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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)

CONNECTED TRANSACTION — PROPOSED ISSUE OF NOTES

The Board hereby announces that on 20 August 2015, the Company entered into the Note Purchase Agreement with the Purchaser, pursuant to which the Company conditionally agreed to issue and sell, and the Purchaser conditionally agreed to purchase a redeemable fixed coupon promissory note due 2016 with a principal amount of US\$40,000,000 at the rate of 9.00% per annum. 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 Greenland Financial 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 Greenland Financial.

The Purchaser is a wholly-owned subsidiary of Greenland Financial, which is a substantial shareholder of the Company directly holding approximately 12.90% of the issued share capital of the Company. The Purchaser is therefore an associate of Greenland Financial and 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.

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

The EGM will be held for the purpose of considering and, if thought fit, approving the Proposed Issue of Notes and the transactions contemplated thereunder. 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. A circular containing, *inter alia*, (a) further information on the Proposed Issue of Notes and the transactions contemplated thereunder; (b) 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; (c) 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; and (d) a notice convening the EGM, will be despatched to the Shareholders on or before 10 September 2015.

BACKGROUND

The Board hereby announces that on 20 August 2015, the Company entered into the Note Purchase Agreement with the Purchaser, pursuant to which the Company conditionally agreed to issue and sell, and the Purchaser conditionally agreed to purchase a redeemable fixed coupon promissory note due 2016 with a principal amount of US\$40,000,000 at the rate of 9.00% per annum. 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 Greenland Financial 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 Greenland Financial.

NOTE PURCHASE AGREEMENT

Date: 20 August 2015

Issuer: The Company

Purchaser: Greenland Financial Leasing Co., Ltd. 綠地融資租賃有限公司

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
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, <i>provided</i> 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 <i>pari passu</i> 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;
- (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.

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
- (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.

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.

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. 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 an associate of Greenland Financial, which is a substantial shareholder of the Company, thus the Purchaser is 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 having taken into account the prevailing market rates.

In light of the above, the Directors (excluding independent non-executive Directors who will form an opinion after considering the recommendation from the independent financial advisor to be appointed by the Company for the purpose of the Note Purchase Agreement and the transactions contemplated thereunder) 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 date of this announcement:

Date of announcement	Event	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
7 May 2015	Share subscription under specific mandate	HK\$127,246,000	Financing existing and potential projects and general working capital of the Company	Used or intended to be used as intended

Save as disclosed above, the Company has not carried out any fund raising activity in the 12 months immediately prior to the date of this announcement.

LISTING RULES IMPLICATIONS

The Purchaser is a wholly-owned subsidiary of Greenland Financial, which is a substantial shareholder of the Company directly holding approximately 12.90% of the issued share capital of the Company. The Purchaser is therefore an associate of Greenland Financial and 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.

As 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 is 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.

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 People's Republic of China and is a wholly-owned subsidiary of Greenland Financial. The Purchase is principally engaged in financial leasing, leaseback, operating leasing and other related services.

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

GENERAL

The EGM will be held for the purpose of considering and, if thought fit, approving the Proposed Issue of Notes and the transactions contemplated thereunder. 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. A circular containing, *inter alia*, (a) further information on the Proposed Issue of Notes and the transactions contemplated thereunder; (b) 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; (c) 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; and (d) a notice convening the EGM, will be despatched to the Shareholders on or before 10 September 2015.

DEFINITIONS

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

“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
“Board”	the board of Directors
“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 open for banking business in Hong Kong
“China” or the “PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Closing”	The closing of the purchase of the Notes
“Closing Date”	the second Business Day after the fulfilment or waiver (as applicable) of the last of the conditions precedent set out in the Note Purchase Agreement, 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
“Company”	博大綠澤國際有限公司 (Broad Greenstate International Company Limited), a limited company incorporated in the Cayman Islands, 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 charged in favor of Greenland Financial 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 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
“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
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Proposed Issue of Notes and the transactions contemplated thereunder
“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 Hong Kong Stock Exchange, the Registrar of Corporate Affairs in the British Virgin Islands and in the Cayman Islands and the Companies Registry in Hong Kong
“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
“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 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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	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 Shareholders”	the Shareholders who are not required to abstain from voting in respect of the Proposed Issue of Notes and the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	30 November 2015 or any other dates as agreed in writing between the Purchaser and the Company
“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
“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 between the Company and the Purchaser, pursuant to which the Company conditionally agreed to issue and sell, and the Purchaser conditionally agreed to purchase a redeemable fixed coupon promissory note due 2016 with a principal amount of US\$40,000,000 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 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
“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
“Purchaser”	綠地融資租賃有限公司 Greenland Financial Leasing Co., Ltd.*, a company incorporated under the laws of People’s Republic of China, a wholly-owned subsidiary of Greenland Financial
“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
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

Shanghai, the People’s Republic of China
20 August 2015

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

* *for identification purposes only*