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## China Greenland Broad Greenstate Group Company Limited

中國綠地博大綠澤集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1253)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

FINANCIAL HIGHLIGHTS		Six months ended 30 June		Change
		2017 Unaudited	2016 Unaudited	
Revenue	RMB'000	<b>759,197</b>	430,281	+76.4%
Gross profit	RMB'000	<b>213,971</b>	148,523	+44.1%
Net profit attributable to owners of the Parent	RMB'000	<b>102,746</b>	79,528	+29.2%
Gross profit margin	%	<b>28.2</b>	34.5	-6.3% points
Net profit margin	%	<b>13.3</b>	18.5	-5.2% points

In this announcement “we”, “us” and “our” refer to the Company (as defined below) and where the context otherwise requires, the Group (as defined below).

The board (the “**Board**”) of directors (the “**Directors**”) of China Greenland Broad Greenstate Group Company Limited (the “**Company**” or the “**Parent**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2017 (the “**Reporting Period**”), together with unaudited comparative figures for the corresponding period in the year 2016.

## UNAUDITED INTERIM RESULTS OF THE GROUP FOR THE REPORTING PERIOD

### Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income Six-month period ended 30 June 2017

	Notes	Six-month period ended 30 June	
		2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
<b>REVENUE</b>	5(a)	<b>759,197</b>	430,281
Cost of sales		<u>(545,226)</u>	<u>(281,758)</u>
Gross profit		<b>213,971</b>	148,523
Other income and gains	5(b)	<b>11,797</b>	4,327
Administrative expenses		<b>(61,190)</b>	(33,841)
Finance costs	7	<b>(21,884)</b>	(9,391)
Share of profits and losses of: A joint venture		<u>(434)</u>	<u>(245)</u>
<b>Profit before tax</b>		<b>142,260</b>	109,373
Income tax expense	8	<u>(41,656)</u>	<u>(29,848)</u>
<b>Profit for the period</b>		<u><b>100,604</b></u>	<u>79,525</u>
Attributable to:			
Owners of the Parent		<b>102,746</b>	79,528
Non-controlling interests		<u>(2,142)</u>	<u>(3)</u>
<b>Other comprehensive income</b>		<b>100,604</b>	79,525
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on transaction of foreign operations		<u>11,112</u>	<u>(5,787)</u>
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		<u>11,112</u>	<u>(5,787)</u>
<b>Other comprehensive income for the period, net of tax</b>		<u><b>11,112</b></u>	<u>(5,787)</u>
<b>Total comprehensive income for the period</b>		<u><b>111,716</b></u>	<u>73,738</u>
Total comprehensive income attributable to:			
Owners of the parent		<b>113,858</b>	73,741
Non-controlling interests		<b>(2,142)</b>	(3)
Earnings per share attributable to ordinary equity holders of the Parent: Basic and diluted			
— For profit for the period	9	<u><b>RMB0.03</b></u>	<u>RMB0.02</u>

## Condensed Consolidated Interim Statement of Financial Position

30 June 2017

		<b>30 June 2017 (Unaudited) RMB'000</b>	31 December 2016 (Audited) RMB'000
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		23,525	20,443
Investment properties		8,070	—
Goodwill		1,916	1,916
Other intangible assets		66,291	24,646
Investment in a joint venture		5,022	5,456
Available-for-sale investments		4,017	—
Construction contracts	10	538,164	486,921
Deferred tax assets		<u>15,805</u>	<u>6,948</u>
Total non-current assets		<u>662,810</u>	<u>546,330</u>
<b>CURRENT ASSETS</b>			
Biological assets		52,909	—
Construction contracts	10	955,657	377,984
Trade receivables	11	1,006,554	691,464
Prepayments, deposits and other receivables		236,194	67,816
Cash and cash equivalents		<u>154,656</u>	<u>127,860</u>
Total current assets		<u>2,405,970</u>	<u>1,265,124</u>
<b>CURRENT LIABILITIES</b>			
Corporate bonds		270,917	277,422
Trade and bills payables	12	1,310,416	520,018
Other payables and accruals		222,708	106,793
Interest-bearing bank borrowings	13	235,853	127,758
Tax payable		<u>175,181</u>	<u>121,301</u>
Total current liabilities		<u>2,215,075</u>	<u>1,153,292</u>
<b>NET CURRENT ASSETS</b>		<u>190,895</u>	<u>111,832</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>853,705</u>	<u>658,162</u>

	<b>30 June 2017 (Unaudited) RMB'000</b>	31 December 2016 (Audited) RMB'000
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	<u>6,657</u>	<u>6,145</u>
Total non-current liabilities	<u>6,657</u>	<u>6,145</u>
<b>NET ASSETS</b>	<b><u>847,048</u></b>	<b><u>652,017</u></b>
<b>EQUITY</b>		
<b>Equity attributable to owners of the Parent</b>		
Share capital	66,396	65,602
Other reserves	<u>711,375</u>	<u>585,515</u>
	777,771	651,117
<b>Non-controlling interests</b>	<u>69,277</u>	<u>900</u>
<b>Total equity</b>	<b><u>847,048</u></b>	<b><u>652,017</u></b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six-month period ended 30 June 2017

## 1. CORPORATE INFORMATION

The Company is an exempted company incorporated in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands. The registered office address of the Company is PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands.

The Company is an investing holding company. During the Reporting Period, the Company's subsidiaries were principally engaged in the services of landscape design and gardening and the related services.

In the opinion of the Directors, the holding companies and the ultimate holding companies of the Company is Broad Landscape International Company Limited ("**Broad Landscape International**"), which is incorporated in British Virgin Islands, at the end of the Reporting Period.

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration/ and business	Date of incorporation	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
				2016		2017		
				direct	indirect	direct	indirect	
Greenstate Times International Company Limited	British Virgin Islands	30 October 2013	USD50,000	100%	—	100%	—	Investment holding
Greenstate International Company Limited	Hong Kong	12 November 2013	HK\$10,000	—	100%	—	100%	Investment holding
Shanghai Qianyi Landscape Engineering Company Limited <sup>#</sup>	People's Republic of China (The "PRC")/ Mainland China	26 December 2013	USD37,000,000	—	100%	—	100%	Investment holding
Shanghai Qianyi Investing and Management Company Limited <sup>#</sup>	PRC/Mainland China	20 May 2015	RMB2,000,000	—	100%	—	100%	Investment holding
Shanghai Greenstate Business Management Company Limited (" <b>Greenstate Business</b> ") <sup>#</sup>	PRC/Mainland China	15 June 2004	RMB32,000,000	—	100%	—	100%	Landscaping
Shanghai Broad Landscape Construction and Development Company Limited (" <b>Broad Landscape</b> ") <sup>#</sup>	PRC/Mainland China	1 July 1999	RMB462,520,000	—	100%	—	100%	Landscaping
Shanghai Greenstate Gardening Company Limited <sup>#</sup>	PRC/Mainland China	17 September 2004	RMB5,000,000	—	100%	—	100%	Landscaping

Name	Place of incorporation/ registration/ and business	Date of incorporation	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
				2016		2017		
				direct	indirect	direct	indirect	
Shanxi Broad Weiye Landscape Engineering Company Limited (“ <b>Shanxi Broad</b> ”)*#	PRC/Mainland China	11 September 2013	RMB2,000,000	—	55%	—	55%	Landscaping
Zhejiang Greenstate Ecological Gardening Company Limited#	PRC/Mainland China	14 April 2015	RMB30,000,000	—	100%	—	100%	Landscaping
Shanghai Dongjiang Building Survey and Design Engineering Co., Ltd.#	PRC/Mainland China	26 March 2010	RMB13,000,000	—	100%	—	100%	Design
Shanghai Dongjiang Building Landscape Engineering Co., Ltd.#	PRC/Mainland China	25 May 2010	RMB10,000,000	—	100%	—	100%	Landscaping
Shanghai Bifu Investment Center LLP#	PRC/Mainland China	31 December 2015	RMB190,000,001	—	100%	—	100%	Investment holding
Yuzhou Shenhua Old Town Protection Construction Co., Ltd.#	PRC/Mainland China	12 May 2016	RMB50,000,000	—	90%	—	90%	Project management
National Landscape Limited	British Virgin Islands	27 September 2016	USD1	—	—	100%	—	Investment holding
Hongkong Winston Industrial Co., Ltd	Hong Kong	12 October 2016	HK\$1	—	—	—	100%	Investment holding
Hangzhou Beifeng Gardenview Design Co., Ltd#	PRC/Mainland China	3 November 2016	USD1,000,000	—	—	—	100%	Investment holding
Hangzhou Zhongling Gardenview Design Co., Ltd#	PRC/Mainland China	14 November 2016	RMB10,000,000	—	—	—	100%	Investment holding
Hangzhou Xiaoshan Jiangnan Garden Construction Co., Ltd (“ <b>Jiangnan Garden</b> ”)*#	PRC/Mainland China	11 January 1996	RMB100,000,000	—	—	—	60%	Landscaping
Hefei Jingyuan Garden Engineering Co., Ltd*#	PRC/Mainland China	25 August 2010	RMB30,000	—	—	—	31%	Landscaping
Zhongbo Construction Engineering Group Co., Ltd (“ <b>Zhongbo Construction</b> ”)*#	PRC/Mainland China	16 January 2002	RMB321,000,000	—	—	—	51%	Landscaping

\* Shanxi Broad, Zhongbo Construction were incorporated as non-wholly-owned subsidiaries of Broad Landscape and accordingly, were accounted for as subsidiaries by virtue of Broad Landscape’s control over them.

Jiangnan Garden was incorporated as non-wholly-owned subsidiaries of Hangzhou Zhongling Gardenview Design Co., Ltd. and accordingly, were accounted for as subsidiaries by virtue of Hangzhou Zhongling Gardenview Design Co., Ltd.’s control over it.

Hefei Jingyuan Garden Engineering Co., Ltd. was incorporated as non-wholly-owned subsidiaries of Jiangnan Garden and accordingly, were accounted for as subsidiaries by virtue of Jiangnan Garden’s control over it.

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

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

## 2.1 BASIS OF PRESENTATION

These interim condensed consolidated financial statements for the six months ended 30 June 2017 have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim financial reporting* and the disclosure requirements of the Rules Governing the listing of securities on the Stock Exchange of Hong Kong Limited. They have been prepared under the historical cost convention, except for the valuation of biological assets which have been measured at fair value.

The interim condensed consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated. These interim condensed consolidated financial statements have not been audited. These interim condensed consolidated financial statements were approved and authorized for issue by the Board on 30 August 2017.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

## 2.2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those in the Group’s annual financial statements for the year ended 31 December 2016, except for the adoption of the revised standards effective on 1 January 2017, set out below:

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to HKFRS 12 included in Annual Improvements 2014–2016 Cycle	<i>Disclosure of Interests in Other Entities</i>

The adoption of these revised HKFRSs had no significant financial effect on these financial statements.

### 2.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i> <sup>1</sup>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i> <sup>1</sup>
HKFRS 9	<i>Financial Instruments</i> <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
HKFRS 15	<i>Revenue from Contracts with Customers</i> <sup>1</sup>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i> <sup>1</sup>
HKFRS 16	<i>Leases</i> <sup>2</sup>
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration</i> <sup>1</sup>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i> <sup>2</sup>
Amendments to HKAS 40	<i>Transfers of Investment Property</i> <sup>1</sup>
Amendments to HKAS 28 included in Annual Improvements 2014–2016 Cycle	<i>Investments in Associates and Joint Ventures</i> <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>3</sup> No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

#### 4. OPERATING SEGMENT INFORMATION

The Group's principal business is providing landscape design and gardening and related services. 100% of the Group's revenue and operating profit were generated from providing the service of landscape. No operating segments have been aggregated to form the above reportable operating segment.

##### Information about geographical area

Since over 90% of the Group's revenue and operating profit were generated from Mainland China and over 90% of the Group's identifiable assets and liabilities were located in Mainland China, no geographical information is presented in accordance with HKFRS 8 *Operating Segments*.

##### Information about major customers

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

	Six-month period ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Customer A	358,643	—
Customer B	181,476	—
Customer C	*	297,768
Customer D	*	40,960

\* Less than 10% of the total revenue.

#### 5. REVENUE, OTHER INCOME AND GAINS

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

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

##### (a) Revenue:

	Six-month period ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Construction contracts	758,667	428,087
Rendering of services	530	2,194
	<u>759,197</u>	<u>430,281</u>

(b) Other income and gains:

	Six-month period ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Bank interest income	748	907
Other interest income*	4,069	1,353
Government grants**	885	1,724
Gain on acquisition of a subsidiary	9,924	—
Foreign exchange difference, net	(4,022)	—
Others	193	343
	<u>11,797</u>	<u>4,327</u>

\* 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 have been received from the local fiscal bureau in Mainland China as the financial support to the growth enterprises.

## 6. PROFIT BEFORE TAX

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

	<i>Note</i>	<b>Six-month period ended 30 June</b>	
		<b>2017</b>	<b>2016</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>RMB'000</b>	<b>RMB'000</b>
Cost of construction contracts		<b>540,673</b>	277,381
Cost of services provided		<b>507</b>	2,336
Employee benefit expenses			
Wages and salaries		<b>8,354</b>	5,372
Pension scheme contribution		<b>2,879</b>	1,523
Share option contributions		<b>2,429</b>	4,929
		<b>13,662</b>	11,824
Depreciation		<b>1,116</b>	415
Amortisation of other intangible assets*		<b>961</b>	687
Impairment of trade receivables	<i>11</i>	<b>18,359</b>	5,976
Consulting fees		<b>1,048</b>	4,832
Auditor's remuneration		<b>852</b>	850
Loss on disposal of items of property, plant and equipment		<b>—</b>	400
Minimum lease payments under operating lease:			
Land and buildings		<b>2,313</b>	366

\* The amortisation of other intangible assets for the reporting period is included in "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

## 7. FINANCE COSTS

	<b>Six-month period ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Interest on bank loans	<b>9,543</b>	1,490
Interest on corporate bonds	<b>12,341</b>	7,901
	<b>21,884</b>	9,391

## 8. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Reporting Period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six-month period ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Current — PRC		
Charge for the period	46,441	31,518
Deferred tax	<u>(4,785)</u>	<u>(1,670)</u>
Total tax charge for the period	<u><b>41,656</b></u>	<u><b>29,848</b></u>

Pursuant to Section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Council that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gain or appreciation shall apply to the Company or its operations.

The subsidiary incorporated in the BVI is not subject to income tax as the subsidiary does not have a place of business (other than a registered office only) or carry on any business in the BVI.

On 16 March 2007, the National People's Congress promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New EIT Law") by order No. 63 of the President of the PRC which became effective from 1 January 2008. On 6 December 2007, the State Council issued the Implementation Regulation of the New EIT Law. Pursuant to the New EIT Law and Implementation Regulation, a uniform income tax rate of 25% was imposed on both domestic and foreign-invested enterprises from 1 January 2008.

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Six-month period ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Profit before tax	142,260	109,373
Tax at the statutory tax rate (25%)	35,565	27,343
Profits and losses attributable to a joint venture	109	(62)
Lower tax rate enacted by local authority	4,760	—
Tax losses not recognised	938	2,221
Expenses not deductible for tax	<u>284</u>	<u>346</u>
Tax charge at the Group's effective rate	<u><b>41,656</b></u>	<u><b>29,848</b></u>

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share amounts for the Reporting Period is based on the profit attributable to ordinary equity holders of the Parent, and the weighted average number of ordinary shares of 3,333,556,718 (30 June 2016: 3,306,616,000) in issue during the Reporting Period.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Parent, adjusted to reflect the interest of equity-settled share options, where applicable. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all diluted potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	<b>Six-month period ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the Parent, used in the basic earnings per share calculation	<u><b>102,746</b></u>	<u><b>79,528</b></u>
	<b>Number of shares</b>	
	<b>Six-month period ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<b>3,333,556,718</b>	3,306,616,000
Effect of dilution — weighted average number of ordinary shares: Share options	<b>13,213,992</b>	20,206,556
Basic earnings per share (RMB)	<u><b>0.03</b></u>	<u><b>0.02</b></u>
Diluted earnings per share (RMB)	<u><b>0.03</b></u>	<u><b>0.02</b></u>

## 10. CONSTRUCTION CONTRACTS

	<b>30 June 2017 (Unaudited) RMB'000</b>	31 December 2016 (Audited) RMB'000
Current	955,657	377,984
Non-current	<u>538,164</u>	<u>486,921</u>
Gross amount due from contract customers	<u><b>1,493,821</b></u>	<u>864,905</u>
Contract costs incurred plus recognised profits less recognised losses to date	1,962,143	1,443,330
Less: Progress billings	<u>(468,322)</u>	<u>(578,425)</u>
	<u><b>1,493,821</b></u>	<u>864,905</u>

## 11. TRADE RECEIVABLES

	<b>30 June 2017 (Unaudited) RMB'000</b>	31 December 2016 (Audited) RMB'000
Trade receivables	1,061,853	704,345
Impairment	<u>(55,299)</u>	<u>(12,881)</u>
	<u><b>1,006,554</b></u>	<u>691,464</u>

The Group's trading terms with its customers are mainly on credit. The credit period is based on actual projects, ranging from 7 to 42 days (excluding retention money receivable). The 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 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.

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

	<b>30 June 2017 (Unaudited) RMB'000</b>	31 December 2016 (Audited) RMB'000
Within one year	<b>503,350</b>	625,356
Over one year but within two years	<b>475,772</b>	45,878
Over two years	<b><u>27,432</u></b>	<u>20,230</u>
	<b><u><u>1,006,554</u></u></b>	<u><u>691,464</u></u>

The movements in provision for impairment of trade receivables are as follows:

	<i>Note</i>	<b>30 June 2017 (Unaudited) RMB'000</b>	31 December 2016 (Audited) RMB'000
At 1 January		<b>12,881</b>	8,821
Acquisition of a subsidiary		<b>24,059</b>	—
Impairment losses recognised	6	<b><u>18,359</u></b>	<u>4,060</u>
		<b><u><u>55,299</u></u></b>	<u><u>12,881</u></u>

Included in the provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB55,299,000 (31 December 2016: RMB12,881,000) with a carrying amount before provision of RMB802,570,000 at 30 June 2017 (31 December 2016: RMB301,918,000).

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 Group, the respective due dates usually range from one to three years after the completion of the relevant construction work. At 30 June 2017, retention money held by customers included in trade receivables amounted to approximately RMB35,933,000 (31 December 2016: RMB37,234,000) expected to be recovered after more than twelve months.

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

Based on past experience, the Directors of the Company 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.

## 12 TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the Reporting Period, based on the transaction date, is as follows:

	<b>30 June 2017 (Unaudited) RMB'000</b>	31 December 2016 (Audited) RMB'000
Within one year	<b>719,464</b>	300,267
Over one year but within two years	<b>498,719</b>	120,110
Over two years	<b>92,233</b>	99,641
	<b><u>1,310,416</u></b>	<u>520,018</u>

## 13. INTEREST-BEARING BANK BORROWINGS

	<b>30 June 2017 (Unaudited)</b>			31 December 2016 (Audited)		
	<b>Effective interest rate (%)</b>	<b>Maturity</b>	<b>RMB'000</b>	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>						
Bank loans — secured	3.25–7.20	2017	<u>235,853</u>	3.25–4.57	2017	<u>127,758</u>
			<b><u>235,853</u></b>			<u>127,758</u>

(i) As at 30 June 2017, bank loans secured were as follows:

	<i>Notes</i>	<b>As at 30 June 2017</b> <i>RMB'000</i>
Share charge over the 330,000,000 shares	<i>(a)</i>	111,153
Pledged by properties	<i>(b)</i>	19,000
Guaranteed by Mr. Wu Zhengping		15,000
Guaranteed by Hangzhou Xiaoshan Yonghe Landscaping Engineering Co., Ltd. (“ <b>Xiaoshan Yonghe</b> ”) and Mr. Ling Jijiang	<i>(c)</i>	27,700
Guaranteed by Xiaoshan Yonghe, Mr. Ling Jijiang and Ms. Chen Jianfen	<i>(c)</i>	10,000
Guaranteed by Xiaoshan Yonghe, Mr. Ling Jijiang and Ms. Chen Jianfen, Zhejiang Yulin Holding Group Co., Ltd. (“ <b>Zhejiang Yulin</b> ”)	<i>(c)</i>	16,000
Guaranteed by Xiaoshan Yonghe, Mr. Ling Jijiang and Ms. Chen Jianfen, Yonghe Holding Group Co., Ltd.	<i>(c)</i>	25,000
Guaranteed by Zhejiang Yulin		<u>12,000</u>

(a) the share charge over the 330,000,000 shares of the Company held by the holding companies and the ultimate holding companies;

(b) mortgage over the Group’s building situated in Shanghai, which had an aggregate carrying value at the end of the Reporting Period of RMB7,471,000 was pledged to secure bank loans of RMB10,000,000;

Mortgage over the Group’s investment property situated in Hangzhou, which had an aggregate carrying value at the end of the Reporting Period of RMB8,070,000 was pledged to secure bank loans of RMB9,000,000; and

(c) Except for Xiaoshan Yonghe and Yonghe Holding Group are third parties to the Group, all sponsors are related parties.

(ii) Except for the secured bank loan amount of HK\$40,110,000, which is denominated in Hong Kong dollars (“**HK\$**”), all borrowings are in RMB.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Review

Eco-environmental protection has become a hot topic in the China's Two Sessions in recent years. During the 2017 National People's Congress and National Committee of the Chinese People's Political Consultative Conference, 28 provinces and cities including Beijing, Tianjin and Hebei included "environmental pollution, air pollution prevention and control, water environment treatment, polluted water, and soil remediation" into key report themes. The 18th CPC National Congress put forward the construction of ecological civilization at the same time, expanding the overall arrangements for building socialism with Chinese characteristics from the "four in one" concept of economic construction, political construction, cultural construction, social construction to the "five in one" concept which includes ecological civilization construction. With the development of urbanization in recent years, people's environmental awareness and pursuit of quality living is increasing year by year. Government's investment in ecological construction continues to increase as well.

In 2016, China's State Forestry Administration released the outline of China's ecological and cultural development (2016–2020), envisages the increase of the total number of national forest parks to 4,400 from 3,000 in 2015; 76 national wetland conservation demonstration zones to be constructed; 100 national forest cities and 1,000 eco-cultural villages to be created variety of tourism, health spa, holiday leisure, and other ecological services of distinctive forest park, wetland park, desert park, beautiful country and national ecological cultural native area will be promoted which annual output value up to RMB700 to 800 billion. The outline also points out that in 2020, the green coverage ratio of urban construction areas will increase to 39.5% from 39% in 2015; the green space per capita in the city will increase to 15 square meters from 13 square meters in 2015; while the green coverage ratio of village construction areas will increase to 25% from 23% in 2015.

As of 31 May 2017, the number of Public-Private Partnership ("PPP") projects in progress was 13,132 in the country, with a total value reaching RMB16.4 trillion, increased by 16.6% and 21.5% respectively from the end of 2016. Both the quantity and quality of projects have significant improvement. The top three gross increase in numbers of projects in progress are municipal projects, transportation projects and ecological construction and environmental protection projects, accounting for 59.6% of the increment; the top three of numbers of projects in operation are municipal projects, transportation projects and ecological construction and environmental protection projects, accounting for 63.9% of the total. As of the end of the first quarter of 2017, the total number of projects that were included in the national demonstration project database was 700, of which 464 projects were put into operation, involving RMB1.19 trillion investment and the percentage of projects in operation was 66.6%. The top three number of projects in operation are municipal projects, transportation projects, ecological construction and environmental protection projects, accounting for 64.7% of the total number of demonstrating projects in operation.

## **Business Review**

The Group's major customers remain similar as last year, and are mainly classified into two categories: (i) local governments and state-owned enterprises, who work with the Group on projects including municipal greening, public green space, theme parks, etc. Upon the promotion of PPP project model, these customers will be transformed into PPP project companies which possess special franchise authorized by local government; (ii) real estate developers and property owners in the private market, who work with the Group on residential and auxiliary greening projects. Currently, the Group's customers mainly consist of the local governments and PPP project companies which possess special concession authorized by local government, accounting for approximately 88.5% of the Group's total revenue for the six-month period ended 30 June 2017, as compared with 94.5% in the corresponding period in 2016.

### **(1) Acquisition of 60% interest in Jiangnan Garden**

On 30 November 2016, the Group entered into a share purchase agreement, pursuant to which the Group agreed to acquire 100% equity interest of National Landscape Limited (“**National Landscape**”) from Golden Spring Landscape Limited (“**Golden Landscape**”) at a price of approximately RMB38,085,836, which shall be satisfied by the allotment and issue of 35,920,957 shares to Golden Landscape. On the same day, the Group's wholly owned subsidiary, Greenstate Business entered into a share purchase agreement, pursuant to which Greenstate Business agreed to acquire 20% equity interest of Jiangnan Garden from Zhejiang Yulin Holding Group Company Limited\* (浙江雨林控股集團有限公司) (“**Zhejiang Yulin**”) (an independent third party) at a consideration of RMB19,042,918, which shall be satisfied by cash. Both acquisitions were completed in February 2017. After completion of the acquisitions, the Group indirectly holds 60% equity interest in Jiangnan Garden.

Jiangnan Garden is mainly engaged in nurturing, developing, wholesaling and retailing seedlings; selling and planting bonsai; landscaping projects, municipal projects, urban lighting projects, building construction and excavation works, and the design and construction of Chinese-style gardens and ancient architecture. The acquisition of Jiangnan Garden will help strengthen the Group's large-scale landscaping project undertaking abilities, further boost the Group's overall competitiveness and drive business diversification.

### **(2) Acquisition of 51% interest in Zhongbo Construction**

On 20 October 2016, the Group entered into an investment restructure agreement, to which the Group agreed to acquire 100% equity interest of Zhongbo Construction Group Co., Ltd.\* (中博建設集團有限公司) from Zhongbo Holding Co., Ltd.\* (中博控股集團股份有限公司), Mr. LI Qiongyang (黎瓊陽), Ms. ZHAO Xiaoling (趙小玲), and Mr. ZHAO Bochang (趙伯昌), Mr. CHEN Yuling (陳于玲) at a price of approximately RMB42,000,000. The acquisition was completed on 22 February 2017. On 25 April 2017, the Group entered into a share transfer agreement, to which the Group agreed to sell 49% equity interest of Zhongbo Construction Group Co., Ltd. to Tiansong Construction Group Co., Ltd.\* (天頌建設集團有限公司), Zhongfang

Corporation Management (Huai'an) Co., Ltd.\* (中房企業管理(淮安)有限公司) and Wenling Jianfeng Corporation Management Consulting LP\* (溫嶺建豐企業管理諮詢合夥企業(有限合夥)) at a price of approximately RMB20,580,000. The transfer was completed on 27 April 2017. On 15 May 2017, the name of the target company was changed to Zhongbo Construction Engineering Group Co., Ltd.

Zhongbo Construction is mainly engaged in general contracting of construction projects, professional contracting of construction mechanical and electrical installation projects, professional contracting of construction decoration project, general contracting of municipal public works construction, professional contracting of steel structure projects, professional contracting of foundation projects, design and construction of building curtain wall projects, general contracting of mining project construction, general contracting of railway project construction, design, production and installation of aluminum alloy windows, plastic doors and windows, sales of decoration materials and building materials. Zhongbo Construction possesses a number of construction related qualifications. The acquisition of Zhongbo Construction will help to strengthen the comprehensive ability and competitiveness of the Group in the project.

### **Cooperative projects with Greenland Holding Group Corporation Limited (“Greenland Group”)**

With closer collaboration with Greenland Group, both parties are collaborating to strengthen cross industries cooperation. Together we provide the government with a more comprehensive solution to the integration ecological construction by adhering to the developing concept of Greenland Group, as the city operators, and exploiting the advantage in capital and comprehensive development ability.

As of 30 June 2017, the Group and Greenland Group formed project companies to participate in the bidding for largescale domestic urban public greening projects, successful projects include:

- (1) On 22 September 2016, Broad Landscape, together with Shanghai Greenland Construction (Group) Company Limited\* (上海綠地建設(集團)有限公司) and Greenland City Investment Group Company Limited\* (綠地城市投資集團有限公司) (collectively, the “Private Parties”), successfully won a bid for PPP project for the construction of Phase One of Taiyuan Botanical Garden. Pursuant to the tender, the Private Parties and Taiyuan Botanical Garden\* (太原植物園) will establish a joint venture (“JV”) company with a registered capital of RMB100 million, which is owned as to 70% by the Private Parties and 30% by Taiyuan Botanical Garden. Estimated amount of investment was approximately RMB2.355 billion and total land area is around 1,828.89 mu. Upon completion of construction, the PPP project will be operated in Build-Operate-Transfer model with concessionary period of 14 years.
- (2) On 1 November 2016, Broad Landscape, together with Greenland Metro Investment & Development Company Limited\* (綠地地鐵投資發展有限公司) (collectively, the “Private Parties”), successfully won a bid for the PPP project for the construction of Jue River Wetland Park in Changning New District, Xi'an\* (西安市常寧新區灤河濕地公園) and construction of other ancillary facilities. Pursuant to the tender, the Private Parties and Xi'an Changning Development

and Construction Company Limited\* (西安市常寧開發建設有限公司) will establish a JV company to develop the PPP Project. The total land area is 2,634 mu and the estimated amount of investment is approximately RMB1,175.61 million.

There is no new cooperative project during the first half of 2017 while those in 2016 have been launched.

## Major Large Projects

### *Completed Major Ecological Construction Projects*

During the Reporting Period, the Group has completed 2 major projects with the details set out in the following table.

<b>Project</b>	<b>Customer type</b>	<b>Initial contract value</b> <i>RMB'000</i>	<b>Contract value after renewed</b> <i>RMB'000</i>	<b>Date of commencing construction</b>	<b>Completion year</b>
Project A	State-invested enterprise	360,000	360,000	November 2014	2017
Project B	State-invested enterprise	166,352	172,082	December 2012	2017

### *Major Ecological Construction Projects in Progress*

The following table sets out our major ecological construction projects which commenced by were not completed during the Reporting Period. These ecological construction projects in progress contributed 87.6% of the total revenue recognized for the same period.

<b>Project</b>	<b>Customer type</b>	<b>Contract value</b> <i>RMB'000</i>	<b>Date of commencing construction</b>	<b>Expected completion year</b>	<b>Revenue recognized during the Reporting Period</b> <i>RMB'000</i>
Project C	State-invested enterprise	1,097,697	February 2017	2018	358,643
Project D	Government	513,200	March 2017	2019	181,476
Project E	Government	214,561	July 2016	2017	56,823
Project F	State-invested enterprise	1,484,504	April 2017	2019	55,505
Project G	Government	500,000	April 2016	2018	12,698
Project H	Government	42,189	January 2016	2017	—
Project I	Public institution	34,979	January 2016	2017	—

### ***New Major Ecological Construction Projects Awarded but Construction Not Yet Commenced***

The following table sets out our new major ecological construction projects which were awarded to us but were not commenced, or no relevant revenue was recognized during the Reporting Period.

<b>Project</b>	<b>Customer type</b>	<b>Contract value</b> <i>RMB'000</i>	<b>Expected date of commencing construction</b>	<b>Expected completion year</b>
Project J	Government	241,300	August 2017	2018
Project K	Government	227,000	August 2017	2019

### **Qualifications and Licenses**

The Group currently possesses Grade One qualification for scenery landscape design, Grade One qualification for urban landscape construction enterprises and Grade One urban landscape construction enterprises qualification etc. which enable the Group to proceed with the design of landscape projects of any scales. This strengthens the Group's capability of undertaking large-scale municipal and city level public section projects.

The Group currently possesses the following major qualifications/licenses in China:

<b>Issue authority</b>	<b>Category</b>	<b>License category</b>
Ministry of Housing and Urban-Rural Development of the PRC	Urban landscape construction enterprises qualification certificate	Grade One
Ministry of Housing and Urban-Rural Development of the PRC	General contracting of housing construction works	Special Grade
Ministry of Housing and Urban-Rural Development of the PRC	General contracting of municipal public works construction	Grade One
Ministry of Housing and Urban-Rural Development of the PRC	Professional contracting of steel structure projects	Grade One
Zhejiang Housing and Urban & Rural Construction Department	Professional contracting of mechanical and electrical equipment installation projects	Grade One
Zhejiang Housing and Urban & Rural Construction Department	Professional contracting of construction decoration project	Grade One
Zhejiang Housing and Urban & Rural Construction Department	Professional contracting of foundation projects	Grade One
Ministry of Housing and Urban-Rural Development of the PRC	Scenery landscape design	Grade One
Ministry of Housing and Urban-Rural Development of the PRC	Design qualification for construction engineering professional design	Grade One

As the Group continues to expand urban-rural planning, a whole industry chain has been fully-established. During recent years, the Group has acquired more qualifications and licenses through active mergers and acquisitions to strengthen its project undertaking capability. Among them, Jiangnan Garden, an indirectly-owned subsidiary of the Group, obtained the Grade One qualification for general contracting of housing construction works on 1 April 2017. Zhongbo Construction possesses Special Grade qualification for general contracting of housing construction works, Grade One qualification for general contracting of municipal public works construction, professional contracting of mechanical and electrical equipment installation projects, professional contracting of construction decoration project, professional contracting of steel structure projects, and professional contracting of foundation projects. In the future, the Group will continue to strive for more industry qualifications to consolidate and enhance project execution capacity.

### **Design and Construction Ability**

In terms of design, through the upgrade of qualification and industry mergers and acquisitions, the Group has obtained Grade One qualification for scenery landscape design, Grade One qualification for design qualification for construction engineering professional design issued by Ministry of Housing and Urban-Rural Development of the PRC and Grade Two qualification for urban-rural planning issued by Shanghai Municipal Administration of Planning and Land Resources. In terms of construction, based on the “Notice concerning the cancellation of the approval of the administrative licensing of the city landscaping enterprises” issued by Ministry of Housing and Urban-Rural Development of the PRC on 13 April 2017, the qualification of urban landscaping enterprise is no longer the condition for the construction business of contracting landscaping project. In order to maintain our competitive advantage, through the upgrade of qualification and industry mergers and acquisitions, the Group has obtained Grade One qualification for general contracting of municipal public works construction, Special Grade qualification for general contracting of housing construction works, and the other four special Grade One qualifications.

### **Cost Control**

The Group has always adhered to reasonable operation policy to execute cost control in three different aspects which include policy, system and manpower. In respect of policy, the Group carried out comprehensive budget management covering budget, control, supervision, analysis and appraisal in order to increase the efficiency of funds application; in respect of system, the Group independently invested and researched a new project information management system to conduct comprehensive supervision and control of projects at different stages comprising design in the early stage, procurement in the middle stage and construction in the final stage; as for manpower, the Group employed a group of management personnel with rich experiences in procurement and engineering management last year to strengthen process management and cost supervision. The adoption of above cost control measures during the Reporting Period was proved to be effective.

## **Quality Control**

As a company with landscape construction as the core business, quality control is of the utmost importance for the Group. The Group conducted quality control in three aspects, which include policy, system and manpower similar to that of cost control. As for the system and policy, sound and comprehensive processes were established, coupled with optimized systems for quality control. As for manpower, a well-experienced project manager was employed to control engineering quality on a comprehensive basis. Quality management system of the Group has already passed the certification of ISO9001, ISO14001 and OHSAS18001.

## **Research and Development**

To enhance its competitive advantage and complete the transformation into ecological construction, the Group has invested abundant resources in research and development. The Group makes full use of the “China Greenland Broad Greenstate Tongji University Joint Technology Innovation Center” (the “**Technology Innovation Center**”) which was jointly established with Tongji University, integrating disciplines, international cooperation and expert technical advantages of Tongji University; achieving seamless docking in constructing ecological town and beautiful countryside, theme parks, scenic spots and repair of ancient town, sponge urban city, environmental protection and ecological restoration, and other areas of the main business; deepening the manufacture-learning-research cooperation, realize the commercialization and industrialization of scientific research achievement transfer.

In the first half of 2017, the Technology Innovation Center reports a total of 12 technical research projects to Science and Technology Commission of Shanghai Municipality, covering soil management and improvement, sewage treatment, organic waste treatment, introduction and domestication of foreign plant varieties, ecological environment building and construction, and other fields, having invested research and development funds for total RMB51.9 million. As of 30 June 2017, the Technology Innovation Center has independently applied for and obtained 2 invention patents, 12 utility new models and 3 software copyrights; acquired 1 invention patent and 8 utility new models by external purchase; obtained 3 invention patents and 10 utility new models through industrial acquisition.

## **Prospect**

The steady development of economy is the fundamental driving force for the rapid development of China’s landscaping industry. During the past 30 years, China has become one of the countries with the fastest economic growth in the world. China’s GDP reached RMB74.4 trillion in 2016, with year-on-year growth of 6.7%, according to the statistics of National Bureau of Statistics. The sustainable and steady growth of China’s economy creates huge market demand for China’s landscaping industry, ensuring the sustainable and rapid growth of the landscaping industry and promising prospects for the industry.

At the same time, China’s urbanization process has injected another impetus into the development of the landscaping industry. By the end of 2016, China’s urbanization rate was 57.35%, and there was large room for further development compared with the average urbanization rate of 80% in developed

countries. With the high-speed of urbanization process, urban population and urban land scale expand rapidly. New urban and urban construction area will drive up large scale landscape construction. The market scale of municipal landscaping will be further expanded.

With the support of government policies in the development of landscaping industry, and the government promotion of urban ecological environment construction in encouraging the creation of a desirable living environment for citizens and a sustainable urban development. The environmental protection consciousness of people are constantly improved, which helps to create new opportunities for the design and construction industry related to ecological construction.

As a long-established landscaping enterprise, the Group has become the industry leader owing to its rich experience accumulated in China's landscaping architecture and construction, its prominent industry position, mature management style as well as high recognition gained from projects completed and delivered. The Group hopes to continue strengthening our business diversification, and making a transition to the eco-construction service provider to cover the six major landscaping businesses, namely theme parks, restoration of ancient towns, cultural tourism, upgrade of scenic spots, sponge cities, and characteristic towns. The management aims at developing the Group into one of the top 3 enterprises within China's landscaping industry in the coming five years.

## **Finance Review**

### ***Revenue***

During the Reporting Period, the Group actively took part in undertaking various domestic large-scale municipal and city level ecological construction projects and recorded remarkable results in the Reporting Period with a total of 2 completed projects and coupled with the contracting of 2 new projects.

For the six months ended 30 June 2017, the Group's total income increased 76.4% from RMB430.3 million in the corresponding period of 2016 to RMB759.2 million. There were 65 projects in total which made a contribution to the revenue, 7 of which with initial contract value of RMB30 million or above, contributing nearly 87.6% of revenue for the Group. The net profit attributable to owners of the Parent was RMB102.7 million, increased by 29.2% as compared to RMB79.5 million in the corresponding period of 2016.

### ***Gross profit and gross profit margin***

For the six months ended 30 June 2017, the Group's gross profit was RMB214.0 million as compared to RMB148.5 million in the comparable period in 2016, representing an increase of 44.1%. The gross profit margin for the six months ended 30 June 2017 was 28.2%, representing a decrease of 6.3 percentage points as compared to 34.5% for the comparable period in 2016, which was mainly due to the increase in revenue contributed from the real-estate related projects which have lower gross profit margin as the competition of these projects is more intense. The acquisition of Jiangnan Garden

brought 54 real-estate related projects. Each of them had an initial contract value less than RMB25.0 million and a gross margin around 10.0%. The revenue contribution from the real-estate related projects will be decreased as the integration within the Group in the future.

### ***Administrative expenses***

The administrative expenses principally consist of salaries and benefits of administrative staff, consultation fees, depreciation and amortization, travelling and business meeting expenses, equipment expenses, impairment of trade receivables and other expenses. During the Reporting Period, the Group's administrative expenses amounted to RMB61.2 million as compared to RMB33.8 million for the comparable period in 2016, representing an increase of RMB27.4 million, which was mainly attributable to: (1) the increase in the scale of the entire business in the Reporting Period; (2) due to the extension of the credit period, the management provided a provision amounted to RMB18.4 million for impairment conservatively in the Reporting Period.

### ***Financial cost***

For the six months ended 30 June 2017, the Group's financial cost was RMB21.9 million as compared to RMB9.4 million in the comparable period in 2016. The increase was attributable to the provision of capital for existing and potential projects, distribution of final dividend and replenishing general work capital with increase on various interest-bearing borrowings including the short-term finance notes issued to Greenland Financial Overseas Investment Group Co., Ltd.

### ***Income tax***

The income tax of the Group increased from RMB29.8 million of the comparative period in 2016 to RMB41.7 million for the six months ended 30 June 2017, mainly due to the increased assessable profit of the Group. During the Reporting Period, the effective tax rate of the Group was 29.3% as compared to 27.3% for the comparative period in 2016.

### ***Net profit and net profit margin***

During the Reporting Period, the net profit attributable to the owners of the Parent increased by RMB23.2 million from RMB79.5 million of the same period last year to RMB102.7 million, representing an increase of 29.2%. The net profit margin was 13.3% as compared to 18.5% for the comparative period in 2016.

### **Liquidity and Capital Resources**

In general, we have historically met our liquidity requirements through cash flows from operations, bank borrowings and obtaining the credit term from suppliers. Our primary liquidity requirements are to finance working capital, fund the payments of interests and principal due on our indebtedness and capital expenditure, and provide funds for the expansion of our facilities and operations. In future, we expect those sources will still continue to be our principal sources of liquidity.

As at 30 June 2017, cash and cash equivalents of the Group was RMB154.7 million as compared to RMB127.9 million as at 31 December 2016, and the interest-bearing bank borrowings of the Group amounted to RMB235.9 million as compared to RMB127.8 million as at 31 December 2016. As at 30 June 2017, we had RMB434.0 million of unrestricted banking facilities available but not yet utilised.

### **Gearing Ratio**

As at 30 June 2017, the Group's gearing ratio was 68.2% compared to 58.1% as at 31 December 2016, which was calculated at the net debt divided by the equity plus net debt.

### **Capital Expenditure and Capital Commitment**

On 30 November 2016, the Company, Golden Landscape, Zhejiang Yulin and Mr. Ling Jijiang (凌紀江) entered into a share purchase agreement, pursuant to which the Company has conditionally agreed to acquire 100% share capital in National Landscape at the consideration of RMB38,085,836, which shall be satisfied by the allotment and issue of 35,920,957 new shares to Golden Landscape which is 100% owned by Mr. Ling Jiayuan (凌佳淵) who is the son of Mr. Ling Jijiang. On the same day, Greenstate Business and Zhejiang Yulin entered into the onshore share purchase agreement, pursuant to which Greenstate Business has conditionally agreed to acquire 20% equity interest in Jiangnan Garden Construction at the consideration of RMB19,042,918, which shall be satisfied by cash. The acquisitions were completed on 15 February 2017. Upon completion of the acquisitions, Jiangnan Garden Construction is indirectly owned as to 60% equity interest by the Company.

Save as disclosed above, the Group had no other material capital expenditure nor material capital commitment during the Reporting Period,

### **Pledge of Assets**

As at 30 June 2017, the entire issued shares of Greenstate Times International Company Limited and Greenstate International Company Limited, both of which were subsidiaries wholly owned by the Company, were pledged to secure the issuance of a redeemable fixed coupon promissory note with a principal amount of US\$40,000,000 to Greenland Financial Overseas Investment Group Co., Ltd.

### **Market Risks**

We are exposed to various types of market risks in the ordinary course of business, including fluctuations in interest rates, credit risk and liquidity risk. We manage our exposure to such risks and other market risks through regular operation and financial activities.

#### ***Interest rate risk***

We are exposed to the risk of changes in market interest rates which primarily due to our interest-bearing bank borrowings with a floating interest rate. We currently do not have any interest rate hedging policy. However, we will monitor interest rate exposure and consider other necessary action when significant interest rate exposure is anticipated.

### *Credit risk*

For the six months ended 30 June 2017, our maximum exposure to credit risk due to the counterparties' failure to perform their obligations in relation to each class of recognized financial assets is the carrying amount of those assets as set forth in the statement of financial position. In order to minimize the credit risk, we will review 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 the balance sheet date, our cash and cash equivalents were deposited in high quality financial institutions without significant credit risk accordingly.

### *Liquidity risk*

We make use of a recurring liquidity planning tool to monitor our risk to shortage of funds. Such tool considers the maturity of both of our financial instruments and financial assets (such as trade receivables) and projected cash flows from operations. We also manage our capital structure and make 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, we may adjust the dividend payment to shareholders, return the capital to shareholders or issue new shares. We are not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital for the six months ended 30 June 2017.

### *Foreign exchange risk*

The Group's businesses are located in China and substantially all of its transactions are denominated in Renminbi. The Group reviews its foreign currency exposures regularly and considers no significant exposure on its foreign exchange risk. The Group has not made use of hedging to manage its foreign exchange risk.

## **CORPORATE INFORMATION**

The Company was incorporated in the Cayman Islands on 22 October 2013 as an exempted company with limited liability, and the shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 21 July 2014 (the "**Listing Date**").

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

On 15 February 2017, 35,920,957 shares have been allotted and issued to Golden Landscape as consideration for the acquisition of National Landscape.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange throughout the Reporting Period.

## **CORPORATE GOVERNANCE**

The Company believes that maintaining high standards of corporate governance is the foundation for effective management and successful business growth. The Company is committed to developing and maintaining robust corporate governance practices to safeguard the interests of its shareholders and to enhance corporate value, accountability and transparency of the Company.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as the basis of the Company’s corporate governance practices since the Listing Date. Throughout the Reporting Period, the Company has been in compliance with all the applicable code provisions of the CG Code with the exception of code provision A.2.1 and A.7.1.

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and the chief executive should be segregated and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing. However, the Company does not have a separate chairman and chief executive officer and Mr. Wu Zhengping currently performs these two roles and accordingly, there is no written terms setting out the division of responsibilities between the chairman and chief executive. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority will not be impaired by the present arrangement and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will review the management structure regularly and consider separating the roles of the chairman and chief executive officer if and when appropriate.

Pursuant to code provision A.7.1 of the CG Code, agenda and full Board papers should be sent to all Directors at least 3 days (or other agreed period) before a regular Board or Board committee meeting. The board papers for the first quarter board meeting of the Company and meetings of the audit, remuneration and nomination committees approving final results were, however, sent to the Directors less than 3 days before the aforementioned meetings pending the confirmation of some relevant information. Going forward, the Company would arrange to collect the relevant information earlier and ensure that board papers could be dispatched to the Directors in a timely manner.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding the Directors’ dealings in the securities of the Company. The provisions under the Listing Rules in relation to compliance with the Model Code by the Directors regarding securities transactions have been applicable to the Company throughout the Reporting Period.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the Reporting Period.

The Company has also adopted the Model Code as the written guidelines for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance of the Model Code by the employees was noted by the Company.

#### **AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL STATEMENTS**

The Audit Committee was established with terms of reference in compliance with the CG Code, and comprises three members, namely Mr. Zhang Qing, Mr. Dai Guoqiang and Dr. Jin Hexian.

The audit committee has reviewed together with the management the accounting principles and policies adopted by the Group and the unaudited interim results for the Reporting Period and was of the opinion that the preparation of such interim results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

#### **INTERIM DIVIDEND**

The Board does not recommend the distribution of any interim dividend for the Reporting Period (for the six months ended 30 June 2016: nil).

#### **PUBLICATION OF INTERIM RESULTS AND 2017 INTERIM REPORT**

This announcement is published on the websites of the Company (<http://www.greenland-broadgreenstate.com.cn>) and the Stock Exchange (<http://www.hkexnews.hk>). The 2017 interim report will be dispatched to the shareholders of the Company and will be made available on the websites of the Company and the Stock Exchange as and when appropriate.

By order of the Board

**China Greenland Broad Greenstate Group Company Limited**

**Wu Zhengping**

*Chairman and Executive Director*

Shanghai, the People's Republic of China

30 August 2017

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