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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 2019

FINANCIAL HIGHLIGHTS

		Six months ended 30 June		
		2019	2018	Change
		Unaudited	Unaudited	
Revenue	*RMB'000*	**353,941**	617,632	–42.69%
Gross profit	*RMB'000*	**95,451**	164,368	–41.93%
Net profit attributable to owners of the Parent	*RMB'000*	**50,857**	65,131	–21.92%
Gross profit margin	%	**27.0**	26.6	0.4% points
Net profit margin	%	**14.4**	10.6	3.8% 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 2019 (the "**Reporting Period**" or the "**Period**"), together with unaudited comparative figures for the corresponding period in the year 2018.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2019

	Notes	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
REVENUE	3	**353,941**	617,632
Cost of sales		**(258,490)**	(453,264)
Gross profit		**95,451**	164,368
Other income and gains		**33,818**	6,638
Administrative expenses		**(35,893)**	(60,771)
Impairment losses on financial and contract assets		**(2,516)**	—
Finance costs		**(39,410)**	(25,520)
Share of profits and losses of joint ventures		**11,691**	(546)
PROFIT BEFORE TAX	4	**63,141**	84,169
Income tax expense	5	**(12,115)**	(18,518)
PROFIT FOR THE PERIOD		**51,026**	65,651
Attributable to:			
Owners of the Parent		**50,857**	65,131
Non-controlling interests		**169**	520
		51,026	65,651
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	6		
Basic and diluted			
— For profit for the Period		**RMB0.015**	RMB0.020

INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
PROFIT FOR THE PERIOD	**51,026**	65,651
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(6,252)**	(3,513)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(6,252)**	(3,513)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(6,252)**	(3,513)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**44,774**	62,138
Total comprehensive income attributable to:		
Owners of the Parent	**44,605**	61,618
Non-controlling interests	**169**	520
	44,774	62,138

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	Notes	30 June 2019 (Unaudited) RMB'000	31 December 2018 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	7	**140,770**	144,791
Right-of-use assets		**4,018**	—
Goodwill		**3,060**	3,060
Other intangible assets		**59,278**	61,091
Investment in joint ventures		**372,843**	248,415
Financial assets at fair value through profit or loss		**16,380**	12,410
Contract assets		**513,099**	513,571
Prepayments, other receivables and other assets		**1,940**	—
Deferred tax assets		**6,964**	6,709
Pledged deposits		**200,000**	450
Total non-current assets		**1,318,352**	990,497
CURRENT ASSETS			
Biological assets		**30,584**	31,017
Trade receivables	8	**1,017,288**	1,146,346
Contract assets		**622,805**	593,131
Prepayments, other receivables and other assets		**391,525**	189,744
Pledged deposits		**29,500**	13,500
Cash and bank balances		**373,792**	431,093
Total current assets		**2,465,494**	2,404,831
CURRENT LIABILITIES			
Corporate bonds		**274,042**	289,752
Trade and bills payables	9	**860,092**	1,003,068
Other payables and accruals		**665,857**	340,056
Interest-bearing bank borrowings		**471,630**	385,550
Short-term lease liabilities		**2,446**	—
Tax payable		**160,648**	156,671
Total current liabilities		**2,434,715**	2,175,097
NET CURRENT ASSETS		**30,779**	229,734
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,349,131**	1,220,231

	Notes	30 June 2019 (Unaudited) RMB'000	31 December 2018 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**317,600**	327,600
Long-term lease liabilities		**1,676**	—
Deferred tax liabilities		**5,294**	5,465
Total non-current liabilities		**324,570**	333,065
NET ASSETS		**1,024,561**	887,166
EQUITY			
Equity attributable to owners of the Parent			
Share capital	*10*	**66,396**	66,396
Other reserves		**830,383**	778,552
		896,779	844,948
Non-controlling interests		**127,782**	42,218
Total equity		**1,024,561**	887,166

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

		Attributable to owners of the Parent								
	Note	**Share capital** *RMB'000*	**Share premium account** *RMB'000*	**Share option reserve** *RMB'000*	**Other reserve** *RMB'000*	**Exchange fluctuation reserve** *RMB'000*	**Retained profits** *RMB'000*	**Total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total equity** *RMB'000*
At 1 January 2019 (audited)		**66,396**	**151,609***	**5,690***	**6,740***	**(3,932)***	**618,445***	**844,948**	**42,218**	**887,166**
Effect of adoption of HKFRS 16		**—**	**—**	**—**	**—**	**—**	**260**	**260**	**—**	**260**
Profit for the Period		**—**	**—**	**—**	**—**	**—**	**50,857**	**50,857**	**169**	**51,026**
Other comprehensive Loss for the Period:										
Exchange differences related to foreign operations		**—**	**—**	**—**	**—**	**(6,252)**	**—**	**(6,252)**	**—**	**(6,252)**
Total comprehensive income for the Period		**—**	**—**	**—**	**—**	**(6,252)**	**50,857**	**44,605**	**169**	**44,774**
Equity-settled share option arrangements		**—**	**—**	**1,003**	**—**	**—**	**—**	**1,003**	**—**	**1,003**
Capital injection from non-controlling shareholders of subsidiaries		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**5,525**	**5,525**
Transfer to non-controlling interest		**—**	**—**	**—**	**5,963**	**—**	**—**	**5,963**	**79,870**	**85,833**
At 30 June 2019 (unaudited)		**66,396**	**151,609***	**6,693***	**12,703***	**(10,184)***	**669,562***	**896,779**	**127,782**	**1,024,561**

* These reserve accounts comprise the consolidated other reserves of RMB830,383,000 (2018: RMB778,552,000) in the consolidated statement of financial position.

	Notes	Attributable to owners of the Parent								
		Share capital	Share premium account	Share option reserve	Other reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2018 (audited)		66,396	190,109*	9,124*	3,471*	(1,303)*	574,840*	842,637	70,348	912,985
Profit for the Period		—	—	—	—	—	65,131	65,131	520	65,651
Other comprehensive income for the Period:										
Exchange differences related to foreign operations		—	—	—	—	(3,513)	—	(3,513)	—	(3,513)
Total comprehensive income for the Period		—	—	—	—	(3,513)	65,131	61,618	520	62,138
Acquisition of a non-controlling interest		—	(3,123)	—	—	—	—	(3,123)	(13,372)	(16,495)
Disposal of a subsidiary		—	—	—	—	—	—	—	(360)	(360)
Equity-settled share option arrangements		—	—	1,221	—	—	—	1,221	—	1,221
2018 Dividend declared		—	(38,500)	—	—	—	—	(38,500)	—	(38,500)
Transfer to non-controlling interest		—	—	—	—	—	—	—	8,336	8,336
At 30 June 2018 (unaudited)		66,396	148,486*	10,345*	3,471*	(4,816)*	639,971*	863,853	65,472	929,325

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**63,141**	84,169
Adjustments for:		
Share of profits and losses of a joint venture	**(11,691)**	16
Finance costs	**39,410**	25,520
Loss/(gain) on disposal of items of property, plant and equipment	**52**	(26)
Depreciation of property, plant and equipment	**4,572**	2,834
Depreciation of investment properties	**—**	364
Depreciation of right-of-use assets	**1,042**	—
Amortisation of other intangible assets	**1,813**	1,834
Amortisation of prepaid land lease payment	**—**	8
Fair value losses on non-equity investments at fair value through profit or loss	**1**	—
Impairment of trade receivables	**2,318**	4,053
Impairment of financial and contract asset	**198**	—
Loss on disposal of a subsidiary	**—**	530
Forfeiture of equity-settled share option arrangements	**1,003**	1,221
	101,859	120,523
Decrease/(increase) in trade receivables	**126,627**	(177,034)
Increase in prepayments, deposits and other receivables	**(203,556)**	(157,769)
Decrease/(increase) in biological assets	**433**	(479)
Increase in contracts assets	**(29,400)**	(246,683)
(Increase)/decrease in trade and bills payables	**(142,976)**	148,329
Decrease in pledged deposits for contract assets	**(215,550)**	—
Increase in other payables and accruals	**309,697**	55,609
Cash used in operations	**(52,866)**	(257,504)
PRC tax paid	**(8,564)**	(630)
Net cash flows used in operating activities	**(61,430)**	(258,134)

	2019 (Unaudited) *RMB'000*	2018 (Unaudited) *RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment	**(869)**	(8,336)
Purchase of other intangible assets	**—**	(195)
Purchase of financial assets at fair value through profit or loss	**(3,971)**	(2,941)
Proceeds from disposal of items of property, plant and equipment	**266**	1,454
Purchase of a shareholding in joint ventures	**(112,737)**	(56,305)
Disposal of a subsidiary net of cash	**—**	(126)
Acquisition of subsidiaries	**—**	3,447
Acquisition of a non-controlling interest	**—**	(7,921)
Net cash flows used in investing activities	**(117,311)**	(70,923)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	**401,150**	182,870
Repayments of bank loans	**(325,070)**	(144,065)
Dividends paid	**—**	(38,500)
Increase amount due to related parties	**16,104**	—
Contribution from non-controlling shareholders	**5,525**	—
Partial disposal of a subsidiary to non-controlling interest	**85,833**	—
Principal portion of lease payments	**(730)**	—
Interest paid	**(60,536)**	(27,613)
Net cash generated from/(used in) financing activities	**122,276**	(27,308)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(56,465)**	(356,365)
Cash and bank balances at beginning of the Period	**431,093**	601,313
Effect of foreign exchange rate changes, net	**(836)**	(92)
CASH AND BANK BALANCES AT END OF PERIOD	**373,792**	244,856

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PRESENTATION

The interim condensed consolidated financial information for the Reporting Period has been prepared in accordance with HKAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") effective as of 1 January 2019.

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKFRS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 Leases, Amendments to HKAS 28 Long-term Interests in Associates and Joint Ventures and HK(IFRIC)-Int 23 Uncertainty over Income Tax Treatments, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the new and revised HKFRSs are described below:

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases — Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of property, machinery, vehicles and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., car and parking place); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank and other borrowings.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	RMB'000 (Unaudited)
Assets	
Increase in right-of-use assets	5,062
Increase in total assets	5,062
Liabilities	
Increase in lease liabilities	(4,802)
Increase in total liabilities	(4,802)
Increase in retained earnings	260

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	RMB'000 (Unaudited)
Operating lease commitments as at 31 December 2018	11,157
The impact of VAT	(531)
Operating lease commitments as at 31 December 2018 not including VAT	11,688
Weighted average incremental borrowing rate as at 1 January 2019	4.75%
Discounted operating lease commitments at 1 January 2019	4,708
Less:	
Commitments relating to short-term leases and leases of low-value assets	(94)
Lease liabilities as at 1 January 2019	4,802

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "inventories". The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group included the renewal period as part of the lease term for leases of machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on production if a replacement is not readily available.

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of car or parking place that are considered of low value. The Group recognised rental expenses from short-term leases of RMB 51,000 and leases of low-value assets of RMB 43,000.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Construction contracts	**345,724**	613,085
Rendering of design and maintenance services	**8,217**	4,547
	353,941	617,632

Disaggregated revenue information for revenue from contracts with customers

Type of goods or services

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Construction contracts	**345,724**	613,085
Design and maintenance services	**8,217**	4,547
Total revenue from contracts with customers	**353,941**	617,632

Timing of revenue recognition

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Services transferred over time	**353,941**	617,632

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	**931**	1,197
Other interest income arising from revenue contracts*	**22,015**	4,782
Others	**—**	37
	22,946	6,016
Gains		
Government grants**	**760**	965
Fair value gains/(losses), net		
Unlisted non-equity investments at fair value through profit or loss	**1,937**	—
Foreign exchange gain/(loss), net	**8,175**	(343)
	10,872	622
	33,818	6,638

* Other interest income arises from contracts with customers which provide the customers with a significant benefit of financing the transfer of construction services to the customers. The promised amounts of consideration for construction services are adjusted using the discount rates that reflect the credit characteristics of the customers.

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

4. PROFIT BEFORE TAX

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

		For the six months ended 30 June	
		2019	2018
		RMB'000	*RMB'000*
	Notes	**(Unaudited)**	(Unaudited)
Cost of construction contracts		**254,593**	452,624
Cost of services provided		**3,897**	640
Employee benefit expenses			
Wages and salaries		**9,586**	12,813
Pension scheme contribution		**3,961**	4,205
Share option contributions		**1,003**	1,221
		14,550	18,239
Depreciation of items of property, plant and equipment		**4,572**	2,834
Depreciation of right-of-use assets		**1,042**	—
Depreciation of items of investment properties		**—**	364
Amortisation of other intangible assets		**1,813**	1,834
Amortisation of prepaid land lease payment		**—**	8
Impairment of trade receivables		**2,313**	4,053
Impairment of contract assets		**198**	—
Impairment of financial assets included in prepayment, other receivables and other assets		**5**	—
Consulting fees		**4,203**	4,516
Auditors' remuneration		**1,100**	1,200
Gain on disposal of items of property, plant and equipment		**52**	(26)
Loss on disposal of a subsidiary		**—**	530
Minimum lease payments under operating lease: Land and buildings		**319**	6,031

5. INCOME TAX

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 Period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current — PRC		
Charge for the Period	**12,542**	17,535
Deferred tax	**(427)**	983
Total tax charge for the Period	**12,115**	18,518

6. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

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 3,342,536,957 (30 June 2018: 3,342,536,957) in issue during the Reporting Period.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, adjusted to reflect the expense 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 Period, 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.

7. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired assets with a cost of RMB790,758(30 June 2018: RMB8,336,000, excluding property, plant and equipment acquired through a business combination).

Asset(other than those classified as held for sale) with a net book value of RMB317,520 was disposed by the Group during the six months ended 30 June 2019(30 June 2018: RMB1,428,000), resulting in a net loss of disposal of RMB52,271 (30 June 2018: a net gain of RMB26,000).

8. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the Reporting Period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Within one year	**898,581**	1,012,579
Over one year but within two years	**96,492**	108,733
Over two years	**22,216**	25,034
	1,017,288	1,146,346

The Group's trading terms with its customers are mainly on credit. The credit period is usually two months (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. The Group's trade receivables are mainly due from government authorities, and the rest are due from real estate companies. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

9. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the Reporting Period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Within one year	**361,639**	421,755
Over one year but within two years	**471,000**	549,296
Over two years	**27,453**	32,017
	860,092	1,003,068

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

10. SHARE CAPITAL

Shares

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
	RMB'000	*RMB'000*
Issued and fully paid:		
3,342,536,957 (31 December 2018: 3,342,536,957) ordinary shares of HKD0.025 each	**66,396**	66,396

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital**	**Share premium account**	**Total**
		RMB'000	*RMB'000*	*RMB'000*
At 31 December 2017 and 1 January 2018	3,342,536,957	66,396	190,109	256,505
Dividend declared	—	—	(38,500)	(38,500)
At 31 December 2018 and 1 January 2019	3,342,536,957	66,396	151,609	218,005
As 30 June 2019	3,342,536,957	66,396	151,609	218,005

11. SHARE OPTION SCHEME

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

For the first series of the share option scheme (the "Series I"), eligible participants of the Series I include the Company's directors and other employees of the Group. The Series I became effective on 1 September 2015 and, unless otherwise cancelled or amended, will remain in force for 6 years from that date. For the second series of the share option scheme (the "Series II"), eligible participants of the Series II include a connected person and other employees of the Group. The Series II became effective on 12 June 2018 and, unless otherwise cancelled or amended, will remain in force for 6 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Series I and Series II is an amount equivalent, upon their exercise, to 3.41% and 3.30% respectively of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the two series within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HKD5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within one month from the date of offer, upon payment of a nominal consideration of HKD1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period of one year and ends on a date which is not later than five years from the date of offer of the share options or the expiry date of the two series, if earlier.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

No share options were granted or exercised during the Reporting Period. 21,600,000 share options were lapsed during the Reporting Period.

12. CONTINGENT LIABILITIES

At the end of the Reporting Period, contingent liabilities not provided for in the financial statements were as follows:

	30 June 2019	31 December 2018
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Guarantees given to banks in connection with facilities granted to third parties	**—**	34,300
Guarantees given to a bank in connection with facilities granted to joint ventures	**200,000**	140,000
	200,000	174,300

As at 30 June 2019, the banking facilities guaranteed by the Group to third parties and joint ventures were utilised to the extent of approximately RMB200,000,000 (2018: RMB174,300,000).

13. COMMITMENTS

The Group had the following capital commitments at the end of the Reporting Period:

	30 June 2019 *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000* (Audited)
Contracted, but not provided for:		
Capital injection of joint ventures	**274,056**	194,000
	274,056	194,000

INDUSTRY REVIEW

In 2018, it was more difficult for landscaping enterprises to obtain financing with the tightening of social financing environment. In 2019, as supported by favorable national policies and under the regulation of relevant regulatory policies, the landscaping industry is expected to recover and get back on track gradually. The newly-launched Public-Private-Partnership ("**PPP**") projects recorded a year-on-year increase and projects in relation to ecological construction and environmental protection ranked among the top of PPP management projects and launched projects. Through rapid development in five to six years, the PPP projects have stepped from the construction period into the operation period.

In view of the long settlement period of municipal PPP projects as well as partners' differences in the project progress assessment and payment arrangements, landscaping enterprises bore greater pressure of advancing capital for their PPP projects undertaken. Based on the comprehensive consideration of the future payment capacity of project contractors, landscaping enterprises preferred to the PPP projects in progress or approved PPP projects. Since the second half of 2018, the monetary policy has gradually shifted from tight to moderate; and in 2019, with the improving social financing environment and overall financing performance of enterprises, the management condition of landscaping enterprises has been improved as well.

BUSINESS REVIEW

The Group adopted the operation model of the whole industry chain, from research, planning to construction and operation, to provide integrated solutions regarding eco-construction to the government authorities and state-owned enterprises. The Group is a diversified industry chain investment platform under the eco-construction line of Greenland Holdings Group Corporation Limited, a Fortune Global 500 companies. Since the establishment of the seven major operating headquarters, the Group has been operating in six sectors comprising project investment, design planning, project construction, business operation, seedling research and cultural tourism management across the People's Republic of China ("**PRC**").

During the Reporting Period, the Group recorded a total revenue of RMB353.94 million, net profit attributable to owners of the Parent of RMB50.86 million, gross profit margin of 27.0%, and net profit margin of 14.4%. During the Reporting Period, the Group has excluded the revenue of Hangzhou Zhongling Gardenview Design Company Limited* (杭州中靈園林景觀設計有限責任公司), which was disposed last year, thus, the total revenue of the Group recorded a decrease as compared to the corresponding period last year. Based on the completion of the nationwide large-scale layout last year, and under the strategy of high-quality and scientific development this year, the Group actively adjusted the pace of project implementation and made appropriate arrangements for the construction progress, resulting a synchronous increase of gross profit margin and net profit margin.

On 17 January 2019, Broad Greenstate Ecological Construction Group Company Limited* (博大綠澤生態建設集團有限公司) ("**Broad Greenstate Ecological**"), Shanghai Dongjiang Building Survey and Design Engineering Co., Ltd.* (上海東江建築勘察設計工程有限公司) ("**Shanghai Dongjiang**"), each being an indirect wholly-owned subsidiary of the Group, and Shanghai Luwu Business Management

Consulting Center (LLP)* (上海鹿屋企業管理諮詢中心(有限合夥)), an indirectly-owned subsidiary of the Group, successfully tendered for a PPP project in respect of the construction of phase I of comprehensive tourism in Mianzhu City (綿竹市全域旅遊一期) with a total investment amount of RMB1,908 million and a cooperation period of 20 years (including 2 years of construction and 18 years of operation).

On 20 March 2019, Broad Greenstate Ecological, Zhongbo Construction Engineering Group Co., Ltd.* (中博建設工程集團有限公司) ("**Zhongbo Construction**"), an indirect non-wholly-owned subsidiary of the Group, Shanghai Zhuchen Business Management Consulting Center (LLP)* (上海祝琛企業管理諮詢中心(有限合夥)) ("**Shanghai Zhuchen**"), an indirectly-owned subsidiary of the Group and Heilongjiang Province Hualong Construction Co., Ltd.* (黑龍江省華龍建設有限公司), an independent third party, successfully tendered for a PPP project in respect of the construction of comprehensive treatment of ecological environment of Jiuqu River of Zhenping County (鎮平縣九曲河生態環境綜合治理工程).

On 25 March 2019, Broad Greenstate Ecological successfully won a bid issued by Sheqi County Ancient City Development and Construction Company Limited* (社旗縣古城開發建設有限公司) for the Engineering Procurement Construction project of the restoration and construction of ancillary infrastructure of Sheqi County Shedian Town Gumatou (社旗縣賒店鎮古碼頭恢復暨配套基礎設施建設EPC項目).

Qualifications and Licenses

Issue authority	Category	Qualification level
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 A
Ministry of Housing and Urban-Rural Development of the PRC	Design qualification for construction engineering professional design	Grade A

COST CONTROL

The Group has always adhered to a scientific, reasonable and economical operation practice to increase revenue and reduce expenditure during the Reporting Period.

In respect of policy, the Group carried out comprehensive budget management covering budget, control, supervision, analysis and appraisal in order to increase the capital utilization efficiency. As developed from traditional construction enterprise to an integrated enterprise with integrated capabilities of investment and financing, strategic planning, design, construction and operation, the Group was increasingly mature in relation to the control of construction cost. The Group implemented relevant management methods with practice, such as Administrative Measures on Design Subcontracting (《設計分包管理辦法》) according to relevant national laws and regulations.

In respect of system, the Group independently invested in and developed a set of online project information management system to conduct comprehensive supervision and control of the progress of projects at different stages. With decomposing each stage of PPP full lifecycle and establishing task supervision system on Office Automation ("**OA**") platform in 2018, the Group optimized and upgraded OA system for several times in line with the needs of business during the Reporting Period, which improved the efficiency of task processing and saved resources.

In respect of manpower, the Group established a team of management personnel with rich experiences in procurement and engineering management, strengthening process management and cost supervision.

QUALITY CONTROL

Being a group company with landscape construction as its core business, quality control is of the utmost importance for the Group. The Group has also conducted quality control in three aspects, which include policy, system and manpower.

In respect of the policy and system, sound and comprehensive processes were established, coupled with optimized systems for quality control; as for manpower, well-experienced project managers were employed to control engineering quality on a comprehensive basis. The Group adopted a standard quality control system for the construction enterprises which are under cooperation and newly cooperated. As of now, the quality management system of the Group has been accredited by ISO9001, ISO14001 and OHSAS18001.

RESEARCH AND DEVELOPMENT

The Group has been constantly carrying out projects while conducting development and research in respect of a number of patented technologies, and successfully made substantial progress in plant cultivation, soil improvement and water ecological treatment. Currently, the Group has owned a number of patented technologies and patented products with independent intellectual properties rights, and acquired core technologies in the field of ecological construction, which contributes strong competitive advantages in the industry. The Group has a total of four invention patents, 20 provincial and ministerial construction methods, 46 utility model patents, three software copyrights, one invention patent under application and three new cultivars at the reproductive stage, all of which relate to sewage treatment, saline-alkali land restoration, ecological restoration, garden plants, construction and other fields.

FUTURE DEVELOPMENT

In 2019, the National People's Congress and the Chinese People's Political Consultative Conference proposed to strengthen pollution prevention and ecological construction for continuously improving the quality of ecological environment and vigorously promoting green development. Ecological environment construction has been raised to an unprecedented height. Though there are still various irregularities in the industry, it is expected that with the end of the clean-up of non-compliant PPP projects, the PPP model will continue to be one of the important ways for cooperation between the governments and enterprises on large-scale infrastructure projects.

In respect of the prospect of PPP model, the Group believes that project operation will be paid more attention to the quality, the review process for projects in progress will be more stringent, and as a result, the subsequent development shall be more reasonable.

In view of the cumulative data, social finance data has achieved high growth as a whole in the first half of 2019, which was mainly due to the social finance increased significantly in January and March, reflecting that the low social finance growth since 2018 came to an end. The finance environment tend to be loosened as a whole. Given that the overall economy will subsequently step into a structurally loose stage and the investment in infrastructure will continue, it is estimated that the fiscal expenditure will be expanded in the second half of the 2019. Together with the improvement of finance environment, PPP projects going slow in the early stage shall be accelerated.

As a listed company on the Main Board of the Stock Exchange, the Group has been committed to the mission of satisfying our customers and winning investors appetite. The Group promotes the application of high technologies in project construction and operation through its innovative business model, strictly control project quality, focuses on the monetization of the projects, strengthen cooperation between internal and external parties, and accelerates its regional layout business expansion. As the backbone of ecological civilization and beautiful China construction, the Group upholds its social responsibility as "a leader in ecological and humanity homeland construction, a pioneer of development of sustainable environment". The Group also strives to achieve its strategic vision of "enhance the regional core values with first-class ecological environment and to promote the harmonious upgrading of our homelands with deep humanities construction", endeavoring to become an advocate and practitioner of the ecological and humanistic environment construction.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018.

There have been no changes in the risk management department during the Reporting Period or in any risk management policies.

Foreign currency risk

The Group's businesses are located in PRC and nearly all transactions are conducted in Renminbi ("**RMB**"). As nearly all of the Group's assets and liabilities were denominated in RMB, the Group was not subject to significant foreign currency risk as at 30 June 2019. As at 30 June 2019, the Group's assets and liabilities denominated in US dollars ("**USD**") and Hong Kong dollars ("**HKD**") were mainly held by the Company and a subsidiary incorporated outside PRC which had HKD as their functional currencies. The Company and the subsidiary incorporated outside PRC also held corporate bonds denominated in USD and other payable denominated in RMB, from which foreign currency exposure arises.

Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of cash and cash equivalents, trade and other receivables included in the consolidated financial statements represent the Group's maximum exposure to credit risk in relation to its financial assets.

As at the end of the Reporting Period, all cash and cash equivalents were deposited in high quality financial institutions without significant credit risk.

Liquidity risk

Compared to the year ended 31 December 2018, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group monitors capital using a gearing ratio, which is net debt divided by the capital plus net debt. Net debt includes interest-bearing bank and other borrowings, corporate bonds, trade and bills payables, other payables and accruals, less cash and bank balances. Capital includes total equity. As at 30 June 2019, the gearing ratio of the Group was 71% (as at 31 December 2018: 69%).

The Group does not use financial instruments for hedging purposes, nor hedge its foreign currency net investments in currency lending and/or other foreign currency hedging instruments.

CASH AND BANK BALANCES AND PLEDGED DEPOSITS

	30 June 2019 (Unaudited) *RMB'000*	31 December 2018 (Audited) *RMB'000*
Cash and bank balances	**373,792**	431,093
Time deposits	**229,500**	13,950
	603,292	445,043
Less: Pledged time deposits		
Pledged for construction contracts	**213,500**	13,950
Restricted Cash	**16,000**	—
Cash and bank balances	**373,792**	431,093

At the end of the Reporting Period, the cash and bank balances of the Group denominated in US dollars amounted to RMB1,727,000 (31 December 2018: RMB1,723,000) and denominated in Hong Kong dollars amounted to RMB1,618,000 (31 December 2018: RMB798,000).

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 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.

CONTINGENT LIABILITIES

At the end of the Reporting Period, contingent liabilities not provided for in the financial statements were as follows:

	30 June 2019 (Unaudited) *RMB'000*	31 December 2018 (Audited) *RMB'000*
Guarantees given to banks in connection with facilities granted to third parties	**—**	34,300
Guarantees given to a bank in connection with facilities granted to joint ventures	**200,000**	140,000
	200,000	174,300

As at 30 June 2019, the banking facilities guaranteed by the Group to third parties and joint ventures were utilised to the extent of approximately RMB200,000,000 (31 December 2018: RMB174,300,000).

BANK AND OTHER BORROWINGS

As at 30 June 2019, the Group's total outstanding bank and other borrowings amounted to RMB789,230,000 (31 December 2018: RMB713,150,000).

CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 22 October 2013 as an exempted company with limited liability, and the shares ("**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 SHARES OF THE COMPANY

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 HIGHLIGHTS

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 Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") (as amended from time to time) 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 provisions A.2.1 and E.1.2.

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and 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 ("**Mr. Wu**") 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 E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting. On the annual general meeting of the Company held on 24 May 2019, Mr. Wu, the chairman and chief executive officer of the Board was unable to attend the annual general meeting due to other business commitments. The Board had arranged for Ms. Xiao Li, an executive Director, the deputy chief executive officer and a member of the Nomination Committee of the Company, who was well versed in all business activities and operations of the Group, to attend and chair the annual general meeting on behalf of Mr. Wu and to respond to questions from shareholders. The Company will arrange for a more flexible schedule in order to facilitate the chairman to attend future general meeting of the Company.

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 Dr. Chan Wing Bun, 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 disclosure 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 2018: nil).

EVENTS AFTER REPORTING PERIOD

There are no significant events subsequent to 30 June 2019 that have material impact on the Group's operating and financial performance as at the date of this announcement.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

During the Reporting Period, the Group had not made any material acquisitions and disposal of subsidiaries and associated companies. As at 30 June 2019, the Group did not hold any significant investments.

PUBLICATION OF INTERIM RESULTS AND 2019 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 2019 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
29 August 2019

* *for identification purposes only*

As at 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, Dr. Chan Wing Bun and Dr. Jin Hexian.