THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in China Greenland Broad Greenstate Group Company Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.

博大绿泽
BROAD GREENSTATE

China Greenland Broad Greenstate Group Company Limited
中國綠地博大綠澤集團有限公司

(formerly known as 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) MAJOR TRANSACTIONS AND SHARE TRANSACTION INVOLVING ISSUE OF NEW SHARES UNDER GENERAL MANDATE AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening an extraordinary general meeting (the "**EGM**") of China Greenland Broad Greenstate Group Company Limited (the "**Company**") to be held at Conference Room No. 5, Crowne Plaza Shanghai Noah Square, No. 1699 Jinshajiang Road, Putuo District, Shanghai, China, on Tuesday, 17 January 2017 at 2:00 p.m. is set forth in pages EGM-1 to EGM-2 of this circular.

Whether or not you are able to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

30 December 2016

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In this circular, the following expressions have the meanings set out below unless the context otherwise requires:

"Accounting Date"	30 June 2016
"Acquisitions"	Offshore Acquisition and Onshore Acquisition
"Announcement"	the announcement made by the Company on 30 November 2016 in respect of, among other things, the Acquisitions
"Board"	the board of Directors
"Broad Landscape International"	Broad Landscape International Company Limited (博大國際有限公司), a company incorporated in the British Virgin Islands on 8 October 2013
"Business Day"	a day (other than Saturday, Sunday and public holiday) when normal commercial banks in Hong Kong are opened for general banking business
"BVI"	British Virgin Islands
"Calculation Date for Profit Compensation"	the completion date of the audit report of the Target Company for the year ending 31 December 2019 prepared by an auditor designated by the Company
"Closing Date for Receivables Adjustment"	the third anniversary of (i) the completion date of registration with the Administration for Industry and Commerce in relation to the Onshore Acquisition, or (ii) the date of issue of new Consideration Shares to the Offshore Vendor by the Company, whichever is later
"Company"	中國綠地博大綠澤集團有限公司 (China Greenland Broad Greenstate Group Company Limited) (stock code: 1253), a limited company incorporated in the Cayman Islands and the Shares of which are listed on the Main Board of the Stock Exchange
"Company's Undertaking"	has the meaning ascribed to it under the paragraph headed "Undertaking by the Company"
"Completion"	completion of the Acquisitions and issue of the Consideration Shares in accordance with the Offshore Share Purchase Agreement
"Completion Date"	the date when the Acquisitions are completed

"connect person(s)"	has the meaning ascribed thereto in the Listing Rules
"Consideration Shares"	new shares to be allotted and issued by the Company to the Offshore Vendor
"Director(s)"	director(s) of the Company
"Eastern Greenstate "International"	Eastern Greenstate International Company Limited (綠澤東方國際有限公司), a company incorporated in the British Virgin Islands on 9 October 2013
"EGM"	the extraordinary general meeting to be convened and held by the Company on 17 January 2017 to consider and, if thought fit, among other, approve the Offshore Share Purchase Agreement and Onshore Share Purchase Agreement for the Acquisitions
"Enlarged Group"	the Group as enlarged by the Acquisitions
"General Mandate"	the general mandate approved on 6 May 2016 by the Shareholders for the Board to allot, issue and deal with additional Shares not exceeding 20% of the issued share capital of the Company
"Greenland"	Greenland Holdings Group Corporation Limited (綠地控股集團股份有限公司), 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
"Greenland Financial"	Greenland Financial Overseas Investment Group Co., Ltd., a company incorporated under the laws of the British Virgin Islands, an indirectly wholly-owned subsidiary of Greenland
"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 Business"	Shanghai Greenstate Business Management Company Limited* (上海綠澤商業管理有限公司 (formerly known as Shanghai Greenstate Landscape Properties Company Limited* (上海綠澤景觀置業有限公司)), a company established in the PRC with limited liability on 15 June 2004, which is an indirect wholly-owned subsidiary of the Company
"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 an indirectly wholly-owned subsidiary of the Company
"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
"Group"	the Company and its subsidiaries
"Guarantor(s)"	Zhejiang Yulin and Mr. Ling
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Company"	Hongkong Winston Industrial Co., Limited (香港溫士頓實業有限公司), a company incorporated in Hong Kong on 12 October 2016 with limited liability
"independent third party(ies)"	individual(s) or company(ies) who is not connected with (within the meaning of the Listing Rules) any directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates
"Latest Practicable Date"	23 December 2016, 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"	being the date of 30 June 2017 or any other date as agreed by the parties
"Mr. Ling"	Mr. Ling Jijiang (淩紀江)

"Mr. Ling Jiayuan"	Mr. Ling Jiayuan (凌佳淵), the son of Mr. Ling
"Mrs. Ling"	Ms. Chan Jianfen (陳建芬), the wife of Mr. Ling
"Offshore Acquisition"	the acquisition of 100% equity interest in the Offshore Target Company pursuant to the Offshore Share Purchase Agreement
"Offshore Completion"	completion of the Offshore Acquisition
"Offshore Completion Date"	the date the conditions precedent have been satisfied (or waived) and as the Company, the Offshore Vendor and the Guarantors shall agree in writing
"Offshore Share Purchase Agreement"	the offshore share purchase agreement dated 30 November 2016 entered into among the Company, the Offshore Vendor and the Guarantors in relation to the Offshore Acquisition
"Offshore Target Company"	National Landscape Limited, a limited company incorporated in the British Virgin Islands on 27 September 2016
"Offshore Target Group"	the Offshore Target Company, the Hong Kong Company, the WFOE, the PRC Company and the Target Company
"Offshore Vendor"	Golden Spring Landscape Limited, a limited company incorporated in the British Virgin Islands on 27 September 2016
"Onshore Acquisition"	the acquisition of 20% equity interest in the Target Company pursuant to the Onshore Share Purchase Agreement
"Onshore Completion"	completion of the Onshore Acquisition
"Onshore Completion Date"	the date which the equity transfer in relation to the Onshore Acquisition has been registered with the Administration for Industry and Commerce
"Onshore Vendor" or "Zhejiang Yulin"	Zhejiang Yulin Holding Group Company Limited* (浙江雨林控股集團有限公司), a company established in the PRC with limited liability on 13 July 2010
"Onshore Share Purchase Agreement"	the onshore share purchase agreement dated 30 November 2016 entered into between Greenstate Business and the Onshore Vendor in relation to the Onshore Acquisition

"PRC or China"	the People's Republic of China, which shall, for the purposes of this circular, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"PRC Company"	Hangzhou Zhongling Gardenview Design Company Limited* (杭州中靈園林景觀設計有限責任公司), a company established in the PRC with limited liability on 14 November 2016, a direct wholly-owned subsidiary of the WFOE
"Reorganisation"	the reorganisation conducted by the Offshore Vendor, pursuant to which the Offshore Target Company holds 100% equity interest in the WFOE and the PRC Company through the Hong Kong Company and indirectly owns 40% equity interest in the Target Company as at the Latest Practicable Date
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"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 wholly foreign owned enterprise established in the PRC with limited liabilities on 1 July 1999, and an indirectly wholly-owned subsidiary of the Company
"Share(s)"	ordinary share(s) of HK$0.025 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Share Purchase Agreements"	the Offshore Share Purchase Agreement and the Onshore Share Purchase Agreement
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Code on Takeovers and Mergers and Share Buy-backs
"Target Company"	Hangzhou Xiaoshan Jiangnan Garden Construction Company Limited* (杭州蕭山江南園林工程有限公司), a company established in the PRC with limited liability on 11 January 1996
"Target Group"	the Target Company and its subsidiaries

"WFOE"	Hangzhou Beifeng Guolin Landscaping Design Company Limited* (杭州北風國林景觀設計有限公司), a wholly foreign-owned enterprise established in the PRC with limited liability on 3 November 2016, a wholly-owned subsidiary of the Hong Kong Company
"%"	per cent.

* *For identification purpose only*

China Greenland Broad Greenstate Group Company Limited
中 國 綠 地 博 大 綠 澤 集 團 有 限 公 司

(formerly known as 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

Independent Non-executive Directors:
Dai Guoqiang
Zhang Qing
Jin Hexian

Register Office:
The offices of Maples Corporate Service Limited
PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

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

Principal Place of Business in Hong Kong:
Level 54, Hopewell Centre,
183 Queen's Road East,
Hong Kong

30 December 2016

To the Shareholders

Dear Sir or Madam,

(1) MAJOR TRANSACTIONS AND SHARE TRANSACTION INVOLVING ISSUE OF NEW SHARES UNDER GENERAL MANDATE AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement.

On 30 November 2016, the Company, the Offshore Vendor and the Guarantors entered into the Offshore Share Purchase Agreement, pursuant to which the Company has conditionally agreed to acquire 100% share capital in the Offshore Target Company at the consideration of RMB38,085,836 (equivalent to approximately HK$42,656,136), which shall be satisfied by the allotment and issue of 35,920,957 Consideration Shares. On the same day, Greenstate Business and the Onshore Vendor entered into the Onshore Share Purchase Agreement, pursuant to which Greenstate Business has conditionally agreed to acquire 20% equity interest in the Target Company at the consideration of RMB19,042,918 (equivalent to approximately HK$21,328,068), which shall be satisfied by cash. Completion of the Onshore Acquisition will be conditional upon the completion of the Offshore Acquisition. Upon completion of the Acquisitions, the Target Company will be indirectly owned as to 60% by the Company.

The purpose of this circular is to provide the Shareholders with, among other things, (1) details of the Target Group and the Share Purchase Agreements; (2) financial information of the Group and the Target Group; (3) the unaudited pro forma financial information of the Enlarged Group; and (4) other information as required under the Listing Rules together with a notice of the EGM and a form of proxy.

THE OFFSHORE SHARE PURCHASE AGREEMENT

Date:	30 November 2016
Parties:	the Company;
	the Offshore Vendor; and
	the Guarantors.

Consideration and payment method

The consideration for the Offshore Acquisition is RMB38,085,836 (equivalent to approximately HK$42,656,136), which shall be adjusted in accordance to the price adjustment mechanism pursuant to the Offshore Share Purchase Agreement and satisfied by the allotment and issue of 35,920,957 Consideration Shares in total by the Company to the Offshore Vendor on the Offshore Completion Date. The Consideration Shares shall rank *pari passu* in all respects with each other and with all other existing Shares in issue as at the date of allotment and issue of the Consideration Shares, and have all the rights to dividends and other distributions. Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Conditions Precedent

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

(a) The Target Company has no executive director, but has a board of directors which is comprised of three directors, among which, two directors are nominated by the Company and one director is nominated by the Offshore Vendor; the role of chief financial officer or the responsible person for financial matters of the Target Company shall be assumed by a director nominated by the Company. The Target Company has no board of supervisors, but has one supervisor who shall be accredited by the Company;

(b) The board of the Offshore Target Company is comprised of only one executive director, and such executive director has been assumed by a person who is nominated by the Company;

(c) The necessary government approvals (including but not limited to the relevant approvals from foreign exchange authorities in the PRC) as required by the Company have been obtained;

(d) All of the Offshore Vendor's and the Guarantors' representations and warranties remain true, accurate and not misleading up to the date of completion of the Offshore Acquisition;

(e) Since the Accounting Date, there has been no abnormal operation or material safety accident of the Offshore Target Group, nor there has been any circumstance which may have a material and adverse impact on the business, asset or operation of the Offshore Target Group, and there is no material risk not disclosed to the Company; and

(f) The approval of the Stock Exchange of the listing of the Consideration Shares has been obtained and the Consideration Shares can be listed and traded on the Stock Exchange.

Offshore Completion

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

Lock up

The Offshore Vendor has undertaken to the Company that it will not transfer any of the Consideration Shares allotted and issued to it pursuant to the Offshore Share Purchase Agreement within 36 months from the date of the Offshore Completion.

Undertaking by the Company

The Company has undertaken (the "**Company's Undertaking**") that during the three year period from (i) the completion date of registration with the Administration for Industry and Commerce in relation to the Onshore Acquisition, and (ii) the date of issue of new Consideration Shares to the Offshore Vendor by the Company, Shanghai Broad Landscape shall select the Target Company as its project collaboration partner when the terms and conditions of services offered by the Target Company is the equivalent to that offered by other proposed vendors.

THE ONSHORE SHARE PURCHASE AGREEMENT

Date:	30 November 2016
Parties:	Greenstate Business; and
	the Onshore Vendor.

Consideration and payment method

The consideration for the Onshore Acquisition is RMB19,042,918 (equivalent to approximately HK$21,328,068), which shall be satisfied by cash and is payable by Greenstate Business within ten (10) business days after the Consideration Shares have been allotted and issued to the Offshore Vendor pursuant to the Offshore Share Purchase Agreement.

Condition precedent

The Onshore Share Purchase Agreement will be conditional upon completion of the Offshore Acquisition.

Onshore Completion

The Onshore Completion shall take place on the Onshore Completion Date.

REORGANISATION

As at the Latest Practicable Date, (i) the Offshore Vendor holds 100% issued share capital in the Offshore Target Company.

Prior to signing the Offshore Share Purchase Agreement, the Offshore Vendor has undergone the Reorganisation. Upon completion of the Reorganisation, the Offshore Target Company indirectly holds 40% equity interest in the Target Company.

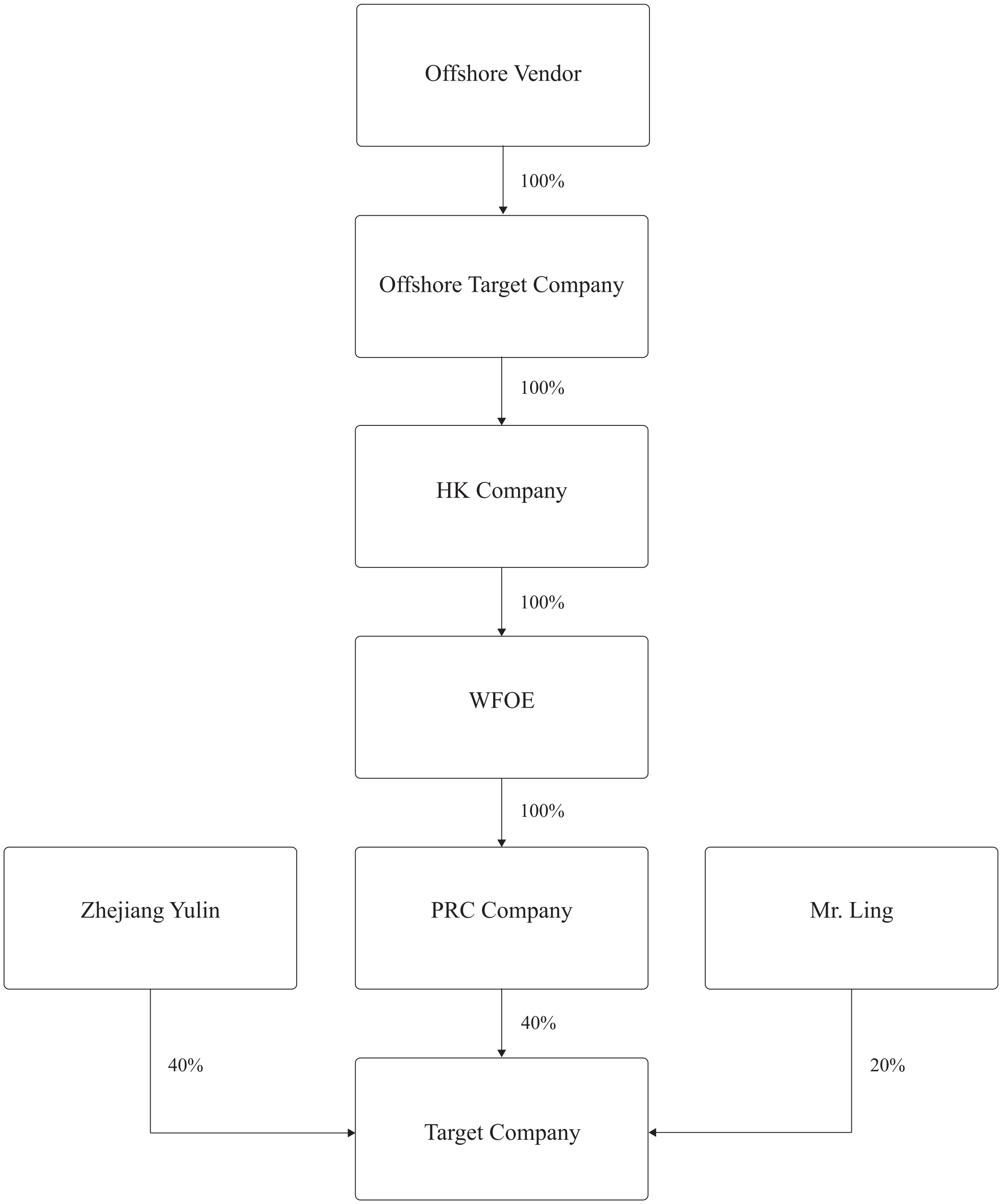
Pursuant to the Offshore Share Purchase Agreement, the Company shall acquire 100% issued share capital in the Offshore Target Company from the Offshore Vendor. Upon completion of the Offshore Acquisition, the Offshore Target Company will become a wholly-owned subsidiary of the Company. As a result, the Company will indirectly hold 40% equity interest in the Target Company.

Pursuant to the Onshore Share Purchase Agreement, Greenstate Business shall acquire 20% equity interest in the Target Company from Zhejiang Yulin, one of the shareholders of the Target Company.

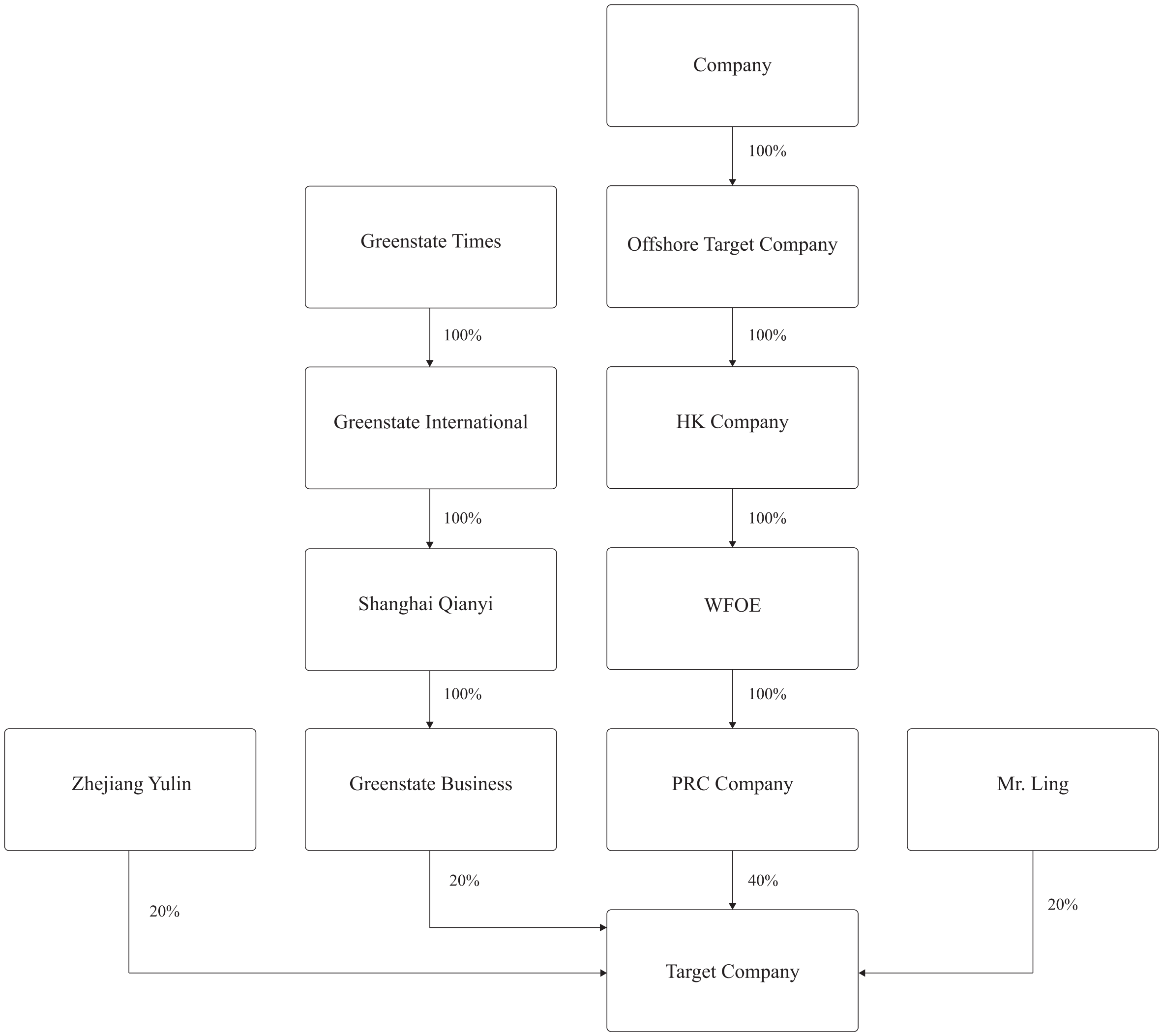
Upon completion of the Acquisitions, the Target Company will become an indirect subsidiary of the Company and the Company will indirectly hold 60% equity interest in the Target Company.

The diagrams below set out the shareholding structure of the Offshore Target Group as at the Latest Practicable Date, and immediately after the Offshore Completion and Onshore Completion.

As at the Latest Practicable Date



After the Offshore Completion and Onshore Completion



PRICE ADJUSTMENT MECHANISM AND PROFIT GUARANTEE

Pursuant to the Offshore Share Purchase Agreement and the Onshore Share Purchase Agreement, the consideration of RMB57,128,754 shall be adjusted according to the following manner:

(a) Within three (3) years after the date on which the registration of Onshore Acquisition with the Administration for Industry and Commerce is completed or the Company newly issues the Consideration Shares to the Offshore Vendor (whichever is later), if there is any overdue and outstanding balance with respect to all book accounts receivable, other receivables and construction contract amount (deducting the portions which have been recognized as bad debt losses) as stated in the Target Company's audited financial statements as of 30 June 2016, the relevant balance ("**Consideration Adjustment**") shall be correspondingly deducted from the total consideration for the Acquisitions. The

Offshore Vendor or the Guarantors shall compensate the Company for the adjustment amount of the relevant consideration within one (1) month after the Closing Date for Receivables Adjustment.

(b) Each of the Offshore Vendor and the Guarantors guarantee that the Target Company's net profits for the years of 2017, 2018 and 2019, which have been audited by the auditor appointed by the Company and after deduction of the nonrecurring gains and losses, will exceed RMB20,000,000, RMB25,000,000 and RMB30,000,000 respectively. If the Target Company's aggregated net profits for the forgoing three years, after deduction of the nonrecurring gains and losses, fails to achieve RMB75,000,000, the Offshore Vendor, the Onshore Vendor and the Guarantors guarantee that they will compensate the Company for the amount of compensation ("**Amount of Profit Compensation**") calculated in accordance with the following formula within one month after the Calculation Date for Profit Compensation.

Amount of Profit Compensation =

$$\text{the total consideration of RMB57,128,754} \times \frac{\left(1 - \text{the accumulated net profits for the three years which have been audited and after deduction of the non-recurring gains and losses}\right)}{\text{RMB75,000,000 of accumulated target net profits}}$$

If the aggregated net profits for the three years, which have been audited and after deduction of nonrecurring losses and profits, are negative, the relevant profits shall be regarded as zero.

The Offshore Vendor and the Guarantors agree to compensate the Company for the Consideration Adjustment or Amount of Profit Compensation above in the following manner:

(i) The Offshore Vendor and Guarantors will first make the payment in cash. The Offshore Vendor and the Guarantors will use their best efforts to make the payment in cash for the adjusted total consideration;

(ii) For the insufficient part of the consideration after the cash payment, the Guarantors shall make the payment by transferring the following percentage of equity interest in the Target Company they own directly or indirectly (the Company may decide at its sole discretion whether one or all of the Guarantors shall make such payment):

$$\text{Percentage of shareholding in the Target Company used for payment} = \frac{\text{the insufficient cash amount}}{\frac{\text{the total consideration of RMB57,128,754}}{60\%} - \text{Consideration Adjustment} - \frac{\text{Amount of profit compensation}}{60\%}}$$

For the avoidance of doubt, there will not be upward adjustments to the total consideration.

BASIS OF CONSIDERATION

The considerations for the Acquisitions were determined based on normal commercial terms and arm's length negotiations having considered various factors, including:

(i) the assets, operating conditions, the qualifications of the Target Company

As at 30 June 2016, the total net assets attributable to the shareholders of the Target Group amounted to approximately RMB128,363,000. After considering the assets, operating conditions and the qualifications of the Target Company, the Company valued the Target Group based on 75% of the total net assets value and set the total consideration for the Acquisitions at 60% of such valuation.

(ii) the future prospects of the Target Group

The Target Company currently holds a Grade One qualification in urban landscape construction, which facilitated its fast growth in revenue and net profit for the past three years. The Company is of the view that the Target Group shall have promising future prospects.

(iii) the prevailing market price of the Shares and the Company's historical share price performance

According to the Offshore Share Purchase Agreement, the consideration of RMB38,085,836 shall be satisfied by the allotment and issue of 35,920,957 Consideration Shares, which is equivalent to an issue price per Consideration Share of approximately HK$1.1875, representing an average closing price per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the date of the Offshore Share Purchase Agreement with a discount of 5.00%. The 5.00% discount is provided in light of normal fluctuations of the Share price.

(iv) current market conditions and development plan of the Company

The Company is optimistic about the prospects of large-scale landscaping projects, especially the development of landscaping infrastructure constructions, as a result of the economic growth in the PRC. The Company believes the Acquisitions would effectively increase the comprehensive solving ability of the Company in terms of facing future large-scale landscaping project. For further details, please refer to in the section headed "REASONS FOR AND BENEFITS OF ENTERING INTO THE OFFSHORE SHARE PURCHASE AGREEMENT AND THE ONSHORE SHARE PURCHASE AGREEMENT" below.

GUARANTEE

Pursuant to the Offshore Share Purchase Agreement, the Guarantors unconditionally, irrevocably, jointly and severally, guarantee that the Offshore Vendor shall perform any and all obligations and liabilities pursuant to the terms and conditions of the Offshore Share Purchase Agreement. Further, the Guarantors unconditionally, irrevocably, jointly and severally, guarantee to indemnify the Company any loss as well as any consequential liabilities, costs and expenses incurred by the Company as a result of (i) failure by the Offshore Vendor to promptly perform its obligations and liabilities under the Offshore Share Purchase Agreement; or (ii) breach by the Offshore Vendor of any representations, warranties or terms made in the Offshore Share Purchase Agreement.

The guaranty provided above shall be an ongoing security until payment and fulfillment of all secured obligations. The guaranty shall be an extra security and in addition to any existing and future lien, pledge, guarantee or other warranty or right or remedy entitled or available to the Company anytime. At the request of the Company, the Guarantors shall immediately perform such obligations and liabilities described above and the Company shall not be required to recover such against the Offshore Vendor in the first place.

INFORMATION ON THE OFFSHORE TARGET COMPANY AND THE TARGET COMPANY

The Offshore Target Company is an investment holding company incorporated in the British Virgin Islands. As at the Latest Practicable Date, the Offshore Target Company is wholly-owned by the Offshore Vendor. The Offshore Target Company is an investment holding company which does not have any asset. The Offshore Target Company has not conducted any business activities since its incorporation.

The Target Company is incorporated in the PRC which is principally engaged in cultivation, research and development, and wholesale and retail of seedlings; sale and plantation of miniature tree; landscaping projects, municipal projects, city lighting projects, building construction and excavation works, and design and construction of Chinese garden and ancient architecture. As at the Latest Practicable Date, the Target Company is owned as to 40% by the Offshore Target Company, 40% by Zhejiang Yulin and 20% by Mr. Ling. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, each of Zhejiang Yulin and Mr. Ling is a third party independent from the Company and its connected persons.

FINANCIAL INFORMATION OF THE TARGET COMPANY

The table below sets forth a summary of the unaudited financial information of the Target Company for the two years ended 31 December 2015:

	For the year ended 31 December	
	2014	**2015**
	RMB'000	*RMB'000*
Profit before taxation	2,730	47,998
Profit after taxation	2,047	36,000

As at 31 December 2015, the unaudited net assets value of the Target Company was approximately RMB117,081,000.

EFFECT ON SHAREHOLDERS OF THE COMPANY

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

Shareholders	**As at the Latest Practicable Date**		**Immediately following the allotment and issue of all the Consideration Shares by the Company**	
	Numbers of Shares	*%*	*Numbers of Shares*	*%*
Broad Landscape International	1,153,321,041	34.88	1,153,321,041	34.50
Greenland Financial	829,321,041	25.08	829,321,041	24.81
Eastern Greenstate International	306,313,662	9.26	306,313,662	9.16
Offshore Vendor(1)	—	—	35,920,957	1.08
Other public Shareholders	1,017,660,256	30.78	1,017,660,256	30.45
Total	3,306,616,000	100	3,342,536,957	100

Note:

(1) Offshore Vendor is 100% owned by Mr. Ling Jiayuan.

The issuance of the Consideration Shares will not result in a change in control of the Company.

FINANCIAL EFFECT OF THE ACQUISITIONS

Following the Completion, the Offshore Target Company will become an indirect wholly owned subsidiary of the Group and the Target Company will become an indirect subsidiary of the Company and their results will be consolidated into the consolidated financial statement of the Group. The Group will hold 60% of the share capital and voting rights of the Target Company after the Completion.

The unaudited pro forma financial information of the Enlarged Group illustrating the financial effects of the Acquisitions on the assets and liabilities of the Group is set out in Appendix III to this circular. As at 30 June 2016, the unaudited consolidated total assets and total liabilities of the Group amounted to approximately RMB1,566,766,000 and approximately RMB971,626,000 respectively. If the Acquisitions had been completed on 30 June 2016, the unaudited consolidated total assets and total liabilities of the Enlarged Group would have been increased to approximately RMB2,486,291,000 and RMB1,784,069,000 respectively.

By considering the strong earnings growth of the Target Group with a net profit of approximately RMB201,000, RMB3,431,000 and RMB25,616,000 recorded for the years ended 31 December 2013, 2014 and 2015 respectively and the net profit of approximately RMB10,755,000 recorded for the six months ended 30 June 2016 as set out in Appendix II of this circular and the solid experience in the landscaping business demonstrated by the existing management team, the Directors are of the view that upon Completion, the Acquisitions will positively increase the earnings of the Group.

It should be noted that the above financial effects of the Acquisitions are for illustration purpose only. The exact financial effects are dependent on the consolidated net assets value of the Target Group on the Completion Date, and are subject to the review by the Company's auditors.

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

By grasping the opportunities brought by the quick development of landscaping infrastructure construction in China, the Company aims at developing into an industrial platform which consists of three main business modules, namely investment, construction and operation. The Target Company currently holds a Grade One qualification in urban landscape construction, along with rich experience accumulated for decades as well as outstanding construction abilities in the landscaping industry. The Directors believe the Acquisitions would effectively increase the comprehensive solving ability of the Company in terms of facing future large-scale landscaping projects.

The considerations for the Acquisitions were determined based on normal commercial terms and arm's length negotiations having considered various factors, including (i) the assets, operating conditions, the qualifications of the Target Company; (ii) the future prospects of the Target Group; (iii) the prevailing market price of the Shares and the Company's historical share price performance; and (iv) current market conditions and development plan of the Company.

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

ISSUE OF CONSIDERATION SHARES AND GENERAL MANDATE

Pursuant to the Offshore Share Purchase Agreement, the consideration of RMB38,085,836 (equivalent to approximately HK$42,656,136) (subject to the price adjustment mechanism) shall be satisfied by the allotment and issue of 35,920,957 Consideration Shares, which is equivalent to an issue price per Consideration Share of approximately HK$1.1875, representing an average closing price per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the date of the Offshore Share Purchase Agreement with a discount of 5.00%. The issue price also represents:

(i) a discount of approximately 5.00% to the closing price of HK$1.25 per Share as quoted on the Stock Exchange on 30 November 2016, being the date of the Offshore Share Purchase Agreement;

(ii) a discount of approximately 5.00% to the average closing price of HK$1.25 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the date of the Offshore Share Purchase Agreement.

The allotment and issue of the Consideration Shares will be made pursuant to the General Mandate approved on 6 May 2016, and hence is not subject to the Shareholders' further approval.

As at the Latest Practicable Date, the Company has 3,306,616,000 Shares in issue. Assuming there is no other change in the shareholding structure of the Company, the 35,920,957 Consideration Shares represent approximately 1.09% of the current issued share capital of the Company and approximately 1.08% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

INFORMATION OF THE PARTIES

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 Offshore Vendor is an investment holding company incorporated in the British Virgin Islands and is wholly owned by Mr. Ling Jiayuan. The Onshore Vender or Zhejiang Yulin is an investment holding company incorporated in the PRC and is owned as to 60% by Mr. Ling, 20% by Mrs. Ling and 20% by Mr. Ling Jiayuan.

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

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios for the Company in respect of the Acquisitions exceed 25% or more but are less than 100%, the Acquisitions constitute major transactions and share transaction for the Company, and are therefore subject to the announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, there was (i) no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder; and (ii) no obligation or entitlement of any Shareholder whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis. Accordingly, to the best knowledge, information and belief of the Directors, as at the Latest Practicable Date, there existed no discrepancy between any Shareholder's beneficial shareholding interest in the Company and the number of Shares in respect of which such Shareholder will control or will be entitled to exercise control over the voting right at the EGM in respect of the resolution approving the transactions contemplated under the Share Purchase Agreements.

EGM

The notice of the EGM is set out on pages EGM-1 to EGM-2 of this circular. At the EGM, ordinary resolutions will be proposed to approve the Share Purchase Agreements.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

In accordance with Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the EGM shall be conducted by way of poll and the results of the EGM will be announced by the Company in compliance with the Listing Rules.

RECOMMENDATIONS

The Directors consider that the Share Purchase Agreements are 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 favor of the resolutions to be proposed at the EGM to approve the Share Purchase Agreements.

In accordance with the Listing Rules, any Shareholder with a material interest in the Acquisitions and his close associates will abstain from voting on the relevant resolutions. To the best knowledge, information and belief of the Directors having made all reasonable enquiry, no Shareholder has a material interest in the Acquisitions and accordingly, no Shareholder is required to abstain from voting in respect of the approval of the Acquisitions at the forthcoming EGM.

GENERAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board
China Greenland Broad Greenstate Group Company Limited
Wu Zhengping
Chairman

FINANCIAL INFORMATION INCORPORATED BY REFERENCE

Financial information and management discussion and analysis of the Group for each of the three years ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 2016 are disclosed in the following documents which have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (www.greenland-broadgreenstate.com.cn).

The unaudited consolidated financial statements, including the notes thereto, and the management discussion and analysis of the Group for the six months ended 30 June 2016 have been set out in pages 24 to 47 and pages 7 to 14 respectively of the interim report 2016 of the Company which are incorporated by reference into this circular and are available on the Stock Exchange's website (http://www.hkexnews.hk). Please also see below quick link to the interim report 2016:

http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0920/LTN20160920063.pdf

The audited consolidated financial statements, including the notes thereto, and the management discussion and analysis of the Group for the year ended 31 December 2015 have been set out in pages 56 to 123 and pages 10 to 20 respectively of the annual report 2015 of the Company which are incorporated by reference into this circular and are available on the Stock Exchange's website (http://www.hkexnews.hk). Please also see below quick link to the annual report 2015:

http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0406/LTN20160406547.pdf

The audited consolidated financial statements, including the notes thereto, and the management discussion and analysis of the Group for the year ended 31 December 2014 have been set out in pages 45 to 104 and pages 10 to 19 respectively of the annual report 2014 of the Company which are incorporated by reference into this circular and are available on the Stock Exchange's website (http://www.hkexnews.hk). Please also see below quick link to the annual report 2014:

http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0330/LTN20150330047.pdf

The audited consolidated financial statements, including the notes thereto, and the management discussion and analysis of the Group for the year ended 31 December 2013 have been set out in pages I-1 to I-57 and pages 159 to 205 respectively of the prospectus of the Company dated 30 June 2014 which are incorporated by reference into this circular and are available on the Stock Exchange's website (http://www.hkexnews.hk). Please also see below quick link to the Company's' prospectus:

http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0630/LTN20140630193.pdf

STATEMENT OF INDEBTEDNESS

As at the close of business on 30 November 2016, the Enlarged Group had an aggregate outstanding indebtedness of approximately RMB537,541,000, which was comprised: (i) interest bearing bank borrowings of RMB244,343,000; (ii) corporate bonds of USD40,000,000 (equivalent to RMB275,460,000); and (iii) amounts due to related parties of RMB17,738,000. Details of interest bearing bank borrowings are listed as follows:

	As at 31 December			As at 30 June	As at 30 November
	2013	**2014**	**2015**	**2016**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT					
— secured	—	110,000	—	—	—
CURRENT					
— unsecured	11,984	27,000	—	33,558	41,094
— secured	164,700	145,700	154,575	167,466	203,249
TOTAL	176,684	282,700	154,575	201,024	244,343

As at the close of business on 30 November 2016, the Enlarged Group pledged certain assets with a carry value of approximately RMB30,339,000 as collateral for the Group's bills payable and bank borrowings.

As at the close of business on 30 November 2016, the Enlarged Group had obtained several banking facilities of RMB291,731,000, of which RMB127,452,000 was utilised as at 30 November 2016.

Contingent Liabilities

As at the close of business on 30 November 2016, the Enlarged Group had the following contingent liabilities: (i) guarantees given to banks in connection with facilities granted to third parties of RMB201,200,000; and (ii) risk in relation to pending litigation of RMB19,524,000.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, as at the close of business on 30 November 2016, the Enlarged Group did not have any outstanding debts securities, bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptances credits, material hire purchase commitments, mortgages or charges, which were either guaranteed, unguaranteed, secured or unsecured, or other contingent liabilities or guarantees.

Save as disclosed above, the Directors have confirmed that there have been no material changes in the indebtedness and contingent liabilities of the Enlarged Group since 30 November 2016.

WORKING CAPITAL SUFFICIENCY

The Directors are of the opinion that, after taking into account the financial resources available to the Company and the effect of the Acquisitions, the Enlarged Group has sufficient working capital to satisfy its requirements for at least the next 12 months following the date of this circular.

NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, the date to which the latest published audited financial statements of the Group were made up.

FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

As at the Latest Practicable Date, the Group is a fast-growing integrated landscape architecture service provider in the PRC. As disclosed in the interim report 2016, with the satisfactory and steady performance of the public-private partnership prospects, the Group's performance has achieved steady growth during the six months ended 30 June 2016 as compared to the corresponding period from last year amidst the increasing competitive market condition.

Whilst the Group will continue to strive to be a leading integrated landscape architecture service provider in the PRC and keep focusing on major urban landscape projects across the PRC and offers customers "one stop" 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 Acquisitions enable the Group to grasp the opportunities brought by the quick development of landscaping infrastructure construction in China, the Company aims at developing into an industrial platform which consists of three main business modules, namely investment, construction and operation. The Target Company currently holds a Grade One qualification in urban landscape construction, along with rich experience accumulated for decades as well as outstanding construction abilities in the landscaping industry. The Directors believe the Acquisitions would effectively increase the comprehensive solving ability of the Company in terms of facing future large-scale landscaping projects. Details of the development of landscaping infrastructure construction in the PRC are disclosed in the sections headed "Reasons for and benefits of entering into the Offshore Share Purchase Agreement and the Onshore Share Purchase Agreement" under the "Letter from the Board" to this circular.

The Directors are optimistic about the prospects of large-scale landscaping projects as a result of the economic growth in the PRC. The Directors will also continue to cautiously identify suitable investment opportunities for the Group to diversify its businesses and provide additional growth drivers if any such opportunities arise in the future.

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

30 December 2016

The Directors
China Greenland Broad Greenstate Group Company Limited

Dear Sirs,

We set out below our report on the financial information of Hangzhou Xiaoshan Jiangnan Garden Construction Company Limited (the "Target Company") and its subsidiary (hereinafter collectively referred to as the "Target Group") comprising the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for each of the years ended 31 December 2013, 2014 and 2015, and the six months ended 30 June 2016 (the "Relevant Periods"), and the consolidated statements of financial position of the Target Group as at 31 December 2013, 2014 and 2015 and 30 June 2016 and the statements of financial position of the Target Company as at 31 December 2013, 2014 and 2015 and 30 June 2016, together with the notes thereto (the "Financial Information"), and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Target Group for the six months ended 30 June 2015 (the "Interim Comparative Information"), prepared on the basis of presentation set out in note 2.1 of Section II below, for inclusion in the circular of China Greenland Broad Greenstate Group Company Limited (the "Company") dated 30 December 2016 (the "Circular") in connection with the proposed acquisition of the Target Group (the "Acquisition") by the Company.

The Target Company was established in the People's Republic of China (the "PRC") as a company with limited liability on 11 January 1996.

The statutory financial statements of the Target Company for the years ended 31 December 2013, 2014 and 2015 have been prepared by the Target Company in accordance with Accounting Standards for Business Enterprises and were audited by XiaoRan CPA Limited. and Hangzhou DeYi CPA Limited. registered in the PRC, respectively.

As at the date of this report, the Target Company has direct interests in the subsidiary as set out in note 1 of Section II below. All companies now comprising the Target Group have adopted 31 December as their financial year end date. The statutory financial statements of the companies now comprising the Target Group were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were incorporated and/or established. Details of their statutory auditors during the Relevant Periods are set out in note 1 of Section II below.

For the purpose of this report, the director of the Target Company (the "Director") has prepared the consolidated financial statements of the Target Group (the "Underlying Financial Statements") for each of the Relevant Periods in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Underlying Financial Statements for each of Relevant Periods were audited by us in accordance with Hong Kong Standards on Auditing issued by HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

DIRECTOR'S RESPONSIBILITY

The Director are responsible for the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that give a true and fair view in accordance with HKFRSs, and for such internal control as the Director determine is necessary to enable the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information to be free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

It is our responsibility to form an independent opinion and a review conclusion on the Financial Information and the Interim Comparative Information, respectively, and to report our opinion and review conclusion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

We have also performed a review of the Interim Comparative Information in accordance with Hong Kong Standard on Review Engagement 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists principally of making enquiries of management and applying analytical procedures to the Financial Information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Interim Comparative Information.

OPINION IN RESPECT OF THE FINANCIAL INFORMATION

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the financial position of the Target Group and the Target Company as at 31 December 2013, 2014 and 2015 and 30 June 2016 and of the consolidated financial performance and cash flows of the Target Group for each of the Relevant Periods.

REVIEW CONCLUSION IN RESPECT OF THE INTERIM COMPARATIVE INFORMATION

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Interim Comparative Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

Ernst & Young
Certified Public Accountants
Hong Kong

I. FINANCIAL INFORMATION

Consolidated statements of profit or loss and other comprehensive income

		Year ended 31 December			Six months ended 30 June	
		2013	2014	2015	2015	2016
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
REVENUE	*6*	362,968	429,941	520,261	278,271	202,926
Cost of sales		(341,671)	(410,462)	(468,181)	(254,134)	(185,058)
Gross profit		21,297	19,479	52,080	24,137	17,868
Other income and gains	*6*	2,018	2,329	1,933	1,557	4,902
Administrative expenses		(10,748)	(7,099)	(10,354)	(3,613)	(4,506)
Finance costs	*8*	(12,206)	(9,847)	(9,543)	(4,618)	(3,972)
PROFIT BEFORE TAX	*7*	361	4,862	34,116	17,463	14,292
Income tax expense	*11*	(160)	(1,431)	(8,500)	(4,345)	(3,537)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		201	3,431	25,616	13,118	10,755
Attributable to:						
Owners of the parent		176	3,459	25,557	13,076	10,683
Non-controlling interests		25	(28)	59	42	72
Earnings per share attributable to owners of the parent						
Basic	*12*	N/A	N/A	N/A	N/A	N/A
Diluted	*12*	N/A	N/A	N/A	N/A	N/A

Consolidated statements of financial position

		As at 31 December			As at 30 June
		2013	2014	2015	2016
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Prepaid land lease payments	*17*	653	637	623	615
Property, plant and equipment	*13*	4,932	3,915	3,328	11,416
Deferred tax assets	*23*	1,732	1,913	3,536	3,536
Total non-current assets		7,317	6,465	7,487	15,567
CURRENT ASSETS					
Biological assets	*14*	37,325	44,229	50,354	53,395
Construction contracts	*15*	110,062	125,444	161,009	146,042
Trade receivables	*16*	159,200	260,541	392,500	469,710
Prepayments, deposits and other receivables	*18*	185,033	127,710	95,362	116,182
Amounts due from related parties	*27*	53,071	88,062	79,395	87,525
Amounts due from shareholders	*27*	917	12,532	5,203	6,164
Pledged deposits	*19*	36,000	25,000	23,000	25,000
Cash and cash equivalents	*19*	43,308	31,394	24,205	18,983
Total current assets		624,916	714,912	831,028	923,001
CURRENT LIABILITIES					
Trade and bills payables	*20*	322,620	409,778	540,333	619,819
Other payables and accruals	*21*	32,083	44,579	34,588	32,172
Amounts due to related parties	*27*	4,095	18,515	3,491	2,132
Amounts due to shareholders	*27*	25,369	38,593	11,665	15,610
Interest-bearing bank borrowings	*22*	164,700	122,700	125,650	127,900
Income tax payable		(1,287)	(872)	9,088	11,491
Total current liabilities		547,580	633,293	724,815	809,124
NET CURRENT ASSETS		77,336	81,619	106,213	113,877
TOTAL ASSETS LESS CURRENT LIABILITIES		84,653	88,084	113,700	129,444
NON-CURRENT LIABILITIES					
Deferred tax liabilities	*23*	—	—	—	719
Total non-current liabilities		—	—	—	719
Net assets		84,653	88,084	113,700	128,725

		As at 31 December			As at 30 June
		2013	2014	2015	2016
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
EQUITY					
Equity attributable to owners of the parent					
Share capital	*24*	50,000	50,000	50,000	50,000
Reserves	*25*	34,394	37,853	63,410	78,363
		84,394	87,853	113,410	128,363
Non-controlling interests		259	231	290	362
Total equity		84,653	88,084	113,700	128,725

Consolidated statements of changes in equity

	Attributable to owners of the parent						
	Share capital	Capital reserve*	Statutory reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2013	50,000	1,500	2,074	30,644	84,218	234	84,452
Profit and total comprehensive income for the year	—	—	—	176	176	25	201
Transfer from retained profits	—	—	15	(15)	—	—	—
At 31 December 2013 and 1 January 2014	50,000	1,500*	2,089*	30,805*	84,394	259	84,653
Profit and total comprehensive income for the year	—	—	—	3,459	3,459	(28)	3,431
Transfer from retained profits	—	—	349	(349)	—	—	—
At 31 December 2014 and 1 January 2015	50,000	1,500*	2,438*	33,915*	87,853	231	88,084
Profit and total comprehensive income for the year	—	—	—	25,557	25,557	59	25,616
Transfer from retained profits	—	—	2,550	(2,550)	—	—	—
At 31 December 2015 and 1 January 2016	50,000	1,500*	4,988*	56,922*	113,410	290	113,700
Profit and total comprehensive income for the period	—	—	—	10,683	10,683	72	10,755
Contribution from shareholders	—	4,270	—	—	4,270	—	4,270
At 30 June 2016	50,000	5,770*	4,988*	67,605*	128,363	362	128,725
At 31 December 2014 and 1 January 2015	50,000	1,500*	2,438*	33,915*	87,853	231	88,084
Profit and total comprehensive income for the period	—	—	—	13,076	13,076	42	13,118
At 30 June 2015 (Unaudited)	50,000	1,500	2,438	46,991	100,929	273	101,202

* These reserve accounts comprise the consolidated reserves of RMB34,394,000, RMB37,853,000, RMB63,410,000 and RMB78,363,000 in the consolidated statements of financial position as at 31 December 2013, 2014 and 2015 and 30 June 2016, respectively.

Consolidated statements of cash flows

		Year ended 31 December			Six months ended 30 June	
		2013	2014	2015	2015	2016
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		361	4,862	34,116	17,463	14,292
Adjustments for:						
Depreciation of property, plant and equipment	*13*	1,183	1,028	671	398	548
Amortisation of prepaid land lease payments	*17*	16	16	14	7	8
Finance costs		12,206	9,847	9,543	4,618	3,972
Increase in biological assets		(37,325)	(6,904)	(6,125)	—	(3,041)
(Increase)/decrease in construction contracts		(32,601)	(15,382)	(35,565)	(144,985)	14,967
(Increase)/decrease in trade receivables		(90,882)	(101,341)	(131,959)	170,397	(77,210)
Decrease/(increase) in prepayments, deposits and other receivables		18,471	57,323	32,348	60,867	(20,820)
(Increase)/decrease in amounts due from the related parties		(13,339)	(34,991)	8,667	(377)	(8,130)
(Increase)/decrease in amounts due from shareholders		(917)	(11,615)	7,329	(39,249)	3,309
(Increase)/decrease in pledged deposits		(36,000)	11,000	2,000	2,000	(2,000)
Increase/(decrease) in trade and bills payables		230,196	87,158	130,555	(76,705)	79,486
(Decrease)/increase in other payables and accruals		(84,142)	12,214	(9,233)	3,988	(2,607)
Increase/(decrease) in amounts due to the related parties		4,095	14,420	(15,024)	(12,227)	(1,359)
Increase/(decrease) in amounts due to shareholders		25,369	13,224	(26,928)	—	3,945
Cash (used in)/generated from operations		(3,309)	40,859	409	(13,805)	5,360
Income tax paid		(1,113)	(938)	(965)	(753)	(482)
NET CASH FLOWS (USED IN)/ GENERATED FROM OPERATING ACTIVITIES		(4,422)	39,921	(556)	(14,558)	4,878

		Year ended 31 December			Six months ended 30 June	
		2013	2014	2015	2015	2016
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
CASH FLOWS USED IN INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment	*13*	(37)	(11)	(84)	—	(8,636)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(37)	(11)	(84)	—	(8,636)
CASH FLOWS USED IN FINANCING ACTIVITIES						
New bank loans		221,700	229,800	194,150	98,750	145,200
Repayment of bank loans		(216,000)	(271,800)	(191,200)	(85,000)	(142,950)
Interest paid		(12,159)	(9,824)	(9,499)	(4,560)	(3,714)
NET CASH FLOWS (USED IN)/ GENERATED FROM FINANCING ACTIVITIES		(6,459)	(51,824)	(6,549)	9,190	(1,464)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(10,918)	(11,914)	(7,189)	(5,368)	(5,222)
Cash and cash equivalents at beginning of year/period		54,226	43,308	31,394	31,394	24,205
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		43,308	31,394	24,205	26,026	18,983
ANALYSIS OF BALANCES OF CASH AND EQUIVALENTS CASH AND BANK BALANCES		43,308	31,394	24,205	26,026	18,983
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENTS OF CASH FLOWS		43,308	31,394	24,205	26,026	18,983

Statements of financial position of the Company

	As at 31 December			As at 30 June
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Prepaid land lease payments	653	637	623	615
Property, plant and equipment	4,931	3,914	3,327	11,416
Deferred tax assets	1,732	1,913	3,536	3,536
Total non-current assets	7,316	6,464	7,486	15,567
CURRENT ASSETS				
Biological assets	37,325	44,229	50,354	53,395
Construction contracts	105,748	123,726	159,118	144,151
Trade receivables	156,947	253,831	390,277	467,349
Prepayments, deposits and other receivables	181,839	123,735	91,746	111,968
Amounts due from related parties	53,071	88,062	79,395	87,885
Amounts due from shareholders	917	12,532	5,203	6,164
Pledged deposits	36,000	25,000	23,000	25,000
Cash and cash equivalents	42,785	31,317	23,700	18,874
Total current assets	614,632	702,432	822,793	914,786
CURRENT LIABILITIES				
Trade and bills payables	320,701	408,275	540,333	619,319
Other payables and accruals	24,245	34,073	26,934	22,261
Amounts due to related parties	4,095	18,515	3,491	5,069
Amounts due to shareholders	25,369	38,593	11,665	15,610
Interest-bearing bank borrowings	164,700	122,700	125,650	127,900
Income tax payable	(1,287)	(872)	9,099	11,491
Total current liabilities	537,823	621,284	717,172	801,650
NET CURRENT ASSETS	76,809	81,148	105,621	113,136
TOTAL ASSETS LESS CURRENT LIABILITIES	84,125	87,612	113,107	128,703

	As at 31 December			As at 30 June
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES				
Deferred tax liabilities	—	—	—	719
Total non-current liabilities	—	—	—	719
Net assets	84,125	87,612	113,107	127,984
EQUITY				
Equity attribute to owners of the parent				
Share capital	50,000	50,000	50,000	50,000
Reserves	34,125	37,612	63,107	77,984
TOTAL EQUITY	84,125	87,612	113,107	127,984

II. NOTES TO FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Target Company was established in the People's Republic of China (the "PRC") as a company with limited liability on 11 January 1996. The registered office of the Target Company is located at No. 726, Shanmozhi Village, Xiaoshan District, Hangzhou City, Zhejiang Province, PRC.

The Target Group is principally engaged in the provision of landscape designing, gardening and related services.

As at the end of each of the Relevant Periods and the date of this report, the Target Company had direct interests in its subsidiary, which is a private limited liability company, the particular of which is set out below:

Target Company Name	*Note*	**Principal Place of incorporation/ registration and place of operations**	**Nominal value of issued ordinary/ registered shares/ paid-in capital**	**Percentage of equity attributable to the Target Company Direct**	**Principal activities**
Hefei Jingyuan Garden Engineering Co#	(1)	PRC/Mainland China	RMB30,000	51	Landscaping

Note:

The English name of this company represents the best effort made by management of the Target Company to directly translate the Chinese name as it does not register any official English name.

Registered as domestic companies with limited liability under the laws of the PRC.

(1) No audited financial statements have been prepared for the entity for the years ended 31 December 2013, 2014 and 2015, as the entity was not subject to any statutory audit requirements under the relevant rules and regulations in its respective jurisdiction of incorporation.

2.1 BASIS OF PREPARATION

The Financial Information has been prepared in accordance with HKFRSs, (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA, and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 January 2013, together with the relevant transitional provisions, have been early adopted by the Target Group in the preparation of the Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Information.

The Financial Information has been prepared under the historical cost convention, except for biological assets which have been measured at fair value. The Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousands except when otherwise indicated.

Basis of consolidation

The Financial Information include the financial statements of the Target Company and its subsidiary during the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Target Company. Control is achieved when the Target Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Target Group the current ability to direct the relevant activities of the investee).

When the Target Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Target Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Target Group's voting rights and potential voting rights.

The financial statements of the subsidiary are prepared for the same reporting period as the Target Company, using consistent accounting policies. The results of subsidiary are consolidated from the date on which the Target Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to owners of the parent of the Target Group and to the non-controlling interests, even if this results in the non-controlling interest having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Target Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Target Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Target Group had directly disposed of the related assets or liabilities.

3.1 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Target Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Financial Information.

HKFRS 9	*Financial Instruments*[2]
HKFRS 15	*Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[3]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[2]
Amendments to HKAS 7	*Disclosure Initiative*[1]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019

Other than explained below regarding the impact of HKFRS 16, the Target Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Target Group considers that these new and revised HKFRSs may results in changes in accounting policies and are unlikely to have a significant impact on the Target Group's results of operations and financial position.

HKFRS 9 — *Financial Instruments*

HKFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. The completed version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: Amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Investments in equity investments are required to be measured at fair value through profit or loss with the irrevocable option at the inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.

Measurement of impairment losses on trade receivables based on an expected credit losses model requires the use of historical data as well as forward looking information. The management is in the process of assessing the impact of HKFRS 9 and a reasonable estimate of that effect will be available once a detailed review has been completed. Other than the adoption of an expected credit losses impairment model and disclosure changes, adoption of HKFRS 9 is currently not expected to have a material impact on the Financial Information of the Target Group. The Target Group does not plan to early adopt HKFRS 9.

HKFRS 15 — *Revenue from Contracts with Customers*

HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) Identify the contract(s) with customer (2) Identify separate performance obligations in a contract (3) Determine the transaction price (4) Allocate transaction price to performance obligations and (5) recognise revenue when performance obligation is satisfied. The core principle is that a Target Company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Target Company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an 'earnings' processes to an 'asset-liability' approach based on transfer of control. HKFRS 15 is effective for an entity's first annual financial statements under HKFRS for a period beginning on or after 1 January, 2018, with earlier application permitted.

The Target Group does not plan to early adopt HKFRS 15. Based on the Target Group's Listing Business and related revenue recognition accounting policy as set out in note 3.2, the management does not expect significant impact on the financial performance and position of the Target Group resulted from the effectiveness of HKFRS 15 for periods beginning on or after 1 January 2018.

HKFRS 16 — *Leases*

The Target Group is a lessee of two gardening areas which are currently classified as operating leases. The Target Group's current accounting policy for such leases is set out in note 3.2 with the Target Group's future operating lease commitments, which are not reflected in the consolidated statement of financial position and set out in note 26. HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognise certain leases outside of the statement of financial position. Instead, all non-current leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Target Group's consolidated statement of financial position. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in assets and financial liabilities in the consolidated statement of financial position. As for the financial performance impact in the statement of profit or loss and other comprehensive income, the operating lease expense will decrease, while depreciation and amortisation and the interest expense will increase.

Total operating lease commitments of the Target Group at 31 December 2013, 2014 and 2015, and 30 June 2016 amounted to RMB1,284,000, RMB940,000, RMB596,000, and RMB298,000, respectively. Directors expect that certain portion of these lease commitments will be required to be recognised in the consolidated statements of financial position as right-of-use assets and financial liabilities. The Directors do not foresee any material impact on the net profit of the Target Group since the Target Group typically enter into lease agreements with a term of one to six years as disclosed in note 26 and the valid leases have an average lease term of approximately 5.3 years. The new standard is not expected to apply until 1 January 2019.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value measurement

The Target Group measures its biological assets at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Target Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Target Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than construction contract assets, deferred tax assets, and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Target Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Target Group;
- (ii) has significant influence over the Target Group; or
- (iii) is a member of the key management personnel of the Target Group or of a parent of the Target Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Target Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Target Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the parent of the Target Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost (or valuation) less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Target Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2.4% to 3.2%
Machinery	9.5% to 31.7%
Motor vehicles	6.3% to 23.8%
Furniture and fixtures	13.86% to 32.3%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Target Group is the lessor, assets leased by the Target Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Target Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at Amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in other expenses for receivables.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Target Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Target Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Target Group has transferred substantially all the risks and rewards of the asset, or (b) the Target Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Target Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Target Group continues to recognise the transferred asset to the extent of the Target Group's continuing involvement. In that case, the Target Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Target Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Target Group could be required to repay.

Impairment of financial assets

The Target Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the Target Group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Target Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Target Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Target Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to administrative expenses in profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in case of loans and borrowings, net of directly attributable transaction costs.

The Target Group's financial liabilities include trade and bills payables, other payables and accruals, amount due to related parties, amount due to shareholders and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of loans and borrowings are as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Biological assets

Biological assets are measured on initial recognition and at the end of each reporting period at fair value less costs to sell, with any gain of loss change therein recognised in profit or loss for the period in which it arises. Costs to sell are the incremental costs directly attributable to the disposal of an asset, mainly transportation costs and excluding finance costs and income taxes. The fair value is determined based on their present location and condition and is independently by professional valuers.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Target Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Target Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Target Group and when the revenue can be measured reliably, on the following bases:

(a) from construction contracts, on the percentage of completion basis, as further explained in the accounting policy for "Construction contracts" below; and

(b) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue from fixed price construction contracts is recognised using the percentage of completion method, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Revenue from cost plus construction contracts is recognised using the percentage of completion method, by reference to the recoverable costs incurred during the period plus the related fee earned, measured by the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Other employee benefits

Pension scheme

The employees of the Target Company and its subsidiary which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These companies are required to contribute certain percentage of the payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

The Financial Information is presented in RMB, which is the Target Company's functional currency. Each entity in the Target Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Target Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

4. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Target Group's Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Useful lives of property, plant and equipment

The Target Group's management determines the estimated useful lives and the related depreciation charge for the Target Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation charge in the future periods.

Percentage of completion of construction contract works

The Target Group recognises revenue according to the percentage of completion of individual contract of construction work, which requires estimation to be made by management. The stage of completion is estimated by reference to the actual costs incurred over the total budgeted costs, which are prepared based on past experience, complexity of the project, and current quotation or market price of materials or services obtained. Due to the nature of the activity undertaken in construction contracts, the date at which the activity is entered into and the date at which the activity is completed usually fall into different accounting periods. Hence, the Target Group reviews and revises the estimates of contract costs in the budget prepared for each contract as the project progresses. Where the actual contract costs are more than expected, the gross profit of the relevant project will be fluctuated and an expected loss may arise.

Impairment of trade and other receivables, due from shareholders and related parties

The Target Group's management estimates the provision for impairment of trade and other receivables and amounts due from shareholders and related parties by assessing their recoverability based on credit history and the prevailing market conditions. This requires the use of estimates and judgments. Management reassesses the provision at each reporting date.

Provisions are applied to trade and other receivables and amounts due from shareholders and related parties where events or changes in circumstances indicate that the amount may not be collectible. Where the expectation is different from the original estimates, the difference will affect the carrying values of trade and other receivables and amounts due from related parties and shareholders and thus the impairment charge in the period in which the estimates are changed.

Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets was RMB1,732,000, RMB1,913,000, RMB3,536,000 and RMB3,536,000 as at 31 December 2013, 2014 and 2015 and 30 June 2016 respectively.

Impairment non-financial assets (other than goodwill)

The Target Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

5. OPERATING SEGMENT INFORMATION

The Target Group's principal business is the provision of landscape design and gardening and related services. For management purposes, the Group operates in one business unit based on its service, and has one reportable segment which is the provision of landscape design and gardening and related services. 100% of the Target Group's revenue and operating profit were generated from providing the service of landscape gardening in Mainland China and 100% of the Target Group's identifiable assets and liabilities were located in Mainland China. Accordingly, no analysis by business and geographical segments is provided for the Relevant Periods.

Information about major customers

Revenue from each of the major customers, which individually accounted for 10% or more of the Target Group's total revenue, is set out below:

	Year ended 31 December			Six months ended 30 June	
	2013	**2014**	**2015**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Customer A	47,763	N/A*	N/A*	N/A*	N/A*
Customer B	41,074	N/A*	N/A*	N/A*	N/A*
Customer C	35,200	N/A*	N/A*	N/A*	N/A*
Customer D	N/A*	N/A*	111,512	68,585	N/A*

* Less than 10% of the total revenue.

6. REVENUE, OTHER INCOME AND GAINS

Revenue represents an appropriate proportion of contract revenue of construction contracts and the value of services rendered during the Relevant Periods.

An analysis of revenue, other income and gains is as follows:

	Year ended 31 December			Six months ended 30 June	
	2013	**2014**	**2015**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Revenue					
Construction contracts	362,968	429,941	520,261	278,271	202,926
Other income and gains					
Bank interest income	1,575	821	1,405	779	259
Other interest income*	—	884	1,429	715	1,733
Government grants**	443	216	88	65	60
Fair value gains on biological assets	—	—	—	—	2,875
Others	—	408	(989)	(2)	(25)
Total	2,018	2,329	1,933	1,557	4,902

* The construction revenue is measured at the fair value of the consideration received or receivable which is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised as other interest income.

** Government grants represent agriculture subsidies received from the local government in Mainland China. There are no unfulfilled condition or contingences relating to these grants.

7. PROFIT BEFORE TAX

The Target Group's profit before tax is arrived at after charging:

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cost of construction contracts	341,671	410,462	468,181	254,134	185,058
Employee benefit expenses					
Wages and salaries	2,726	2,795	3,092	1,514	1,382
Pension scheme contributions	620	638	858	419	364
Depreciation *(note 13)*	1,183	1,028	671	398	548
Operating lease expense	344	344	344	172	172
Impairment provision for trade receivables	3,379	722	6,493	—	—
Amortisation of prepaid land lease payment *(note 17)*	16	16	14	7	8

8. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Interest expense on bank loans	12,206	9,847	9,543	4,618	3,972

9. DIRECTOR'S AND CHIEF EXECUTIVE'S REMUNERATION

Mr. Ling Jijiang was appointed as the sole executive director of the Target Company on 16 December 1998. His remuneration for the Relevant Periods and the six months ended 30 June 2015 is as follows:

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Fees	—	—	—	—	—
Other emoluments:					
— Salaries, allowances and benefits in kind	90	89	89	45	45
— Pension scheme contributions	36	36	38	19	19
	126	125	127	64	64

The name of the director and his remuneration for the Relevant Periods and the six months ended 30 June 2015 is as follows:

(a) Independent non-executive director and non-executive director

There was no independent non-executive director and non-executive director during the Relevant Periods and the six months ended 30 June 2015 and thus no related fees and other emoluments payable.

(b) Executive director and the chief executive

Mr. Ling Jijiang is the sole director and chief executive of the Target Group as of Relevant Periods and the six months ended 30 June 2016 whose remuneration is stated in the above table.

There were no arrangements under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods and the six months ended 30 June 2015.

10. FIVE HIGHEST PAID EMPLOYEES

An analysis of the five highest paid employees within the Target Group during the Relevant Periods and the six months ended 30 June 2015 is as follows:

	Year ended 31 December			Six months ended 30 June	
	2013	**2014**	**2015**	**2015**	**2016**
				(Unaudited)	
Director	1	1	1	1	1
Non-directors	4	4	4	4	4
	5	5	5	5	5

Details of the remuneration of the above non-director and non-chief executive, highest paid employees are as follows:

	Year ended 31 December			Six months ended 30 June	
	2013	**2014**	**2015**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Salaries, allowances and benefits in kind	353	334	340	170	170
Pension scheme contributions	130	125	135	66	66
	483	459	475	236	236

The remuneration of the non-director and non-chief executive highest paid employees fell within the range of nil to HK$1,000,000 during the Relevant Periods and the six months ended 30 June 2015.

During the Relevant Periods and the six months ended 30 June 2015, no emoluments were paid by the Target Group to any of the persons who are director of the Target Company, or the five highest paid employees as an inducement to join or upon joining the Target Group or as compensation for loss of office.

11. INCOME TAX

The major components of income tax expenses of the Target Group during the Relevant Periods and the six months ended 30 June 2015 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2013	**2014**	**2015**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Current — PRC					
Charge for the year/period	1,004	1,612	10,123	4,345	2,818
Deferred	(844)	(181)	(1,623)	—	719
Total tax charge for the year/period	160	1,431	8,500	4,345	3,537

The provision for current income tax in PRC is based on a statutory rate of 25% of the assessable profits of subsidiary of the Target Group as determined in accordance with the PRC Corporate Income Tax Law.

A reconciliation of the tax expense applicable to profit before tax using the statutory rate in Mainland China to the tax expense at the effective tax rates is as follows:

	Year ended 31 December			Six months ended 30 June	
	2013	**2014**	**2015**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Profit before tax	361	4,862	34,116	17,463	14,292
Tax at PRC statutory tax rate of 25%	90	1,216	8,529	4,366	3,573
Tax effect of non-deductible expenses	70	191	(29)	(21)	(36)
Total tax charge for the year/period	160	1,431	8,500	4,345	3,537

The effective tax rate of the Target Group were 44.32%, 29.43%, 24.91%, 24.88% and 24.75% for the years ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 2016, respectively.

12. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

Earnings per share information is not presented as it's not applicable to the Target Group, as the Target Company is a company with limited liability without shares issued.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Machinery *RMB'000*	Motor vehicles *RMB'000*	Furniture and fixtures *RMB'000*	Total *RMB'000*
31 December 2013					
At 1 January 2013:					
Cost	3,128	36	7,963	591	11,718
Accumulated depreciation	(498)	(33)	(4,596)	(513)	(5,640)
Net carrying amount	2,630	3	3,367	78	6,078
At 1 January 2013, net of accumulated depreciation	2,630	3	3,367	78	6,078
Additions	—	—	—	37	37
Depreciation provided during the year	(75)	(1)	(1,066)	(41)	(1,183)
At 31 December 2013, net of accumulated depreciation	2,555	2	2,301	72	4,932
At 31 December 2013 and 1 January 2014:					
Cost	3,128	36	7,963	628	11,755
Accumulated depreciation	(573)	(34)	(5,662)	(554)	(6,823)
Net carrying amount	2,555	2	2,301	74	4,932
31 December 2014					
At 1 January 2014:					
Cost	3,128	36	7,963	628	11,755
Accumulated Depreciation	(573)	(34)	(5,662)	(554)	(6,823)
Net carrying amount	2,555	2	2,301	74	4,932
At 1 January 2014, net of accumulated depreciation	2,555	2	2,301	74	4,932
Additions	—	11	—	—	11
Depreciation provided during the year	(73)	(1)	(942)	(12)	(1,028)
At 31 December 2014, net of accumulated depreciation	2,482	12	1,359	62	3,915
At 31 December 2014 and 1 January 2015:					
Cost	3,128	47	7,963	628	11,766
Accumulated depreciation	(646)	(35)	(6,604)	(566)	(7,851)
Net carrying amount	2,482	12	1,359	62	3,915

	Buildings *RMB'000*	Machinery *RMB'000*	Motor vehicles *RMB'000*	Furniture and fixtures *RMB'000*	Total *RMB'000*
31 December 2015					
At 1 January 2015, net of accumulated depreciation	2,482	12	1,359	62	3,915
Additions	—	—	84	—	84
Depreciation provided during the year	(76)	(1)	(592)	(2)	(671)
At 31 December 2015, net of accumulated depreciation	2,406	11	851	60	3,328
At 31 December 2015 and 1 January 2016:					
Cost	3,128	47	8,047	628	11,850
Accumulated depreciation	(722)	(36)	(7,196)	(568)	(8,522)
Net carrying amount	2,406	11	851	60	3,328
30 June 2016					
At 1 January 2016, net of accumulated depreciation	2,406	11	851	60	3,328
Additions	8,526	5	86	19	8,636
Depreciation provided during the period	(325)	(1)	(221)	(1)	(548)
At 30 June 2016, net of accumulated depreciation	10,607	15	716	78	11,416
At 30 June 2016:					
Cost	11,654	52	8,133	647	20,486
Accumulated depreciation	(1,047)	(37)	(7,417)	(569)	(9,070)
Net carrying amount	10,607	15	716	78	11,416

At 31 December 2013, 2014 and 2015 and 30 June 2016, the Target Group's buildings with a net carrying amount of approximately RMB2,555,000, RMB2,482,000, RMB2,406,000, RMB10,607,000, respectively, were pledged to secure the issuance of certain of the Target Group's bills payable (note 20).

14. BIOLOGICAL ASSETS

A. Nature of activities

Plants and saplings owned by the Target Group are held for the future landscape gardening.

B. Value of plants and saplings

The value of plants and saplings at 31 December 2013, 2014 and 2015 and 30 June 2016 was:

	As at 31 December			As at 30 June
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Plants and saplings	37,325	44,229	50,354	53,395

The Target Group's plants and saplings were independently valued by an independent qualified professional valuer not connected with the Target Group, who has appropriate qualifications and recent experiences in valuation of biological assets. The fair value less costs to sell of the trees are determined based on the market-determined prices as at the end of each of the Relevant Periods adjusted with reference to the species, age, diameter, cost incurred.

The principal valuation assumption adopted in measuring fair value of trees is as follows.

The valuation of the fair value of biological assets has taken into consideration the transportation costs following HKFRS 13 "Fair value measurement". The transportation costs for the sales of plants and saplings are not material in the view of the Directors.

15. CONSTRUCTION CONTRACTS

	As at 31 December			As at 30 June
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Gross amount due from contract customers	110,062	125,444	161,009	146,042
Contract costs incurred plus recognised profits less recognised losses to date	438,678	459,574	645,331	673,099
Less: Progress billings	(328,616)	(334,130)	(484,322)	(527,057)
	110,062	125,444	161,009	146,042

16. TRADE RECEIVABLES

	As at 31 December			As at 30 June
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	164,292	266,355	404,807	482,017
Less: Impairment provision	(5,092)	(5,814)	(12,307)	(12,307)
	159,200	260,541	392,500	469,710

The Target Group's trading terms with its customers are mainly on credit. The credit period is within 180 days (excluding retention money receivable). The Target Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Target Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing. The Target Group does not hold any collateral or other credit enhancements over its trade receivable balances.

The Target Group has pledged trade receivables of nil, nil, RMB31,70,000 and RMB28,811,000 as at 31 December 2013, 2014 and 2015 and 30 June 2016, respectively, to secure certain interest-bearing bank borrowings granted to the Target Group (note 22).

An aged analysis of the trade receivables as at the end of each of the Relevant Periods, based on the transaction date and net of provision, is as follows:

	As at 31 December			As at 30 June
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	156,492	246,454	383,999	447,479
Over one year but within two years	2,708	10,505	8,501	18,195
Over two years but within three years	—	3,582	—	4,036
	159,200	260,541	392,500	469,710

Included in the provision for impairment of trade receivables is a provision for individually impaired trade receivables of approximately RMB5,092,000, RMB5,814,000, RMB12,307,000 and RMB12,307,000, with a carrying amount before provision of approximately RMB7,800,000, RMB19,901,000, RMB20,808,000 and RMB34,539,000 as at 31 December 2013, 2014 and 2015 and 30 June 2016, respectively.

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in interest and/or principal payments and only a portion of the receivables is expected to be recovered.

For retention money receivables in respect of construction works carried out by the Target Group, the respective due dates usually range from one to three years after the completion of the relevant construction work. At 31 December 2013, 2014 and 2015 and 30 June 2016, retention money held by customers included in trade receivables amounted to approximately RMB15,783,000, RMB25,526,000, RMB40,432,000 and RMB48,175,000, respectively.

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

17. PREPAID LAND LEASE PAYMENTS

	As at 31 December			As at 30 June
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at beginning of the year/period	669	653	637	623
Recognised during the year/period	(16)	(16)	(14)	(8)
Carrying amount at end of the year/period	653	637	623	615

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December			As at 30 June
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments	20,752	3,000	85	85
Deposits and other receivables	164,281	124,710	95,277	116,097
	185,033	127,710	95,362	116,182

Other receivables are non-interest-bearing, unsecured and repayable on demand.

Net of prepayments, deposits and other receivables is a provision of RMB1,838,000 as at the end of each of the Relevant Periods.

Included in the provision for impairment of prepayments, deposits and other receivables is a provision for individually impaired receivables of RMB1,838,000 as at the end of each of the Relevant Periods with a carrying amount before provision of RMB1,838,000. The individually impaired receivables relate to the portions of receivables that were not expected to be recovered.

19. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 31 December			As at 30 June
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	28,308	16,394	13,705	8,983
Time deposits	51,000	40,000	33,500	35,500
Less: Pledged short-term deposits	36,000	25,000	23,000	25,000
Cash and cash equivalents	43,308	31,394	24,205	18,983

Pledged short-term deposits were pledged as security for issuance of bills payable of the Target Group (note 20).

As at the end of each of the Relevant Periods, the cash and bank balances and pledged deposits of the Target Group were all denominated in RMB. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Target Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and bank balances approximate to their fair values.

20. TRADE AND BILLS PAYABLES

	As at 31 December			As at 30 June
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	276,620	347,778	497,333	570,005
Bills payable	56,000	62,000	43,000	49,814
	322,620	409,778	540,333	619,819

An aged analysis of outstanding trade and bills payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December			As at 30 June
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	307,230	388,261	517,329	578,316
Over one year but within two years	7,565	16,046	10,217	21,864
Over two years but within three years	7,825	5,471	12,787	19,639
	322,620	409,778	540,333	619,819

The trade payables are non-interest-bearing and are normally settled on terms of six months.

At 31 December 2013, 2014 and 2015 and 30 June 2016, the Target Group's buildings with a net carrying amount of approximately RMB2,555,000, RMB2,482,000, RMB2,406,000 and RMB10,607,000, respectively, were pledged to secure the issuance of certain of the Target Group's bill payables.

21. OTHER PAYABLES AND ACCRUALS

	As at 31 December			As at 30 June
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advance from customers and other payables	2,717	11,295	10,437	88
Other tax payable	16,270	17,964	19,376	18,099
Deposits from sub-contractors	13,096	15,320	4,775	13,871
Payroll payable	—	—	—	114
	32,083	44,579	34,588	32,172

Other payables are non-interest-bearing and are normally settled on terms of three months.

22. INTEREST-BEARING BANK BORROWINGS

	As at 30 June 2016			As at 31 December 2015		
	Effective interest rates	Maturity		Effective interest rates	Maturity	
	(%)		*RMB'000*	*(%)*		*RMB'000*
Current						
Bank loans — secured	4.24%–7.2%	2016–2017	127,900	4.84%–6.79%	2016	125,650

	As at 31 December 2014			As at 31 December 2013		
	Effective interest rates	Maturity		Effective interest rates	Maturity	
	(%)		*RMB'000*	*(%)*		*RMB'000*
Current						
Bank loans — secured	6.16%–7.5%	2015	122,700	6.16%–7.5%	2014	164,700

(i) The secured information as at 31 December 2013, 2014 and 2015 and 30 June 2016 are as follows:

	As at 31 December			As at 30 June
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guaranteed by Zhejiang Xiaoshan Flower Industry Guarantee Service Co., Ltd	20,000	—	—	—
Guaranteed by Hangzhou Tianxiang Garden Co., Ltd. ("Hangzhou Tianxiang")	—	12,000	—	12,000
Guaranteed by Zhejiang Huaxin Holding Group	15,000	—	—	—
Guaranteed by Hangzhou Zhejiang Zhongzhu Garden Trading Co., Ltd.	12,000	—	—	—
Guaranteed by Hangzhou Xiaoshan Yonghe Landscaping Engineering Co., Ltd. ("Xiaoshan Yonghe")	35,000	30,000	—	—
Guaranteed by Xiaoshan Yonghe and Hangzhou Tianxiang	—	—	20,000	15,000
Guaranteed by Xiaoshan Yonghe and Mr. Ling Jijiang	27,700	27,700	37,700	37,700
Guaranteed by Xiaoshan Yonghe, Mr. Ling Jijiang and Ms. Chen Jianfen	55,000	20,000	—	—
Guaranteed by Xiaoshan Yonghe, Mr. Ling Jijiang, Ms. Chen Jianfen and Yonghe Holding Group	—	25,000	29,750	25,000
Guaranteed by Xiaoshan Yonghe, Mr. Ling Jijiang, Ms. Chen Jianfen, Hangzhou Ling's Industrial Co., Ltd. ("Ling's industrial")	—	8,000	—	27,000
Guaranteed by Mr. Ling Jijiang, Ms. Chen Jianfen and Ling's industrial	—	—	27,000	—
Pledged by Mr. Ling Jijiang and Ms. Chen Jianfen's property	—	—	1,200	1,200
Pledged by trade receivables *(note 16)*	—	—	10,000	10,000

Hangzhou Tianxiang, Zhejiang Huaxin Holding Group, Hangzhou Zhejiang Zhongzhu Garden Trading Co., Ltd., Xiaoshan Yonghe and Yonghe Holding Group are third parties to the Target Group.

(ii) All borrowings are denominated in RMB and bear interest at floating rates.

23. DEFERRED TAX

The movements in deferred tax liabilities and assets during the Relevant Periods are as follows:

Deferred tax liabilities

	Timing difference arising from biological assets	Total
	RMB'000	*RMB'000*
At 1 January 2013, 1 January 2014, 1 January 2015 and 1 January 2016	—	—
Deferred tax charged to profit or loss during the period *(note 11)*	719	719
At 30 June 2016	719	719

Deferred tax assets

	Accrual and others	Total
	RMB'000	*RMB'000*
At 1 January 2013	888	888
Deferred tax credited to profit or loss during the year *(note 11)*	844	844
At 31 December 2013 and 1 January 2014	1,732	1,732
Deferred tax credited to profit or loss during the year *(note 11)*	181	181
At 31 December 2014 and 1 January 2015	1,913	1,913
Deferred tax credited to profit or loss during the year *(note 11)*	1,623	1,623
At 31 December 2015 and 1 January 2016	3,536	3,536
Deferred tax credited to profit or loss during the period *(note 11)*	—	—
At 30 June 2016	3,536	3,536

24. SHARE CAPITAL

	As at 31 December			As at 30 June
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Registered and fully paid:	50,000	50,000	50,000	50,000

The Target Company was incorporated as a company with limited liability in the Mainland China on 11 January 1996 with a registered share capital of RMB50,000,000.

25. RESERVES

The amounts of the Target Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

Statutory reserve

In accordance with the Company Law of the PRC, the Target Company and its subsidiary which are domestic enterprises are required to allocate a certain portion (not less than 10%) of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to increase share capital, provided that the remaining balance after the capitalization is not less than 25% of the registered capital.

26. COMMITMENTS

Operating lease arrangements — As lessee

The Target Group is the lessee in respect of a number of properties and land held under operating leases. The leases typically run for an initial period of one to five years, with an option to renew the leases when all the terms are renegotiated.

At the end of each of the Relevant Periods, the Target Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 December			As at 30 June
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	344	344	298	298
In the second to fifth years, inclusive	940	596	298	—
	1,284	940	596	298

27. RELATED PARTY TRANSACTIONS

(a) Related parties

Related parties for the years ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 2016 were as follows:

Name	Relationship
Mr. Ling Jijiang	Controlling shareholder
Mr. Ling Jiayuan	Controlling shareholder
Ms. Chen Jianfen	Controlling shareholder
Zhejiang Rainforest Holding Group ("Rainforest Holding")	Entity controlled by Controlling shareholders
Zhejiang Xiaoshan Flower Industry Guarantee Service Co., Ltd ("Flower Guarantee")	Entity controlled by Controlling shareholders
Hangzhou Lvdi Investment Management Co., Ltd. ("Lvdi Investment")	Entity controlled by Controlling shareholders
Hangzhou Baolin Technology Co., Ltd. ("Baolin Technology")	Entity controlled by Controlling shareholders
Lengshuijiang Jiangnan Real Estate Development Co., Ltd. ("Lengshuijiang Real Estate")	Entity controlled by Controlling shareholders
Hangzhou Ling's Industrial Co., Ltd. ("Ling's Industrial")	Entity controlled by Controlling shareholders
Jiangsu Baoneng Building Materials Co., Ltd. ("Baoneng Building")	Entity controlled by Controlling shareholders
Hangzhou Xiaoshan Lingyun Garden Spot ("Lingyun Garden Spot")	Entity controlled by Controlling shareholders
Hangzhou Guidu Landscape Design Co., Ltd. ("Guidu Landscape")	Entity controlled by Controlling shareholders

(b) Related party transactions

In addition to the transactions detailed elsewhere in the Financial Information, the Target Group had the following transactions with related parties during the Relevant Periods:

(i) ***Advances of loans/(repayment from) to related parties and shareholders:***

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Rainforest Holding	58	—	(58)	—	—
Flower Guaratee	—	—	5	—	(5)
Lvdi Investment	—	(50)	—	—	296
Baolin Technology	(50)	—	—	—	—
Lengshuijiang Real Estate	14,600	4,550	2,500	—	(700)
Ling's Industrial	—	—	(70)	—	9,005
Baoneng Building	4,500	200	4,000	—	(8,700)
Lingyun Garden Spot	(5,789)	30,311	(15,044)	(377)	8,235
Guidu Landscape	20	(20)	—	—	—
Mr. Ling Jijiang	—	—	—	8,938	2,631
Mr. Ling Jiayuan	917	11,615	(7,329)	30,311	—

(ii) *Advances of loans from/(repayment to) related parties and shareholders:*

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Rainforest Holding	—	—	42	—	—
Flower Guaratee	2,145	12,990	(15,135)	(12,227)	—
Lvdi Investment	—	950	29	—	(979)
Baolin Technology	1,950	—	40	—	(376)
Guidu Landscape	—	480	—	—	(4)
Mr. Ling Jijiang	10,798	10,712	(20,635)	—	(875)
Ms. Chen Jianfen	14,571	2,512	(6,292)	—	4,819

(c) **Balances with related parties**

The Target Group had the following balances with its related parties at the end of each of the Relevant Periods:

(i) *Due from related parties:*

	As at 31 December			As at 30 June
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Rainforest Holding	58	58	—	—
Flower Guarantee	—	—	5	—
Lvdi Investment	50	—	—	296
Baolin Technology	—	—	—	375
Lengshuijiang Real Estate	22,450	27,000	29,500	28,800
Ling's Industrial	7,800	7,800	7,730	16,735
Baoneng Building	4,500	4,700	8,700	—
Lingyun Garden Spot	18,193	48,504	33,460	41,695
Guidu Landscape	20	—	—	—

(ii) *Due from the shareholders:*

	As at 31 December			As at 30 June
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Ling Jijiang	—	—	—	2,631
Mr. Ling Jiayuan	917	12,532	5,203	3,533

Amounts due from related parties and the shareholders were interest-free, unsecured and have no fixed terms of repayment.

(iii) ***Due to related parties:***

	As at 31 December			As at 30 June
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Rainforest Holding	—	—	42	42
Flower Guarantee	2,145	15,135	—	—
Lvdi Investment	—	950	979	—
Baolin Technology	1,950	1,950	1,990	1,614
Guidu Landscape	—	480	480	476

(iv) ***Due to the shareholders:***

	As at 31 December			As at 30 June
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Ling Jijiang	10,798	21,510	874	—
Ms. Chen Jianfen	14,571	17,083	10,791	15,610

Amounts due to related parties and shareholders above are non-interest-bearing and have no fix term of repayment.

(v) For guarantees in relation to interest-bearing bank borrowings provided by related parties and shareholders at the end of each of the Relevant Periods, please refer to note 22 for details.

(d) Compensation of key management personnel of the Target Group:

	Year ended 31 December			Six months ended 30 June	
	2013	**2014**	**2015**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Short term employee benefits	353	334	340	170	170
Post-employee benefits	130	125	135	67	66
	483	459	475	237	236

Further details of directors' and the chief executive's emoluments are included in note 9 to the Financial Information.

28. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Financial assets

Loans and receivables

	As at 31 December			As at 30 June
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	159,200	260,541	392,500	469,710
Financial assets included in prepayments, deposits and other receivables	164,281	124,710	95,277	116,097
Amounts due from related parties	53,071	88,062	79,395	87,525
Amounts due from shareholders	917	12,532	5,203	6,164
Pledged deposits	36,000	25,000	23,000	25,000
Cash and cash equivalents	43,308	31,394	24,205	18,983
	456,777	542,239	619,580	723,479

Financial liabilities

Financial liabilities at amortised cost

	As at 31 December			As at 30 June
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	322,620	409,778	540,333	619,819
Interest-bearing bank borrowings	164,700	122,700	125,650	127,900
Financial liabilities included in other payables and accruals	20,606	26,577	15,213	13,960
Amounts due to related parties	4,095	18,515	3,491	2,132
Amounts due to shareholders	25,369	38,593	11,665	15,610
	537,290	616,163	696,352	779,421

29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Target Group's and the Target Company's financial instruments approximate to their fair values.

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, biological assets, trade receivables, financial assets included in prepayments, deposits and other receivables, trade and bills payables, interest-bearing bank borrowings and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair values of these financial instruments have been calculated by discounting the expected future cash flows at prevailing interest rate.

As at 31 December 2013, 2014 and 2015 and 30 June 2016, the Target Group did not hold any assets or liabilities measured at fair value except the biological assets disclosed as below:

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2013	—	—	37,325	37,325
As at 31 December 2014	—	—	44,229	44,229
As at 31 December 2015	—	—	50,354	50,354
As at 30 June 2016	—	—	53,395	53,395

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Target Group's principal financial instruments comprise cash and cash equivalent. The main purpose of these financial instruments is to raise finance for the Target Group's operations. The Target Group has various other financial assets and liabilities, such as trade and other receivables and trade and other payables, which arise directly from its operations.

The main risks arising from the Target Group's financial instruments are interest rate risk, credit risk and liquidity risk. The board of Directors reviews and agrees policies for managing each of these risks and they are summarized below.

Interest rate risk

The Target Group's exposure to the risk of changes in market interest rates relates primarily to the Target Group's interest-bearing bank borrowings with interest with floating rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Target Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit before tax** *RMB'000*	**Increase/ (decrease) in equity** *RMB'000*
Year ended 31 December 2013			
RMB	5%	(540)	(405)
RMB	–5%	540	405
Year ended 31 December 2014			
RMB	5%	(499)	(374)
RMB	–5%	499	374
Year ended 31 December 2015			
RMB	5%	(431)	(323)
RMB	–5%	431	323
Six months ended 30 June 2016			
RMB	5%	(177)	(133)
RMB	–5%	177	133
Six months ended 30 June 2015 (unaudited)			
RMB	5%	(241)	(181)
RMB	–5%	241	181

Credit risk

The Target Group trades only with recognised and creditworthy third parties and related parties. It is the Target Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Target Group's exposure to bad debts is not significant.

All the Target Group's cash and cash equivalents are held in major financial institutions located in Mainland China, which do not have a recent history of default.

The carrying amounts of cash and cash equivalents, pledged deposits, amounts due from related parties, amounts due from shareholders, trade receivables and financial assets included in prepayments, deposits and other receivables included in the consolidated statements of financial position represent the Target Group's maximum exposure to credit risk in relation to its financial assets. The Target Group has no other financial assets which carry significant exposure to credit risk.

Liquidity risk

The Target Group's policy is to monitor regularly the current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

	30 June 2016				
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	619,819	—	—	—	619,819
Interest-bearing bank borrowings	—	35,948	95,665	—	131,613
Amounts due to relate parties	2,132	—	—	—	2,132
Amounts due to shareholders	15,610	—	—	—	15,610
Financial liabilities included in other payables and accruals	13,960	—	—	—	13,960
	651,521	35,948	95,665	—	783,134

	31 December 2015				
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	540,333	—	—	—	540,333
Interest-bearing bank borrowings	—	40,281	88,529	—	128,810
Amounts due to related parties	3,491	—	—	—	3,491
Amounts due to shareholders	11,665	—	—	—	11,665
Financial liabilities included in other payables and accruals	15,213	—	—	—	15,213
	570,702	40,281	88,529	—	699,512

	31 December 2014				
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	409,778	—	—	—	409,778
Interest-bearing bank borrowings	—	44,366	82,463	—	126,829
Amounts due to related parties	18,515	—	—	—	18,515
Amounts due to shareholders	38,593	—	—	—	38,593
Financial liabilities included in other payables and accruals	26,577	—	—	—	26,577
	493,463	44,366	82,463	—	620,292

	31 December 2013				
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	322,620	—	—	—	322,620
Interest-bearing bank borrowings	—	6,089	162,891	—	168,980
Amounts due to related parties	4,095	—	—	—	4,095
Amounts due to shareholders	25,369	—	—	—	25,369
Financial liabilities included in other payables and accruals	20,606	—	—	—	20,606
	372,690	6,089	162,891	—	541,670

Capital management

The preliminary objective of the Target Group's capital management is to safeguard the Target Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Target Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Target Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Target Group monitors capital using a gearing ratio, which is net debt divided by total equity attributable to owners of the parent plus net debt. Net debt includes trade and bills payables, interest-bearing bank borrowings, financial liabilities included in other payables and accruals, amounts due to related parties and shareholders, less cash and cash equivalents. The gearing ratios as at the end of each of the Relevant Periods are as follows:

	As at 31 December			As at 30 June
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	322,620	409,778	540,333	619,819
Interest-bearing bank borrowings	164,700	122,700	125,650	127,900
Other payables and accruals	20,606	26,577	15,213	13,960
Amounts due to related parties	4,095	18,515	3,491	2,132
Amounts due to shareholders	25,369	38,593	11,665	15,610
	537,390	616,163	696,352	779,421
Less: Cash and cash equivalents	43,308	31,394	24,205	18,983
Net debt	494,082	584,769	672,147	760,438
Equity attributable to owners of the parent	84,394	87,853	113,410	128,363
Net debt and equity	578,476	672,622	785,557	888,801
Gearing ratio	85%	87%	86%	86%

31. CONTINGENT LIABILITIES

The Target Group had contingent liabilities not provided for in the Financial Information at the end of each of the Relevant Periods as follows:

	As at 31 December			As at 30 June
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guarantees given to banks in connection with facilities granted to:				
Third parties	—	—	163,442	158,312
Risk in relation to pending litigation *(a)*	—	—	—	19,524

(a) The Target Company, Nanjing 10th Construction Engineering Co., Ltd. and Chen Wenyuan, a subcontractor of the Target Company received a civil summons during the Relevant Periods from the Intermediate People's Court of Xianyang City (the "Intermediate Court"), pursuant to which, an application for trial of a civil court case (the "Litigation") filed by Gao Zhiqiang. The Litigation was stemmed from Chen Wenyuan had failed to settle the progress payment under a construction contract for constructing West Xianyang New Area at a consideration of RMB19,524,000. The Directors have sought a legal advice from the PRC lawyer and are of the opinion that the delay of the progress payment to Gao Zhiqiang was due to the Chen Wenyuan and the risk for the joint liability penalty is minimal. Accordingly, no provision in respect of the penalty, if any, has been provided for.

32. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Group or any of its subsidiary in respect of any period subsequent to 30 June 2016.

Set out below is the management discussion and analysis of the business and results of operations of the Target Group for the three years ended 31 December 2015 and the six months ended 30 June 2015 and 30 June 2016 (the "**Track Record Period**").

BUSINESS REVIEW

The major business of the Target Group was contributed by the Target Company, which was established in the PRC in January 1996 and is principally engaged in cultivation, research and development, and wholesale and retail of seedlings; sale and plantation of miniature tree; landscaping projects, municipal projects, city lighting projects, building construction and excavation works, and design and construction of Chinese garden and ancient architecture.

Major Large Projects

Completed Major Landscape Projects

During the Track Record Period, the Target Group has completed 10 major projects, with the details set out in the following table:

Project	Customer type	Contract Value	Commencement	Completion year	Revenue recognized
		RMB'000			*RMB'000*
Project A	Government	111,512	December 2014	2015	111,512
Project B	Private Enterprise	41,074	June 2013	2013	41,074
Project C	Private Enterprise	40,975	August 2013	2014	40,975
Project D	Government	47,115	January 2012	2013	35,200
Project E	Government	30,459	January 2014	2014	30,459
Project F	Government	28,665	June 2014	2014	28,665
Project G	Government	25,300	February 2014	2014	25,300
Project H	Government	23,559	March 2014	2014	23,559
Project I	Government	20,249	October 2014	2014	20,249
Project J	Private Enterprise	20,000	August 2015	2015	20,000

New Major Landscape Projects Awarded but not yet Commenced

The following table sets out the new major landscape projects which were awarded to us in the Track Record Period but were not commenced, or no relevant revenue was recognized during the Track Record Period.

Project	**Customer type**	**Contract Value**	**Commencement**	**Expected completion year**
		RMB'000		
Project K	State-invested enterprise	25,283	November 2016	2017

Qualifications and Licenses

The Target Group currently holds the following major licenses/qualifications in the PRC:

Issue authority	**Category**	**License class**
Ministry of Housing and Urban-Rural Development of the PRC	Urban landscape construction enterprises qualification certificate	Grade One
Department of Housing and Urban-Rural Development of Zhejiang Province	Municipal public works construction main contractor certificate	Grade Two

According to the relevant PRC laws and regulations, enterprises engaged in landscape architecture services shall obtain the requisite qualification certificate, namely the Urban Landscape Construction Enterprises Qualification Certificate. Pursuant to the Urban Landscaping Enterprise Qualification Standard* (《城市園林綠化企業資質等級標準》) promulgated by the Ministry of Housing and Urban-Rural Development of PRC (中華人民共和國住房和城鄉建設部). The Urban Landscape Construction Enterprises Qualification Certificate is categorized into three grades: Grade One, Grade Two and Grade Three. Grade One Urban Landscape Construction Enterprises Qualification Certificate is the highest qualification in the landscape architecture services industry in China. Holders of such certificate are qualified to undertake all types of landscape architecture services construction projects in any scale.

According to the relevant PRC laws and regulations, enterprises engaged in municipal public facilities construction services shall obtain the requisite qualification certificate, namely the Municipal Public Works Construction Main Contractor Certificate. Pursuant to the Construction Enterprise Qualification Standard* (《建築業企業資質標準》) promulgated by the Ministry of Housing and Urban-Rural Development of PRC (中華人民共和國住房和城鄉建設部), the Municipal Public Works Construction Main Contractor Certificate is categorized into three grades:

Grade One, Grade Two and Grade Three. Grade Two Municipal Public Works Construction Main Contractor Certificate allows the holder to construct: (1) various types of roads in cities and single span bridges with a height of under 45 meters; (2) water supply projects, sewage treatment works and water supply pump stations and sewage pump stations with throughput of less than 150,000 tonnes per day, 100,000 tonnes per day, 250,000 tonnes per day and 150,000 tonnes per day respectively, as well as all kinds of water pipeline and drainage projects; (3) gas pipeline and pressure station with medium pressure and thermal heating construction and pipeline projects with heating area of less than 1.5 million square meters; (4) various of urban waste treatment projects; (5) tunneling works and underground transportation projects with cross section of less than 25 square meters; (6) various of plazas and pavement of parking structures; (7) integrated municipal projects with contract amount of less than RMB40 million (integrated municipal projects refer to projects involving two or more of the following: road and bridges, water supply and sewage system and drainages, heat, electricity and communications).

The Target Group intends to apply for a Grade One Municipal Public Works Construction Main Contractor Certificate by the end of December 2016 and expects to obtain this qualification by the end of 2017.

Outlook

In terms of the municipal landscaping market, the industry scales has been increasing rapidly under the positive influence of the state policies. The promotion of the Public-Private-Partnership mode (PPP mode) has reduced the financial burden of the government, while boosting the landing of environmental protection investments. In terms of the real estate landscaping market, the annual increase rate reaches over 5% with the steady real estate development in China. With the growth in both of the above markets, the Target Group has moved its development priorities to the regional landscape engineering markets in the East China as well as in the South China, with the prospect of expanding its business scale by using the experiences and the brand impact accumulated from the operation of its historical projects.

FINANCIAL REVIEW

Revenue

The revenue of the Target Group for each of the three years ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 2016 were approximately RMB362,968,000, RMB429,941,000, RMB520,261,000, and RMB202,926,000 respectively. The revenue of the Target Group maintained a steady growth due to the increase of its market reputation.

Gross Profit and Gross Profit Margin

The gross profit of the Target Group for each of the three years ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 30 2016 were approximately RMB21,297,000, RMB19,479,000, RMB52,080,000 and RMB17,868,000 respectively and the gross profit margin are approximately 5.87%, 4.53%, 10.01% and 8.81%, respectively mainly due to the change of project size: larger projects bring a higher gross profit margin as the projects are more complex and require more integrated management.

Other Income and gains

The other income and gains of the Target Group for each of the years ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 2016 were approximately RMB2,018,000, RMB2,329,000, RMB1,933,000 and RMB4,902,000 respectively, which was mainly contributed by the interest income and fair value gains on biological assets.

Administrative Expenses

The administrative expenses of the Target Group for each of the years ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 2016 were approximately RMB10,748,000, RMB7,099,000, RMB10,354,000 and RMB4,506,000, respectively and the ratio of such expenses to revenue were approximately 2.96%, 1.65%, 1.99%, and 2.22%, respectively.

Financial Cost

The financial cost of the Target Group for each of the years ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 2016 were approximately RMB12,206,000, RMB9,847,000, RMB9,543,000 and RMB3,972,000, respectively. The decrease was attributable to the decrease of interest rate and average interest-bearing borrowings balances.

Income Tax

The income tax expense of the Target Group for each of the years ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 2016 were approximately RMB160,000, RMB1,431,000, RMB8,500,000 and RMB3,537,000, respectively and the effective tax rate were 44.32%, 29.43%, 24.91% and 24.75% respectively.

Net Profit and Net Profit Margin

The net profit of the Target Group for each of the years ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 2016 were approximately RMB201,000, RMB3,431,000, RMB25,616,000 and RMB10,755,000, respectively and the net profit margin were 0.06%, 0.80%, 4.92% and 5.30%, respectively.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

Historically, the Target Group generally satisfied the liquidity requirements through cash flows from operations, bank borrowings and obtaining credit terms from suppliers. The primary liquidity requirements are to finance working capital, fund the payments of interests and principal due on our indebtedness and fund capital expenditure for the expansion of our facilities and operations. Going forward, the Target Group expects these sources to continue to be the principal sources of liquidity.

As at 30 June 2016, the current assets mainly comprised of trade and other receivables of approximately RMB585,892,000 and cash and cash equivalents of approximately RMB18,983,000. The current liabilities mainly comprised of trade and other payables of approximately RMB651,991,000 and interest-bearing bank borrowings of approximately RMB127,900,000. The Target Group had total assets of approximately RMB938,568,000 and total liabilities of approximately RMB809,843,000.

Details of the bank borrowings of the Target Group are set out in note 22 to the financial information on page II-37 of the accountant's report of the Target Group set out in Appendix II of this circular.

GEARING RATIO

The Target Group's gearing ratio was approximately 85%, 87%, 86% and 86% as at 31 December 2013, 2014 and 2015 and 30 June 2016, respectively, which is calculated as the net debt divided by the equity attributable to owners of the parent plus net debt.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENT

During the Track Record Period, the Target Group had no material capital expenditure.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSALS

The Target Group did not have any other significant investments and had not entered into any material acquisitions and/or disposals of any of its subsidiaries and associated companies during the Track Record Period.

CONTINGENT LIABILITIES

As at the close of business on 30 November 2016, the Target Group had the following contingent liabilities: (i) Guarantees given to banks in connection with facilities granted to third parties of RMB201,200,000; and (ii) Risk in relation to pending litigation of RMB19,524,000.

PLEDGE OF ASSETS

As at 30 June 2016, the Target Group's building with a net carrying amount of approximately RMB10,607,000 was pledged to secure the issuance of certain of the Target Group's bills payable.

As at 30 June 2016, the Target Group has pledged trade receivables with a net carrying amount of approximately RMB28,811,000 to secure certain interest-bearing borrowing granted to the Target Group.

As at 30 June 2016, the Target Group's deposits with a net carrying amount of approximately RMB25,000,000 was pledged to secure the issuance of certain of the Target Group's bills payable.

REMUNERATION POLICIES AND EMPLOYEE INFORMATION

As at 31 December 2013, 2014 and 2015 and 30 June 2016, the Target Group had 49, 55, 59 and 55 employees, respectively. Total staff costs for the years ended 31 December 2013, 2014 and 2015 and for the six months ended 30 June 2016 were approximately RMB3,346,000, RMB3,433,000, RMB3,950,000 and RMB1,746,000, respectively.

The Target Group's employee benefits and remuneration policy are in line with prevailing market practice, as salary increments are assessed based on the performance of individual staff member. The Group intends to employ all of the Target Group's employees and retain their current positions after the Completion.

MARKET RISKS

The Target Group is exposed to various types of market risks in the ordinary course of our business, including fluctuations in interest rates, credit risk and liquidity risk. The Target Group manages the exposure to these and other market risks through regular operating and financial activities.

Interest Rate Risk

The Target Group is exposed to the risk of changes in market interest rates which relates primarily to our interest-bearing bank borrowings with a floating interest rate. The Target Group currently does not have any interest rate hedging policy. However, it monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

Credit Risk

The maximum exposure to credit risk of the Target Group in the event of the counterparties' failure to perform their obligations as at 30 June 2016 in relation to each class of recognized financial assets was the carrying amount of those assets as stated in the statement of financial position. In order to minimize the credit risk, the Target Group reviews recoverable amount of each individual trade and other receivables regularly at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. As at 30 June 2016, the cash and cash equivalents were deposited in high quality financial institutions and thus have no significant credit risk.

Liquidity Risk

The Target Group monitors the risk to shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both of the financial instruments and financial assets such as trade receivables and projected cash flows from operations. The Target Group also manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Target Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Target Group does not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period.

(A) INTRODUCTION TO UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The accompanying unaudited pro forma consolidated statement of financial position of the Enlarged Group (collectively, the "Unaudited Pro Forma Financial Information") has been prepared by the directors of the Company (the "Directors") in accordance with paragraph 29 of Chapter 4 of the Listing Rules for the purpose of illustrating the effects of the proposed acquisitions of the 60% equity interest of the Target Company (the "Proposed Acquisitions") on the consolidated financial position of the Enlarge Group.

The unaudited pro forma consolidated statement of financial position of the Enlarged Group has been prepared based on the unaudited consolidated statement of financial position of the Group as at 30 June 2016, which has been extracted from the Group's published unaudited interim report for the six months ended 30 June 2016 dated 25 August 2016, and the audited consolidated statement of financial position of the Target Group as at 30 June 2016, which has been extracted from the accountants' report of the Target Group set out in Appendix II to this Circular, after taking into account the pro forma adjustments relating to the Proposed Acquisitions that are (i) clearly shown and explained; (ii) directly attributable to the Proposed Acquisitions and not relating to future events or decisions; and (iii) factually supportable, as explained in the accompanying notes, as if the Proposed Acquisitions had been completed on 30 June 2016.

The accompanying Unaudited Pro Forma Financial Information of the Enlarged Group is prepared by the Directors based on a number of assumptions, estimates, uncertainties and currently available information to provide information of the Enlarged Group upon Completion of the Proposed Acquisitions. As the Unaudited Pro Forma Financial Information is prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position and results of the Enlarged Group following the completion of the Proposed Acquisitions and does not purport to describe the actual financial position of the Enlarged Group that would have been attained had the Proposed Acquisitions been completed on the dates indicated herein. Further, the accompanying Unaudited Pro Forma Financial Information of the Enlarged Group does not purport to predict the future financial position of the Enlarged Group after the completion of the Proposed Acquisitions.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared in accordance with paragraph 29 of Chapter 4 and paragraph 69(4)(a)(ii) of Chapter 14 of the Listing Rules. The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the financial information of the Group as set out in Appendix I to the Circular, the accountants' report of the Target Group as set out in Appendix II to the Circular and other financial information included elsewhere in the Circular.

(B) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

	The Group as at 30 June 2016	The Target Group as at 30 June 2016	Pro forma adjustments	Note	The Enlarged Group as at 30 June 2016
	RMB'000	*RMB'000*	*RMB'000*	*Note*	*RMB'000*
	(Note 1)	*(Note 2)*			
NON-CURRENT ASSETS					
Prepaid land lease payments	—	615			615
Property, plant and equipment	20,942	11,416			32,358
Goodwill	1,916	—			1,916
Other intangible assets	25,273	—			25,273
Investment in a joint venture	5,061	—			5,061
Available-for-sale investments	60,000	—			60,000
Construction contracts	254,205	—			254,205
Deferred tax assets	6,402	3,536			9,938
Total non-current assets	373,799	15,567			389,366
CURRENT ASSETS					
Biological assets	—	53,395			53,395
Construction contracts	703,933	146,042			849,975
Trade receivables	313,809	469,710			783,519
Prepayments, deposits and other receivables	53,703	116,182			169,885
Amounts due from related parties	—	87,525	6,164	*4*	93,689
Amounts due from shareholders	—	6,164	(6,164)	*4*	—
Pledged deposits	—	25,000			25,000
Cash and cash equivalents	121,522	18,983	(19,043)	*3*	121,462
Total current assets	1,192,967	923,001			2,096,925
CURRENT LIABILITIES					
Corporate bonds	261,989	—			261,989
Trade and bills payables	441,518	619,819			1,061,337
Other payables and accruals	91,622	32,172	2,600	*5*	126,394
Amounts due to related parties	—	2,132	15,610	*4*	17,742
Amounts due to shareholders	—	15,610	(15,610)	*4*	—
Interest-bearing bank borrowings	73,124	127,900			201,024
Income tax payable	97,063	11,491			108,554
Total current liabilities	965,316	809,124			1,777,040
NET CURRENT ASSETS	227,651	113,877			319,885
TOTAL ASSETS LESS CURRENT LIABILITIES	601,450	129,444			709,251

	The Group as at 30 June 2016 *RMB'000* *(Note 1)*	The Target Group as at 30 June 2016 *RMB'000* *(Note 2)*	Pro forma adjustments *RMB'000*	*Note*	The Enlarged Group as at 30 June 2016 *RMB'000*
NON-CURRENT LIABILITIES					
Deferred tax liabilities	6,310	719			7,029
Total non-current liabilities	6,310	719			7,029
Net assets	595,140	128,725			702,222
EQUITY					
Equity attributable to owners of the parent					
Share capital	246,137	50,000	(14,079)	*3*	282,058
Reserves	348,476	78,363	(56,309)	*3*	367,930
			(2,600)	*5*	
	594,613	128,363			649,988
Non-controlling interests	527	362	51,345	*3*	52,234
Total equity	595,140	128,725			702,222

(C) NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

1. The unaudited consolidated statement of assets and liabilities of the Group as at 30 June 2016 is extracted from the published unaudited interim report of the Group for the six months ended 30 June 2016.

2. The audited consolidated statement of assets and liabilities of the Target Group as at 30 June 2016 is extracted from the accountant's report of the Target Group as set out in Appendix II to this circular.

3. Upon completion of the Proposed Acquisition, the identifiable assets and liabilities of the Target Group will be accounted for in the consolidated financial statements of the Enlarged Group under the acquisition method in accordance with Hong Kong Financial Reporting Standard 3 "Business Combinations" ("HKFRS 3") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

   The adjustments represent the recognition of profit on Proposed Acquisition arising from the Proposed Acquisition, According to HKFRS 3, if the purchase price of a business combination is less than the net fair value of the assets and liabilities acquired, the difference is accounted for in the income statement, as profit on the advantageous purchase as at the acquisition date. The amount of non-controlling interests over the fair value of the identifiable net assets of the Target Group acquired. Profit on Proposed Acquisition is calculated as follows:

	Notes	*RMB'000*
Carrying amounts of net assets of the Target Group		128,725
Total fair value of identifiable net assets of the Target Group	*a*	128,725
Less: Non-controlling interests	*b*	51,345
Fair value of identifiable net assets attributable to the 60% equity interest acquired		**77,380**
Less: Cash consideration — payable on the date of completion of the Proposed Acquisition		19,043
New issued shares		38,086
Total Consideration	*c*	**57,129**
Profit on Proposed Acquisition	*d*	**20,251**

Notes:

(a) The Directors of the Company have determined the fair values of the identifiable assets and liabilities of the Target Group as at 30 June 2016 approximate their carrying amounts.

(b) The amount of non-controlling interests is calculated as 40% of the total fair value of identifiable net assets of the Target Group.

(c) In accordance with the Offshore Share Purchase Agreement entered into on 30 November 2016, the Company has conditionally agreed to acquire 100% share capital in the Offshore Target Company, which held the 40% share capital of the Target Company, at the consideration of RMB38,085,836 (equivalent to approximately HK$42,656,136), which shall be satisfied by the allotment and issue of 35,920,957 Consideration Shares. In accordance with the Onshore Share Purchase Agreement entered into on the same day, the Company has conditionally agreed to acquire 20% equity interest in the Target Company at the consideration of RMB19,042,918 (equivalent to approximately HK$21,328,068), which shall be satisfied by cash. Completion of the Onshore Acquisition will be conditional upon the completion of the Offshore Acquisition. Upon completion of the Acquisitions, the Target Company will be indirectly owned as to 60% by the Company.

(d) For the purpose of the Unaudited Pro Forma Financial Information of the Enlarged Group, fair values of the net assets of Target Group as at 30 June 2016 were used to determine the Profit on Proposed Acquisition. Upon completion of the Acquisition, the fair values of the net assets of Target Group as at the date of completion will be used to determine the actual amount of profit on Proposed Acquisition. Such actual amount may be different from the amount presented herein and such difference may be significant.

The Directors of the Company confirm that consistent policies and assumptions have been applied for the purpose of assessing impairment of assets under Hong Kong Accounting Standard 36 "Impairment of Assets", and the Directors of the Company are not aware of any indications that an impairment of the Enlarged Group's assets is required after considering the nature, prospects, financial condition and business risks of the Enlarged Group.

4. The adjustment is made to reflect the reclassification of due from the shareholders of the Target Group to due from the related parties of the Enlarged Group and due to the shareholders of the Target Group to due to the related parties of the Enlarged Group upon completion of the Proposed Acquisition.

5. The pro forma adjustment represents the estimated acquisition-related costs (including advisory, legal, accounting, valuation and other professional fees) of approximately RMB2,600,000. The adjustment is not expected to have continuing effect on the Unaudited Pro Forma Financial Information.

6. For the purpose of the Unaudited Pro Forma Financial Information, amounts stated in RMB are translated into HK Dollars at the Exchange Rate. No representation is made that the Hong Kong Dollars amounts have been, could have been or may be converted to Renminbi, or vice versa, at the Exchange Rate or at all.

7. No other adjustment has been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group and the Target Group entered into subsequent to 30 June 2016.

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

EY 安永

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

To the Directors of China Greenland Broad Greenstate Group Company Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of China Greenland Broad Greenstate Group Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), and Hangzhou Xiaoshan Jiangnan Garden Construction Company Limited (the "Target Company") and its subsidiary (collectively the "Target Group") (collectively the "Enlarged Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2016 and related notes (the "Unaudited Pro Forma Financial Information") as set out on page IV-2 to IV-5 in Appendix IV of the circular date 30 December 2016 issued by the Company. The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in page IV-1 in Appendix IV of the circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of proposed acquisitions of certain equity interests of landscaping service business (the "Proposed Acquisitions") on the Group's financial position as at 30 June 2016 as if the Proposed Acquisitions had taken place at 30 June 2016. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the period ended 30 June 2016, on which no audit or review report has been published.

Directors' responsibility for the Pro Forma Financial Information

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

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

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

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

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

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

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

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

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

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

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

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

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. SHARE CAPITAL OF THE COMPANY

Ordinary shares of par value of HK$0.025 each

	No of Shares	*HK$*
Authorized share capital:	4,000,000,000	100,000,000.000
Shares in issue as at the Latest Practicable Date	3,306,616,000	82,665,400.000
Consideration Shares to be issued and allotted upon Completion	35,920,957	898,023.925
Shares in issue upon Completion	3,342,536,957	83,563,423.925

3. DISCLOSURE OF INTEREST

(i) Directors' and Chief Executive's Interest and Short Positions in Shares, Underlying Shares and Debentures

Save as disclosed below, as at the Latest Practicable Date, no Directors or chief executive of the Company had or was deemed to have interests or short positions in Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were 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 or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange:

Long positions in the Shares

	Number of Shares				
Name of Director/ Chief Executive	Personal interest	Corporate interest	Family interest	Total interest	Approximate percentage holding
Mr. Wu Zhengping (1)(2)(3)	30,000,000	1,153,321,041	22,500,000	1,205,821,041	36.46%
Ms. Xiao Li(1)(2)(3)	22,500,000	—	1,183,321,041	1,205,821,041	36.46%
Ms. Zhu Wen(3)	5,000,000	—	—	5,000,000	0.15%
Mr. Wang Lei(3)	5,000,000	—	—	5,000,000	0.15%
Mr. Zhang Yihua(3)	13,500,000	—	—	13,500,000	0.40%

Notes:

(1) Broad Landscape International is owned as to 86.92% and 13.08% by Mr. Wu Zhengping and Ms. Xiao Li and under the SFO, Mr. Wu Zhengping is deemed to be interested in the 1,153,321,041 Shares by Broad Landscape International.

(2) Mr. Wu Zhengping is the spouse of Ms. Xiao Li. Under the SFO, Mr. Wu Zhengping is deemed to be interested in the same number of Shares in which Ms. Xiao Li is interested and Ms. Xiao Li is deemed to be interested in the same number of Shares in which Mr. Wu Zhengping is interested.

(3) The number of underlying Shares in which the Directors and chief executives hold under the Share Option Scheme are detailed in "Share Option Scheme" section of the Company's 2016 interim report.

(ii) Interests and Short Positions of Substantial Shareholders

Save as disclosed below, as at the Latest Practicable Date, according to the register of interest kept by the Company under Section 336 of the SFO and so far as was known to the Directors, no other person or companies had an interest or short positions in Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% 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 Enlarged Group or had any option in respect of such capital:

Long positions in the Shares

Name of Shareholder	Nature of Interest	Number of Shares/ underlying Shares held[(1)]	Approximate Percentage of Issued Capital
Broad Landscape International	Beneficial owner	1,153,321,041	34.87%
Eastern Greenstate International	Beneficial owner	306,313,662	9.26%
Greenland[(1)]	Interest in a controlled corporation	844,253,041	25.53%
Greenland Financial Holdings Company Limited (綠地金融投資控股集團有限公司)[(1)]	Interest in a controlled corporation	844,253,041	25.53%
Greenland Financial[(1)]	Beneficial owner	844,253,041	25.53%

Note:

(1) Greenland wholly owns Greenland Financial Holdings Company Limited which in turn wholly owns Greenland Financial so that Greenland and Greenland Financial Holdings Company Limited are deemed to be interested in the Shares in which Greenland Financial is interested for the purpose of Part XV of the SFO.

(iii) Directors' Interests in Contracts and Assets

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Enlarged Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Enlarged Group.

As at the Latest Practicable Date, none of the Directors has or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Enlarged Group or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 December 2015, being the date to which the latest published audited consolidated accounts of the Group were made up.

4. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors nor their respective close associates (as defined under the Listing Rules) had any business or interest that competes or may compete with the business of the Enlarged Group or any other conflicts of interest with the Enlarged Group.

5. LITIGATIONS

As at the Latest Practicable Date, none of the members of the Enlarged Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Enlarged Group.

6. SERVICES 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)).

7. MISCELLANEOUS

(a) The registered office of the Company is situated at P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands and the head office and principal place of business of the Company in the PRC is situated at Floor 8, Hong Quan Building, No. 1357, Mei Chuan Road, Putuo District, Shanghai, PRC, whereas the principal place of business of the Company in Hong Kong is situated at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(b) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited, having its office situated at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(c) Ms. Ho Siu Pik, the company secretary of the Company, is a fellow member of both the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

(d) The English language text of this circular shall prevail over the Chinese language in case of inconsistency.

8. MATERIAL CONTRACTS

The following material contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Enlarged Group within the two years immediately preceding the Latest Practicable Date:

(a) the subscription agreement dated 7 May 2015 entered into between the Company and Greenland Financial, pursuant to which Greenland Financial conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue a total of 59,440,000 ordinary shares of HK$0.10 each in the share capital of the Company ("**Subscription Shares**", shares of the Company before the subdivision of the Company's Shares effective on 19 August 2015) at the subscription price of HK$2.15 per Subscription Share;

(b) the note purchase agreement (the "**Note Purchase Agreement**") dated 20 August 2015 entered into between the Company and 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;

(c) the deed of novation dated 11 September 2015 entered into between the Company, Greenland Leasing and Greenland Financial pursuant to which Greenland Leasing shall novate all its rights, obligations and liabilities under the Note Purchase Agreement to Greenland Financial;

(d) the Onshore Share Purchase Agreement; and

(e) the Offshore Share Purchase Agreement.

9. EXPERT AND CONSENTS

The following are the qualifications of the expert who has given opinions and advices, which are contained in this circular:

Name	Qualifications
Ernst & Young	Certified Public Accountants

Ernst & Young has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter or report and the references to its name in the form and context in which it appears.

Ernst & Young did not have any interests in any Shares or shares in any member of the Enlarged Group, or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of the Enlarged Group as at the Latest Practicable Date.

As at the Latest Practicable Date, Ernst & Young did not have any direct or indirect interests in any assets which have since 31 December 2015 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to or by any member of the Enlarged Group, or was proposed to be acquired or disposed of by or leased to or by any member of the Enlarged Group.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are 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 on any weekday other than public holidays, up to and including the date of the EGM:

(a) the memorandum of association and articles of association of the Company;

(b) the annual reports of the Company for the financial years ended 31 December 2013, 2014 and 2015 and the interim report of the Company for the six months ended 30 June 2016;

(c) the material contracts referred to in the paragraph headed "9. MATERIAL CONTRACTS" in this Appendix;

(d) the accountants' report of the Target Company, the text of which is set out in Appendix II to this circular;

(e) the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular;

(f) the written consent referred to in the paragraph headed "10. EXPERTS AND CONSENTS" in this Appendix; and

(g) this circular.

China Greenland Broad Greenstate Group Company Limited
中國綠地博大綠澤集團有限公司

(formerly known as 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 China Greenland Broad Greenstate Group Company Limited (the "**Company**") will be held at Conference Room No. 5, Crowne Plaza Shanghai Noah Square, No. 1699 Jinshajiang Road, Putuo District, Shanghai, China, on Tuesday, 17 January 2017 at 2:00 p.m. for the purpose of considering and, if thought fit, passing with or without amendments the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

"**THAT**

(a) the onshore share purchase agreement dated 30 November 2016 entered into between the Company and 浙江雨林控股集團有限公司 (Zhejiang Yulin Holding Group Company Limited*) (the "**Onshore Vendor**") in relation to the sale and purchase of 20% of the equity interests in 杭州蕭山江南園林工程有限公司 (Hangzhou Xiaoshan Jiangnan Garden Construction Company Limited*) (the "**Onshore Share Purchase Agreement**", a copy of which 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, confirmed and ratified;

(b) the offshore share purchase agreement dated 30 November 2016 entered into between the Company and Golden Spring Landscape Limited (the "**Offshore Vendor**") in relation to the sale and purchase of the entire issued share capital in National Landscape Limited (the "**Offshore Share Purchase Agreement**", a copy of which marked "B" 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, confirmed and ratified;

(c) the allotment and issue of 35,920,957 ordinary shares of HK$0.025 each in the share capital of the Company (the "**Consideration Shares**") at an issue price of HK$1.1875 per Consideration Share to the Offshore Vendor in accordance with the Offshore Share Purchase Agreement be and is hereby approved, confirmed and ratified; and

(d) any one or more directors of the Company (the "**Directors**") be and is hereby authorised to do all such acts and things and execute all such documents which he/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Onshore Share Purchase Agreement, the Offshore Share Purchase Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Consideration Shares to the Offshore Vendor."

By Order of the Board
China Greenland Broad Greenstate Group Company Limited
Wu Zhengping
Chairman and Executive Director

30 December 2016

Notes:

1. All resolutions at the meeting will be taken by poll except where the chairman, in good faith, decides to allow the resolutions which relate to purely a procedural or administrative matter to be voted on by a show of hands in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), and 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 EGM is entitled to appoint another person to attend and vote instead of him. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the EGM. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed. 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. A form of proxy for use at the EGM is enclosed with this circular.

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.

6. For determining the entitlement to attend and vote at the above meeting, the record date will be Tuesday, 17 January 2017. 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 Monday, 16 January 2017.

As of 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.