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## Broad Greenstate International Company Limited

博大綠澤國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1253)

### VOLUNTARY ANNOUNCEMENT IN RELATION TO THE FORMATION OF THE JV COMPANY

On 20 October 2016, the Private Parties and Taiyuan Botanical Garden entered into the JV Agreement, pursuant to which the parties agreed to (i) form the JV Company for the purposes of constructing the PPP Project; and (ii) regulate their respective rights and obligations in the JV Company.

As all of the applicable percentage ratios (as defined in the Listing Rules) in respect of the establishment of the JV Company are less than 5%, the establishment of the JV Company is not subject to any notification and announcement requirement as set out in Chapter 14 of the Listing Rules.

Shanghai Greenland Construction and Greenland City Investment are associates of Greenland Financial (a substantial shareholder of the Company), thus are connected persons of the Company under the Listing Rules. As such, the establishment of the JV Company constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (other than profits ratio) are less than 5% and the total consideration is less than HK\$3,000,000, the establishment of the JV Company constitutes a *de minimis* connected transaction of the Company and is fully exempted from the reporting, announcement, annual review and independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

#### INTRODUCTION

Reference is made to the announcement of the Company dated 25 September 2016 in relation to the successful tender for the PPP Project. Pursuant to the Tender, the Private Parties and Taiyuan Botanical Garden will establish the JV Company with a registered capital of RMB100 million which will be owned as to 70% by the Private Parties and 30% by Taiyuan Botanical Garden.

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## JV AGREEMENT

### Date

20 October 2016

### Parties

- (1) Shanghai Broad Landscape, a wholly owned subsidiary of the Company;
- (2) Shanghai Greenland Construction, a direct non-wholly owned subsidiary of Greenland;
- (3) Greenland City Investment, an indirect wholly owned subsidiary of Greenland; and
- (4) Taiyuan Botanical Garden.

### Proposed name of the JV Company

Pursuant to the JV Agreement, the name of the JV Company shall be Taiyuan Longcheng Greenland Botanical Garden Company Limited (太原龍城綠地植物園有限公司).

### Subject matter

Pursuant to the JV Agreement, the Private Parties and Taiyuan Botanical Garden shall establish the JV Company for the investment, construction, operation and maintenance of the PPP Project. The JV Company shall have an operation period of 14 years.

### Registered capital

The JV Company shall have a registered capital of RMB100 million, which shall be contributed by the parties in cash as follows:

<b>Equity Holder Name</b>	<b>Amount (RMB)</b>	<b>Proportion (%)</b>
Taiyuan Botanical Garden	30.00 million	30
Greenland City Investment	69.36 million	69.36
Shanghai Broad Landscape	0.057 million	0.57
Shanghai Greenland Construction	<u>0.007 million</u>	<u>0.07</u>
Total	<u>100.00 million</u>	<u>100</u>

Each of the Private Parties shall pay their respective contribution of the registered capital into the JV Company within 20 days from the establishment of the JV Company and Taiyuan Botanical Garden shall pay its contribution of the registered capital into the JV Company before 31 December 2030.

The respective contribution to the registered capital of the JV Company is determined after arm's length negotiations between the parties with reference to the proposed capital requirements of the PPP Project and the parties' interests the JV Company.

## **Board composition**

The board of directors of the JV Company shall comprise of five directors, of which two directors shall be nominated by Taiyuan Botanical Garden and the other three directors shall be nominated by each of the Private Parties respectively. The chairman of the board shall be a director appointed by the Private Parties, who shall also be the legal representative of the JV Company. Decisions of the board of directors of the JV Company shall be resolved by four fifths of the directors, save for certain reserved matters (including but not limited to approval of the JV Company's annual budget, profit sharing and investment plan, change of registered capital, merger, dissolution or winding-up of the JV Company, issuing debt securities etc) which shall be resolved by all the directors unanimously.

## **Management**

The management of the JV Company shall consist of one general manger (which shall be appointed by the Private Parties), two deputy general manager (one of which shall be appointed by Taiyuan Botanical Garden), one financial director (which shall be appointed by the Private Parties) and one deputy financial director (which shall be appointed by Taiyuan Botanical Garden). The general manager shall be responsible for the daily management of the JV Company and shall report to the board of directors. The financial director shall be responsible for the finance of the JV Company including auditing and monitoring the finance and accounting, and shall report to the board of directors.

## **Restricted matters**

The JV Company must obtain unanimous approval from all equity holders of the JV Company before conducting certain restricted matters, including but not limited to approving the annual budget and loss recovery plan of the JV Company, the issuance of debt securities, transfer or change of equity interest in the JV Company, change of registered capital, merger, dissolution or winding-up of the JV Company, amendment of articles of association, extension of the operation period, setting of financing plan and limits, pledging or disposal of assets, and establishment or winding up of subsidiaries or branches.

## **Profit/loss sharing**

The profit/loss in respect of the JV Company shall be shared by the parties in proportion to their respective equity interest in the JV Company. In the event that the distribution plan violates the conditions stipulated in the JV Agreement or when the auditors are unable to provide an unqualified opinion on such plan, Taiyuan Botanical Garden shall be entitled to veto such distribution plan.

## **Restrictions on equity transfers**

The equity interest holders of the JV Company shall not transfer or assign all or any part of its equity interest in the JV Company without the written consent from the other parties.

## **Future financing**

Any increase in registered capital must be approved unanimously by all equity holders of the JV Company and shall be made by all such equity holders in proportion to their respective contribution of the registered capital.

## **INFORMATION OF THE PPP PROJECT**

The PPP Project is for the construction of Phase One of Taiyuan Botanical Garden located at North of Taigu Road, west of Jiu Jinci Road and within 100 meters of the north side of Fengyu Gou in Taiyuan. The total land area consists of 1,828.89 mu (with a net land area of 1,608.42 mu). The estimated amount of investment is approximately RMB2,354.82 million, subject to approval by Taiyuan Finance and Investment Approval Centre\* (太原市財政投資評審中心). The PPP Project has a concessionary period of 14 years (including 36 months of construction and 11 years of operation and maintenance).

## **REASONS FOR AND BENEFITS OF THE PPP PROJECT AND THE JV COMPANY**

The Company believes that future large scale projects in the public sector in the PRC will be mainly developed through PPP cooperation mode and projects using PPP cooperation mode will remain as the focus of the Company's future development. Participation in the PPP Project is a significant attempt of the Company to develop landscaping projects in the public sector and allows the Company to expand its business to the public sector. The JV Company is formed pursuant to the Tender and shall be responsible for the investment, financing, construction, operation and transfer of the PPP Project and other related work.

The Board is of the view that the PPP Project and the establishment of the JV Company is in the interests of the Company and its shareholders as a whole.

## **INFORMATION OF THE PARTIES**

### **Shanghai Broad Landscape**

Shanghai Broad Landscape is a company incorporated under the laws of the PRC and an indirect wholly owned subsidiary of the Company. Shanghai Broad Landscape is principally engaged in landscaping design, construction, maintenance and advisory, municipal work construction and civil engineering projects.

### **Taiyuan Botanical Garden**

Taiyuan Botanical Garden is an agency of Taiyuan Gardens Bureau, responsible for the government's investment in the PPP Project. To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of the announcement, Taiyuan Botanical Garden and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as define in the Listing Rules).

### **Shanghai Greenland Construction and Greenland City Investment**

Shanghai Greenland Construction is a company incorporated under the laws of the PRC and a direct non-wholly owned subsidiary of Greenland. Shanghai Greenland Construction is principally engaged in building decoration and construction, architecture and engineering design and investment holding.

Greenland City Investment is a company incorporated under the laws of the PRC and an indirect wholly owned subsidiary of Greenland. Greenland City Investment is principally engaged in investment holding, investment, construction, operation and management of urban infrastructure and public service work, subcontracting and construction of industrial and civil construction work, building decoration and construction, and investment and development of real estate.

Greenland is the ultimate holding company of Greenland Financial (a substantial shareholder of the Company). Greenland is a group listed in the Shanghai Stock Exchange (Stock Code: 600606) with diversified shareholdings (including shareholdings by various state-owned enterprises and with Shanghai Gelinlan Investments (Limited Partnership), a holding entity on behalf of the employees of the group, being the single largest shareholder with shareholding interest of 28.99%) headquartered in Shanghai, China, and a Global Fortune 500 Company with its main businesses in real estate, energy and finance. Greenland has a leading position in the real estate market in China.

## **GENERAL**

As all of the applicable percentage ratios (as defined in the Listing Rules) in respect of the establishment of the JV Company are less than 5%, the establishment of the JV Company is not subject to any notification and announcement requirement as set out in Chapter 14 of the Listing Rules.

Shanghai Greenland Construction and Greenland City Investment are associates of Greenland Financial (a substantial shareholder of the Company), thus are connected persons of the Company under the Listing Rules. As such, the establishment of the JV Company constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (other than profits ratio) are less than 5% and the total consideration is less than HK\$3,000,000, the establishment of the JV Company constitutes a *de minis* connected transaction of the Company and is fully exempted from the reporting, announcement, annual review and independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

## **DEFINITIONS**

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

“Board”	the board of Directors
“China” or the “PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	博大綠澤國際有限公司 (Broad Greenstate International Company Limited) (stock code: 1253), a limited company incorporated in the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto in the Listing Rules

“Director(s)”	the director(s) of the Company
“Greenland”	Greenland Holding Group Corporation Limited* (綠地控股集團股份有限公司), a company incorporated under the laws of the PRC
“Greenland City Investment”	Greenland City Investment Group Company Limited* (綠地城市投資集團有限公司), a company incorporated under the laws of the PRC and a wholly owned subsidiary of Greenland
“Greenland Financial”	Greenland Financial Overseas Investment Group Co., Ltd., a substantial shareholder of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Agreement”	the agreement entered into between the Private Parties and Taiyuan Botanical Garden on 20 October 2016 for the establishment of the JV Company
“JV Company”	the joint venture company to be established by the Private Parties and Taiyuan Botanical Garden pursuant to the JV Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PPP Project”	the project for the construction of Phase One of Taiyuan Botanical Garden
“Private Parties”	Shanghai Broad Landscape, Shanghai Greenland Construction and Greenland City Investment
“Shanghai Broad Landscape”	Shanghai Broad Landscape Construction and Development Company Limited* (上海博大園林建設發展有限公司), a company incorporated under the laws of the PRC and a subsidiary of the Company
“Shanghai Greenland Construction”	Shanghai Greenland Construction (Group) Company Limited* (上海綠地建設(集團)有限公司), a company incorporated under the laws of the PRC and a non-wholly owned subsidiary of Greenland
“Share(s)”	ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“substantial shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Taiyuan Botanical Garden”	Taiyuan Botanical Garden* (太原植物園), an agency of Taiyuan Gardens Bureau
“Tender”	the successful bid of the Public-Private-Partnership project on 22 September 2016 for the construction of Phase One of Taiyuan Botanical Garden by the Private Parties
“%”	per cent.

\* *for identification purposes only*

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

Shanghai, the People’s Republic of China  
20 October 2016

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