and Culture Group Limited	8228	100	9	3
6 February 2015	Cypress Jade Agricultural Holdings Limited	875	100	3	3
16 February 2015	Enterprise Development Holdings Limited	1808	160	6	3
10 March 2015	Crown International Corporation Limited	727	500	2.5	1
10 March 2015	Madex International (Holdings) Limited	231	400	2	3
20 August 2015	The Company	1253	312*	9	1

* US\$1: HK\$7.8

As shown from the above table, the promissory notes issued by the Comparable Companies carry interest from 0% to 9% per annum, while the Notes carry an interest rate of 9% per annum, which is within the range of interest rates of the promissory notes issued by the Comparable Companies.

Furthermore, upon our enquiry, the Directors advised us that the Company has communicated with several financial institutions regarding the expected interest rate for the possible issue of promissory notes similar to the Notes in the open market. According to the Directors, a market rate of over 10% per annum is expected by those financial institutions. For our due diligence purpose, we have requested the Company to provide us with the relevant written correspondences between the Company and those financial institutions, but as represented by the Directors, the relevant communications were conducted verbally. We have also tried to research over the Internet for related information. As far as we are aware of, the related information is limited and we only noted from the announcements released on the Stock Exchange's website that in April 2015, there was a

LETTER FROM V BARON

Main Board listed company defaulted in its issued notes with interest rates of 12.875% and 8.875% per annum. Thus, it may be probable for financial institutions to require an interest of over 10% per annum on issue of promissory notes similar to the Notes in the open market in order to hedge against the possible default risk. Given also that the term of the Notes of one year could provide the Group with the flexibility to review its financial condition and funding need, and explore into other financing alternatives should suitable opportunities arise upon maturity of the Notes, the Directors are of the view that the term and interest rate of the Notes are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

In light of (i) the result of the comparable analysis; (ii) the Directors' representation above; and (iii) as concluded in the paragraph headed "Reasons for the Proposed Issue of Notes and expected use of proceeds" of this letter of advice, the Proposed Issue of Notes being an appropriate means of fund raising currently available for the Group, we consider that the terms of the Notes are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

4. Possible financial effects of the Proposed Issue of Notes

(a) Net asset value

According to the 2015 Interim Report, the unaudited net asset value of the Group amounted to approximately RMB477.0 million as at 30 June 2015. The Directors advised us that the Proposed Issue of Notes would not have an immediate material effect on the net asset value of the Group as assets of cash and cash equivalents increase while liabilities of promissory notes also increase with roughly the same amount.

(b) Working capital and gearing

As mentioned in the previous section of this letter of advice, the Company entered into the Note Purchase Agreement for the purpose of financing the general working capital of the Group. Based on the 2015 Interim Report, the gearing ratio of the Group is calculated as net debt divided by the equity plus net debt. The Proposed Issue of Notes would increase the total debt of the Group. Nevertheless, since net debt includes interest-bearing bank borrowings, trade and bills payable, other payables and accruals, less cash and cash equivalents, the increase in payables of promissory notes would be offset by the increase in cash and cash equivalents with roughly the same amount. Therefore, the Directors advised us that the Proposed Issue of Notes would not have immediate material effect on the gearing position of the Group calculated using the formula just mentioned.

It should be noted that the above analyses are for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon completion of the Proposed Issue of Notes.

LETTER FROM V BARON

RECOMMENDATION

Having considered the principal factors and reasons discussed above, we are of the opinion that (i) the Proposed Issue of Notes is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Company; and (ii) the terms of the Notes are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Note Purchase Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,

For and on behalf of

V BARON GLOBAL FINANCIAL SERVICES LIMITED

Ernest Lam

Managing Director

Mr. Ernest Lam is a licensed person and responsible officer of V Baron Global Financial Services Limited registered with the SFC to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and has over 14 years of experience in corporate finance industry.



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)

21 September 2015

To the Independent Shareholders

Dear Sir/Madam,

PROPOSED GRANT OF SHARE OPTIONS TO EXECUTIVES

We refer to the circular of the Company to the Shareholders dated 21 September 2015 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalize terms used in this letter will have the same meanings as defined in the Circular.

Having considered the terms of the Proposed Grant of Share Options, we are of the view that the grant of Share Options to each of Mr. Wu, Ms. Xiao, Ms. Zhu and Mr. Wang is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company. We therefore recommend that you vote in favour of the ordinary resolution to be proposed at the EGM to approve the Proposed Grant of Share Options to Executives.

Yours faithfully,

Mr. Dai Guoqiang

Mr. Zhang Qing

Dr. Jin Hexian

Independent Non-executive Directors

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors' and chief executive's interests and short positions in the Shares and the underlying Shares and debentures

As at the Latest Practicable Date, so far as the Directors are aware, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) recorded in the register required to be kept under section 352 of the SFO, or (iii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Nature of Interest	Number of Shares ⁽¹⁾	Approximate Percentage of Shareholding
Mr. Wu	Interest held jointly with another person; interest in controlled corporation; interest of spouse ⁽²⁾⁽³⁾	2,051,195,744	62.03%
	Share options ⁽⁴⁾⁽⁵⁾	64,000,000	1.94%
Ms. Xiao ⁽⁴⁾⁽⁵⁾	Interest held jointly with another person; interest in controlled corporation; interest of spouse ⁽²⁾⁽³⁾	2,051,195,744	62.03%
	Share options	64,000,000	1.94%
Ms. Zhu	Interest held jointly with another person; interest in controlled corporation ⁽²⁾	2,051,195,744	62.03%
	Share options ⁽⁴⁾⁽⁵⁾	64,000,000	1.94%
Mr. Wang	Interest held jointly with another person; interest in controlled corporation ⁽²⁾	2,051,195,744	62.03%
	Share options ⁽⁴⁾⁽⁵⁾	64,000,000	1.94%

Notes:

- (1) All the above Shares are held in long position (as defined under Part XV of the SFO).
- (2) Mr. Wu holds 100% equity interests in Broad Landscape International and under the SFO, Mr. Wu is deemed to be interested in the 1,516,586,880 Shares held by Broad Landscape International. Ms. Xiao has controls more than one third of the voting power at the general meeting of Eastern Greenstate International, therefore under the SFO, Ms. Xiao is deemed to be interested in the 534,608,864 Shares held by Eastern Greenstate International. Pursuant to the Acting in Concert Deed, each of Mr. Wu, Ms. Xiao, Ms. Zhu, Mr. Wang and other 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, including the Share Options granted to each of Mr. Wu, Ms. Xiao, Ms. Zhu, Mr. Wang and Mr. She.
- (3) Mr. Wu is the spouse of Ms. Xiao. Under the SFO, Mr. Wu is deemed to be interested in the same number of Shares in which Ms. Xiao is interested.
- (4) The grant of 30,000,000 Share Options, 22,500,000 Share Options, 5,000,000 Share Options and 5,000,000 Share Options to each of Mr. Wu, Ms. Xiao, Ms. Zhu and Mr. Wang respectively is subject to Independent Shareholders' approval in compliance with Rule 17.04(1) of the Listing Rules. Each of Mr. Wu, Ms. Xiao, Ms. Zhu, Mr. Wang and other Management Shareholders is deemed to be interested in such Share Options granted pursuant to the Acting in Concert Deed.
- (5) The grant of 1,500,000 Share Options to Mr. She has been approved by the independent non-executive Directors pursuant to Rule 17.04(1) of the Listing Rules on the Date of Grant. Each of Mr. Wu, Ms. Xiao, Ms. Zhu, Mr. Wang and other Management Shareholders is deemed to be interested in such Share Options granted pursuant to the Acting in Concert Deed.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to any Director or the chief executive of the Company, none of the Directors or the chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) recorded in the register required to be kept under section 352 of the SFO, or (iii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' interests and short positions in the Shares and the underlying Shares

As at the Latest Practicable Date, so far as the Directors are aware, the following persons had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of Shareholder	Nature of Interest	Number of Shares ⁽¹⁾	Approximate Percentage of Shareholding
Mr. Wu	Interest held jointly with another person; interest in controlled corporation; interest of spouse ⁽²⁾⁽³⁾	2,051,195,744	62.03%
	Share options ⁽⁴⁾⁽⁵⁾	64,000,000	1.94%
Ms. Xiao ⁽⁴⁾⁽⁵⁾	Interest held jointly with another person; interest in controlled corporation; interest of spouse ⁽²⁾⁽³⁾	2,051,195,744	62.03%
	Share options	64,000,000	1.94%
Ms. Zhu	Interest held jointly with another person; interest in controlled corporation ⁽²⁾	2,051,195,744	62.03%
	Share options ⁽⁴⁾⁽⁵⁾	64,000,000	1.94%
Mr. Wang	Interest held jointly with another person; interest in controlled corporation ⁽²⁾	2,051,195,744	62.03%
	Share options ⁽⁴⁾⁽⁵⁾	64,000,000	1.94%
Mr. Shen Wenlin	Interest held jointly with another person; interest in a controlled corporation ⁽²⁾	2,051,195,744	62.03%
	Share options ⁽⁴⁾⁽⁵⁾	64,000,000	1.94%

Name of Shareholder	Nature of Interest	Number of Shares ⁽¹⁾	Approximate Percentage of Shareholding
Mr. Song Shudong	Interest held jointly with another person; interest in a controlled corporation ⁽²⁾	2,051,195,744	62.03%
	Share options ⁽⁴⁾⁽⁵⁾	64,000,000	1.94%
Mr. Zhang Kequan	Interest held jointly with another person; interest in a controlled corporation ⁽²⁾	2,051,195,744	62.03%
	Share options ⁽⁴⁾⁽⁵⁾	64,000,000	1.94%
Mr. Jiao Ye	Interest held jointly with another person; interest in a controlled corporation ⁽²⁾	2,051,195,744	62.03%
	Share options ⁽⁴⁾⁽⁵⁾	64,000,000	1.94%
Mr. Li Qiuliang	Interest held jointly with another person; interest in a controlled corporation ⁽²⁾	2,051,195,744	62.03%
	Share options ⁽⁴⁾⁽⁵⁾	64,000,000	1.94%
Mr. Xiao Xu	Interest held jointly with another person; interest in a controlled corporation ⁽²⁾	2,051,195,744	62.03%
	Share options ⁽⁴⁾⁽⁵⁾	64,000,000	1.94%
Mr. She	Interest held jointly with another person; interest in a controlled corporation ⁽²⁾	2,051,195,744	62.03%
	Share options ⁽⁴⁾⁽⁵⁾	64,000,000	1.94%
Broad Landscape International	Beneficial owner ⁽²⁾	1,516,586,880	45.86%

Name of Shareholder	Nature of Interest	Number of Shares ⁽¹⁾	Approximate Percentage of Shareholding
Eastern Greenstate International	Beneficial owner ⁽²⁾	534,608,864	16.17%
Greenland	Interest in a controlled corporation ⁽³⁾	426,624,000	12.90%
Greenland Financial Holdings Company Limited (綠地金融投資控股集團有限公司)	Interest in a controlled corporation ⁽³⁾	426,624,000	12.90%
Greenland Financial	Beneficial owner ⁽³⁾	426,624,000	12.90%

Notes:

- (1) All the above Shares are held in long position (as defined under Part XV of the SFO).
- (2) Mr. Wu holds 100% equity interests in Broad Landscape International and under the SFO, Mr. Wu is deemed to be interested in the 1,516,586,880 Shares held by Broad Landscape International. Ms. Xiao has controls more than one third of the voting power at the general meeting of Eastern Greenstate International, therefore under the SFO, Ms. Xiao Li is deemed to be interested in the 534,608,864 Shares held by Eastern Greenstate International. Pursuant to the Acting in Concert Deed, each of Mr. Wu, Ms. Xiao, Ms. Zhu, Mr. Wang and other 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, including the Share Options granted to each of Mr. Wu, Ms. Xiao, Ms. Zhu, Mr. Wang and Mr. She.
- (3) Greenland wholly owns Greenland Financial Holdings Company Limited which in turn wholly owns Greenland Financial. As a result, under the SFO, both Greenland and Greenland Financial Holdings Company Limited are deemed to be interested in the 426,624,000 Shares held by Greenland Financial.
- (4) The grant of 30,000,000 Share Options, 22,500,000 Share Options, 5,000,000 Share Options and 5,000,000 Share Options to each of Mr. Wu, Ms. Xiao, Ms. Zhu and Mr. Wang respectively is subject to Independent Shareholders' approval in compliance with Rule 17.04(1) of the Listing Rules. Each of Mr. Wu, Ms. Xiao, Ms. Zhu, Mr. Wang and other Management Shareholders is deemed to be interested in such Share Options granted pursuant to the Acting in Concert Deed.
- (5) The grant of 1,500,000 Share Options to Mr. She has been approved by the independent non-executive Directors pursuant to Rule 17.04(1) of the Listing Rules on the Date of Grant. Each of Mr. Wu, Ms. Xiao, Ms. Zhu, Mr. Wang and other Management Shareholders is deemed to be interested in such Share Options granted pursuant to the Acting in Concert Deed.

Save as disclosed above, as at the Latest Practicable Date, the Directors have not been notified by any person who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of

Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Interests in contract or arrangement and interests in assets

As at the Latest Practical Date, none of the Directors is materially interested in contract or arrangement subsisting which is significant in relation to the business of the Group.

As at the Latest Practical Date, none of the Directors or the expert has any direct or indirect interest in any assets which have been, since 31 December 2014, being the date to which latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

Service contracts

There is no existing or proposed service contract between any member of the Group and any Director (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation)).

Competing business

As at the Latest Practicable Date, none of the Directors and their respective associates was interested in any business (apart from the Group's business) which competes or is likely to compete, either directly or indirectly, with the Group's businesses.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, the date to which the latest published audited accounts of the Company were made up.

4. QUALIFICATION AND CONSENT OF EXPERT

The following are the qualifications of the expert who has given opinion and advice which is contained in this circular:

Name	Qualifications
V Baron	a corporation licensed by the Securities and Futures Commission to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

V Baron has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and report dated 21 September 2015 and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, V Baron was not beneficially interested in the share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and did not have any direct or indirect interest in any assets which had been acquired, disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2014, the date to which the latest audited financial statements of the Group was made up.

5. GENERAL

- (a) The registered office of the Company is located at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.
- (b) The head office of the Company is located at Floor 8, Hong Quan Building, No. 1357, Mei Chuan Road, Putuo District, Shanghai, PRC.
- (c) The principal place of business of the Company in Hong Kong is located at Room 607, 6/F MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong.
- (d) The transfer office of the Company in Hong Kong is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Room 607, 6/F MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong during normal business hours from the date of this circular up to and including the date of the EGM:

- (a) the Note Purchase Agreement;
- (b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 31 to 32 of this circular;
- (c) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 33 to 47 of this circular;
- (d) the written consent from V Baron referred to in the section headed “Qualification and consent of Expert” in this appendix; and
- (e) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Broad Greenstate International Company Limited (the “**Company**”) will be held at Admiralty Conference Centre, Room 1804A, 18th Floor, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Thursday, 8 October 2015 at 2:00 p.m. for the following purposes:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the note purchase agreement dated 20 August 2015 (the “**Note Purchase Agreement**”) entered into between the Company and Greenland Financial Leasing Co., Ltd. 綠地融資租賃有限公司 (the “**Greenland Leasing**”), in respect of the proposed issue (the “**Proposed Issue of Notes**”) of a redeemable fixed coupon promissory note due 2016 with a principal amount of US\$40,000,000 (equivalent to approximately RMB258.4 million based on the conversion rate of US\$1 to RMB6.46) at the rate of 9.00% per annum to Greenland Leasing (a copy of the Note Purchase Agreement marked “A” and signed by the chairman of the EGM for identification purpose has been tabled at the EGM), and the transactions contemplated thereunder be and are hereby approved and confirmed and ratified;
- (b) the deed of novation dated 11 September 2015 (the “**Deed of Novation**”) entered into between the Company, Greenland Leasing and Greenland Financial Overseas Investment Group Co., Ltd. (綠地金融海外投資集團有限公司) (the “**Purchaser**”) pursuant to which Greenland Leasing shall novate all its rights, obligations and liabilities under the Note Purchase Agreement to the Purchaser;
- (c) the creation and issue of the promissory note due 2016 with a principal amount of US\$40,000,000 (equivalent to approximately RMB258.4 million based on the conversion rate of US\$1 to RMB6.46) at the rate of 9.00% per annum in favour of the Purchaser pursuant to the Note Purchase Agreement (the “**Note Instrument**”) (a copy of the final form of the Note Instrument marked “B” and signed by the chairman of the EGM for identification purpose has been tabled at the EGM) be and is hereby approved;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (d) the share charge (the “**Company Share Charge**”) relating to the charge by way of a first fixed charge all rights, entitlements, interests and benefits in the Company Charged Shares (as defined in the Note Purchase Agreement) and all derived interests proposed to be made by the Company in favor of the Purchaser (a copy of execution version of the Company Share Charge marked “C” and signed by the chairman of the EGM for identification purpose has been tabled at the EGM), and the transactions contemplated thereunder be and are hereby approved;
- (e) the share charge (the “**Greenstate Times Share Charge**”) relating to the charge by way of a first fixed charge all rights, entitlements, interests and benefits in the Greenstate Times Charged Shares (as defined in the Note Purchase Agreement) and all derived interests proposed to be made by the Greenstate Times International Company Limited (綠澤時代國際有限公司) (“**Greenstate Times**”), a wholly-owned subsidiary of the Company, in favor of the Purchaser (a copy of execution version of the Greenstate Times Share Charge marked “D” and signed by the chairman of the EGM for identification purpose has been tabled at the EGM), and the transactions contemplated thereunder be and are hereby approved;
- (f) any director of the Company (the “**Director**”) be and is hereby authorized to do all such things and acts, including but not limited to the execution, amendment, supplement, delivery, submission and implementation of any further documents or agreements, as he/she may in his/her absolute discretion consider necessary, desirable or expedient for the purpose of or in connection with the implementation and/or giving effect to any matters relating to the Note Purchase Agreement, the Deed of Novation, the Note Instrument, the Company Share Charge, the Greenstate Times Share Charge and all transactions contemplated thereunder.”

2. “**THAT:**

- (a) the grant of 112,750,000 share options (the “**Share Options**”) by the board (the “**Board**”) of Directors on 1 September 2015 pursuant to the share option scheme of the Company adopted on 25 June 2014 (the “**Share Option Scheme**”) to certain eligible participants (the “**Grantees**”), including 30,000,000 Share Options, 22,500,000 Share Options, 5,000,000 Share Options and 5,000,000 Share Options to Mr. Wu Zhengping (“**Mr. Wu**”), Ms. Xiao Li (“**Ms. Xiao**”), Ms. Zhu Wen (“**Ms. Zhu**”) and Mr. Wang Lei (“**Mr. Wang**”) respectively, to subscribe for a total of 112,750,000 ordinary shares of HK\$0.025 each in the share capital of the Company (the “**Shares**”) at the exercise price of HK\$1.24 per Share subject to such terms and conditions as imposed by the Board be approved, confirmed and ratified;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) any one Director be and is hereby authorized to approve and execute all documents, instruments and agreements and to do all such acts and things deemed by him/her absolute discretion consider necessary, desirable or expedient for the purpose of giving effect to the grant of the 112,750,000 Share Options to the Grantees, including the Share Options granted to each of Mr. Wu, Ms. Xiao, Ms. Zhu and Mr. Wang.”

For and on behalf of the Board
Broad Greenstate International Company Limited
Wu Zhengping
Chairman and Executive Director

Shanghai, the People's Republic of China
21 September 2015

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. All resolutions at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint more than one proxy to attend and on a poll, vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy.

In the case of a poll, every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.

3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. For determining the entitlement to attend and vote at the above meeting, the record date will be Wednesday, 7 October 2015. In order to be eligible to attend and vote at the meeting, all unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 7 October 2015.
5. In case of joint holders of shares, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders are present at any meeting personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company.

As at the date of this notice, 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.