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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 2020

FINANCIAL HIGHLIGHTS		Six months ended 30 June		
		2020 Unaudited	2019 Unaudited	Change
Revenue	RMB'000	322,221	353,941	(31,720)
Gross Profit	RMB'000	84,839	95,451	(10,612)
Net profit attributable to owners of the Parent	RMB'000	52,839	50,857	1,982
Gross Profit margin	%	26.3	27.0	-0.7% points
Net profit margin	%	16.4	14.4	2.0% 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 2020 (the “**Reporting Period**” or the “**Period**”), together with unaudited comparative figures for the corresponding period in the year 2019.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

	<i>Notes</i>	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
REVENUE	3	322,221	353,941
Cost of sales		<u>(237,382)</u>	<u>(258,490)</u>
Gross profit		84,839	95,451
Other income and gains	3	7,665	33,818
Other expense		(4,589)	—
Administrative expenses		(30,115)	(35,893)
Impairment losses on financial and contract assets		(2,300)	(2,516)
Finance costs	4	(26,880)	(39,410)
Share of profits and losses of:			
Joint ventures		30,154	11,691
An associate		<u>1,004</u>	<u>—</u>
PROFIT BEFORE TAX	5	59,778	63,141
Income tax expense	6	<u>(6,771)</u>	<u>(12,115)</u>
PROFIT FOR THE PERIOD		<u>53,007</u>	<u>51,026</u>
Attributable to:			
Owners of the Parent		52,839	50,857
Non-controlling interests		<u>168</u>	<u>169</u>
		<u>53,007</u>	<u>51,026</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted			
— For profit for the Period		<u>RMB0.016</u>	<u>RMB0.015</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

For the six months ended 30 June 2020

	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
PROFIT FOR THE PERIOD	<u>53,007</u>	<u>51,026</u>
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>(10,704)</u>	<u>(6,252)</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u>(10,704)</u>	<u>(6,252)</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	<u>(10,704)</u>	<u>(6,252)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>42,303</u>	<u>44,774</u>
Attributable to:		
Owners of the Parent	<u>42,135</u>	44,605
Non-controlling interests	<u>168</u>	<u>169</u>
	<u>42,303</u>	<u>44,774</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

		30 June 2020	31 December 2019
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	132,215	136,485
Right-of-use assets		2,232	2,976
Goodwill		3,060	3,060
Other intangible assets		20,763	21,631
Investments in joint ventures		663,685	632,031
Investment in an associate		54,548	53,544
Financial assets at fair value through profit or loss	10	19,792	17,380
Contract assets	14	62,591	24,194
Prepayments, other receivables and other assets	11	11,312	7,482
Deferred tax assets		18,200	17,915
Other non-current assets		19,449	—
		<u>1,007,847</u>	<u>916,698</u>
Total non-current assets			
CURRENT ASSETS			
Biological assets	12	33,692	33,427
Trade receivables	13	728,891	815,052
Contract assets	14	1,029,698	994,100
Prepayments, other receivables and other assets	11	346,006	161,620
Pledged deposits		330	213,203
Cash and cash equivalents	15	295,615	229,905
		<u>2,434,232</u>	<u>2,447,307</u>
Total current assets			

		30 June	31 December
		2020	2019
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
CURRENT LIABILITIES			
Corporate bonds	<i>16</i>	250,996	282,132
Trade and bills payables	<i>17</i>	992,700	965,861
Other payables and accruals	<i>18</i>	553,154	527,543
Interest-bearing bank and other borrowings	<i>19</i>	254,516	500,722
Lease liabilities		1,597	1,722
Tax payable		158,735	161,554
		<u>2,211,698</u>	<u>2,439,534</u>
Total current liabilities			
		<u>222,534</u>	<u>7,773</u>
NET CURRENT ASSETS			
		<u>1,230,381</u>	<u>924,471</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>1,230,381</u>	<u>924,471</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	<i>19</i>	269,110	14,064
Long-term lease liabilities		838	1,559
Deferred tax liabilities		6,053	5,953
		<u>276,001</u>	<u>21,576</u>
Total non-current liabilities			
		<u>276,001</u>	<u>21,576</u>
Net assets		<u>954,380</u>	<u>902,895</u>
EQUITY			
Equity attributable to owners of the Parent			
Share capital	<i>20</i>	66,396	66,396
Other reserves		859,979	817,844
		<u>926,375</u>	<u>844,240</u>
Non-controlling interests		<u>28,005</u>	<u>18,655</u>
Total equity		<u>954,380</u>	<u>902,895</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

Note	Attributable to owners of the Parent							Non- controlling interests	Total equity
	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		
At 1 January 2020 (audited)	66,396	151,609*	—*	15,220*	(33,677)*	684,692*	884,240	18,655	902,895
Profit for the Period	—	—	—	—	—	52,839	52,839	168	53,007
Other comprehensive Loss for the Period:									
Exchange differences on translation of foreign operations	—	—	—	—	(10,704)	—	(10,704)	—	(10,704)
Total comprehensive income for the Period	—	—	—	—	(10,704)	52,839	42,135	168	42,303
Transfer to non- controlling interest									
Transfer from retained profits	—	—	—	4,824	—	(4,824)	—	—	—
Capital injection from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	9,182	9,182
At 30 June 2020 (unaudited)	<u>66,396</u>	<u>151,609*</u>	<u>—*</u>	<u>20,044*</u>	<u>(44,381)*</u>	<u>732,707*</u>	<u>926,375</u>	<u>28,005</u>	<u>954,380</u>

* These reserve accounts comprise the consolidated other reserves of RMB859,979,000 (2019: RMB817,844,000) in the consolidated statement of financial position.

		Attributable to owners of the Parent							
		Share	Share		Exchange	Retained		Non-	Total
		capital	premium	option	Other	fluctuation	profits	controlling	equity
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	interests	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 on translation of 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)	<u>66,396</u>	<u>151,609*</u>	<u>6,693*</u>	<u>12,703*</u>	<u>(10,184)*</u>	<u>669,562*</u>	<u>896,779</u>	<u>127,782</u>	<u>1,024,561</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	2020	2019
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
CASH FLOWS USED IN OPERATING ACTIVITIES		
Profit before tax:	59,778	63,141
Adjustments for:		
Finance costs	26,880	39,410
Share of profits and losses of joint ventures	(30,154)	(11,691)
Share of profits and losses of an associate	(1,004)	—
Gain/(loss) on disposal of items of property, plant and equipment	(66)	52
Depreciation of property, plant and equipment	4,343	4,572
Depreciation of right-of-use assets	744	1,042
Amortisation of other intangible assets	869	1,813
Fair value losses on non-equity investments at fair value through profit or loss	—	1
Impairment of trade receivables	1,551	2,318
Impairment of financial and contract asset	749	198
Forfeiture of equity-settled share option arrangements	—	1,003
	63,690	101,859
Decrease in trade receivables	84,610	126,627
Increase in prepayments, deposits and other receivables	(190,844)	(203,556)
(Increase)/decrease in biological assets	(265)	433
Increase in contracts assets	(74,744)	(29,400)
Increase/(decrease) in trade and bills payables	26,839	(142,976)
Decrease/(increase) in pledged deposits for contract assets	8,370	(215,550)
Increase in other payables and accruals	14,446	309,697
Cash used in operations	(67,898)	(52,866)
PRC tax paid	(9,006)	(8,564)
Net cash flows used in operating activities	(76,904)	(61,430)

	2020	2019
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment	(853)	(869)
Purchase of intangible assets	(1)	—
Purchase of financial assets at fair value through profit or loss	(2,412)	(3,971)
Proceeds from disposal of items of property, plant and equipment	846	266
Purchase of a shareholding in joint ventures	(21,500)	(112,737)
Decrease in time deposits with original maturity of more than three months	<u>208,400</u>	<u>—</u>
Net cash flows from/(used in) investing activities	<u>184,480</u>	<u>(117,311)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
New bank loans	401,138	401,150
Repayments of bank loans	(392,430)	(325,070)
Dividends paid	—	—
Decrease/(increase) in an amount due to related parties	(4,887)	16,104
Contribution from non-controlling shareholders	9,182	5,525
Partial disposal of a subsidiary to non-controlling interest	—	85,833
Repayment of bonds	(31,136)	—
Principal portion of lease payments	(1,566)	(730)
Interest paid	<u>(22,143)</u>	<u>(60,536)</u>
Net cash (used in)/from financing activities	<u>(41,842)</u>	<u>122,276</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
	65,734	(56,465)
Cash and bank balances at beginning of the Period	229,905	431,093
Effect of foreign exchange rate changes, net	<u>(24)</u>	<u>(836)</u>
CASH AND BANK BALANCES AT END OF PERIOD	15	
	<u><u>295,615</u></u>	<u><u>373,792</u></u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PRESENTATION

The interim condensed consolidated financial information for the six months ended 30 June 2020 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 2019.

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 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

- (c) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	<u>322,221</u>	<u>353,941</u>

Disaggregated revenue information for revenue from contracts with customers

Types of goods or services

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Construction contracts	318,941	345,724
Design and maintenance services	<u>3,280</u>	<u>8,217</u>
Total revenue from contracts with customers	<u>322,221</u>	<u>353,941</u>

Timing of revenue recognition

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Services transferred over time	<u>322,221</u>	<u>353,941</u>

	For the six months ended 30 June	
	2020	2019
	RMB'000	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	4,206	931
Other interest income arising from revenue contracts*	2,560	22,015
Rental income	253	—
Others	<u>66</u>	<u>—</u>
	<u>7,085</u>	<u>22,946</u>
Gains		
Government grants**	580	760
Fair value gains, net		
Unlisted non-equity investments at fair value through profit or loss	—	1,937
Foreign exchange gain, net	<u>—</u>	<u>8,175</u>
	<u>580</u>	<u>10,872</u>
	<u>7,665</u>	<u>33,818</u>

* 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. FINANCE COSTS

	For the six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on bank loans, overdrafts and other borrowings	13,669	26,932
Interest on leasing liabilities	71	114
Interest on corporate bonds	13,140	12,364
	<u>26,880</u>	<u>39,410</u>
Total interest expense on financial liabilities not at fair value through profit or loss	<u>26,880</u>	<u>39,410</u>

5. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Cost of construction contracts	234,718	254,593
Cost of services provided	2,664	3,897
Employee benefit expenses		
Wages and salaries	8,955	9,586
Pension scheme contribution	2,052	3,961
Share option contributions	—	1,003
	<u>11,007</u>	<u>14,550</u>
Depreciation of items of property, plant and equipment	2,760	4,572
Depreciation of right-of-use assets	744	1,042
Amortisation of other intangible assets	869	1,813
Impairment of trade receivables	1,551	2,313
Impairment of contract assets	749	198
Impairment of financial assets included in prepayment, other receivables and other assets	—	5
Consulting fees	6,573	4,203
Auditors' remuneration	1,075	1,100
(Gain)/ loss on disposal of items of property, plant and equipment	(66)	52
Minimum lease payments under operating lease:		
Land and buildings	—	319
	<u>—</u>	<u>319</u>

6. 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 Reporting 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	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current — PRC		
Charge for the Period	6,955	12,542
Deferred	(184)	(427)
	<hr/>	<hr/>
Total tax charge for the Period	<u>6,771</u>	<u>12,115</u>

7. DIVIDENDS

	For the six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Final dividends declared and paid — HK0 cents		
(30 June 2019: HK0 cents) per ordinary share	<hr/>	<hr/>

The Board does not recommend the distribution of any interim dividend for the Reporting Period (for the six months ended 30 June 2019: nil).

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Parent of RMB52,839,167 (2019: RMB50,857,373), and the weighted average number of ordinary shares of 3,342,536,957 (2019: 3,342,536,957) in issue during the period, as adjusted to reflect the rights issue during the 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 of RMB52,839,167 (2019: RMB50,857,373), 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 of 3,342,536,957 (2019: 3,342,536,957) in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 3,342,536,957 (2019: 3,342,536,957) assumed to have been issued at no consideration on the deemed conversion of convertible bonds into ordinary shares.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired assets with a cost of RMB852,802 (30 June 2019: RMB790,758).

Assets with a net book value of RMB779,858 in respect of property, plant and equipment were disposed by the Group during the six months ended 30 June 2020 (30 June 2019: RMB317,520), resulting in a net gain of disposal of RMB65,889 (30 June 2019: a net loss of RMB52,271).

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Unlisted non-equity investments at fair value through profit or loss		
Unlisted non-equity investments, at fair value		
Xi'an Greenland Jue River Wetland Park Development Company Limited	14,996	12,584
Taiyuan Longcheng Greenland Botanical Garden Company Limited	<u>4,796</u>	<u>4,796</u>
	<u>19,792</u>	<u>17,380</u>

The above unlisted non-equity investments at 30 June 2020 were classified as financial assets at fair value through profit or loss.

11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June	31 December
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Current		
Prepayments	78,106	61,353
Deposits and other receivables	275,051	107,418
Impairment	<u>(7,151)</u>	<u>(7,151)</u>
	<u>346,006</u>	<u>161,620</u>
Non-current		
Other receivables	11,312	7,482
Impairment	<u>—</u>	<u>—</u>
	<u>11,312</u>	<u>7,482</u>
	<u>357,318</u>	<u>169,102</u>

Included in the provision for impairment of prepayments, other receivables and other assets is a provision for individually impaired receivables of RMB7,151,000 (2019: RMB7,151,000) with a carrying amount before provision of RMB7,151,000 (2019: RMB7,151,000). The individually impaired receivables relate to a portion of receivables that were not expected to be recovered.

Deposits and other receivables mainly represent construction deposits. Expected credit losses are estimated by considering the credit risk stage, the payment term arrangement and the collateral provided.

12. BIOLOGICAL ASSETS

A. Nature of activities

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

B. Value of plants and saplings

The value of plants and saplings at 30 June 2020 was:

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Plants and saplings	<u>33,692</u>	<u>33,427</u>

The Group's plants and saplings were independently valued by a firm of independent professionally qualified valuers not connected with the Group, who has appropriate qualifications and recent experiences in the valuation of biological assets at the end of each Reporting Period and valued by management at medium term. The fair value less costs to sell of the plants and saplings is determined based on the market-determined prices as at the end of each Reporting Period adjusted with reference to the species, age, diameter and cost incurred.

The principal valuation assumptions adopted in measuring the fair value of plants and saplings are the actual stock on the valuation date and the effective market price in Mainland China.

The valuation of the fair value of biological assets has taken into consideration the transportation costs. The transportation costs for the sales of plants and saplings are not material in the view of the Group's directors.

C. Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of biological assets:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs).

Assets measured at fair value:

As at 30 June 2020

	<u>Fair value measurement using</u>			Total <i>RMB'000</i>
	Quoted prices	Significant	Significant	
	in active	observable	unobservable	
	markets	inputs	inputs	
	(Level 1)	(Level 2)	(Level 3)	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Biological assets	<u>33,692</u>	<u>—</u>	<u>—</u>	<u>33,692</u>

As at 31 December 2019

	<u>Fair value measurement using</u>			Total <i>RMB'000</i>
	Quoted prices	Significant	Significant	
	in active	observable	unobservable	
	markets	inputs	inputs	
	(Level 1)	(Level 2)	(Level 3)	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Biological assets	<u>33,427</u>	<u>—</u>	<u>—</u>	<u>33,427</u>

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

13. 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 2020 <i>RMB'000</i> (Unaudited)	31 December 2019 <i>RMB'000</i> (Audited)
Within one year	448,463	643,449
Over one year but within two years	229,299	121,172
Over two years	<u>51,129</u>	<u>50,431</u>
	<u>728,891</u>	<u>815,052</u>

The majority of the Group's revenues generated through construction contracts are settled in accordance with the terms specified in the contracts governing the relevant transactions. 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.

14. CONTRACT ASSETS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Contract assets arising from:		
Construction services	1,104,121	1,029,377
Impairment	(11,832)	(11,083)
	<u>1,092,289</u>	<u>1,018,294</u>

Contract assets are initially recognised for revenue earned from the provision of construction services as the receipt of consideration is conditional on successful completion of construction. Included in contract assets for construction services are retention receivables. 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 2020, retention money held by customers included in contract assets amounted to approximately RMB10,291,610 (2019: RMB15,623,000), of which RMB10,291,610 (2019: RMB15,623,000) is expected to be recovered after more than twelve months.

Upon completion of construction and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The ending balance of contract assets as at 30 June 2020 was stable compared to that as at the end of 2019.

During the Reporting Period, RMB917,000 was recognised and RMB168,000 was reversed as an allowance for expected credit losses on contract assets. The Group's trading terms and credit policy with customers are disclosed in note 13 to the financial statements.

15. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

	2020 RMB'000 (Unaudited)	2019 RMB'000 (Audited)
Cash and bank balances	295,615	229,905
Time deposits	<u>330</u>	<u>213,203</u>
	295,945	443,108
Less: Pledged time deposits		
Pledged for construction contracts	330	8,700
Restricted Cash	<u>—</u>	<u>204,503</u>
Cash and bank balances	<u>295,615</u>	<u>229,905</u>

At the end of the Reporting Period, the cash and bank balances of the Group denominated in US dollars (“USD”) amounted to RMB1,780,164 (31 December 2019: RMB1,718,700) and denominated in Hong Kong dollars (“HKD”) amounted to RMB5,348 (31 December 2019: RMB194,000).

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.

16. CORPORATE BONDS

	2020	2019
	<i>RMB’000</i>	<i>RMB’000</i>
	(Unaudited)	(Audited)
Current corporate bonds	<u>250,996</u>	<u>282,132</u>

The 2015 Note instrument

On 15 October 2015, the Company issued corporate bond to Greenland Financial Overseas Investment Group Co., Ltd. (“Greenland Financial”, a related party of a non-controlling shareholder) with a face value of USD40,000,000. The bond was guaranteed by 100,000 shares of Greenstate Times International Company Limited and 10,000 shares of Greenstate International Company Limited held by the Company directly and indirectly. On 11 October 2016, the Company extended the term of the bonds, where the maturity date of the bonds fell one calendar year after 15 October 2016 on 15 October 2017.

The 2017 Note Instrument

On 10 November 2017, the Company signed an agreement with Greenland Financial to agree that the condition to the bonds would be amended and restated as set out in a new instrument agreement to be entered into in 2018. In addition, during the period from 15 October 2017 to the date on which the new instrument is issued, the Company shall not bear any interest. On 15 January 2018, the Company announced that it decided to propose the issuance of a redeemable fixed coupon promissory note with a principal amount of USD40,000,000 at the rate of 9.00% per annum to Greenland Financial from 15 November 2017, guaranteed by 50,000 ordinary shares of Greenstate Times International Company Limited and 5,000 ordinary shares of Greenstate International Company Limited. On 15 January 2019, the Company extended the term of the bonds to 15 January 2020. The other terms and conditions remain unchanged.

The 2019 Note Instrument

On 4 December 2019, the Company and Greenland Financial entered into the 2019 Deed of Consent pursuant to which the parties conditionally agreed that (i) Greenland Financial shall execute the 2019 Note Instrument and release and discharge the Company from all of its present

and future covenants, liabilities and obligation owing and/or payable to Greenland Financial under the 2017 Note Instrument, and (ii) Greenland Financial shall release all share charges under 2017 Note Instrument and enter into the share charges under 2019 Note Instrument as security of the Notes. The principal amount of 2019 Note instrument is USD35,000,000 with an interest rate of 12.00% per annum. The 2019 Note Instrument is guaranteed by 43,000 ordinary shares of Greenstate Times International Company Limited and 4,300 ordinary shares of Greenstate International Company Limited. On 20 January 2020, the issuance has been conducted and the due date will be 14 July 2020 (unless previously redeemed, or purchased and cancelled or extended) and the term of Notes may be extended for an additional six months with the same interest coupon, terms and conditions as described under the 2019 Note Instrument. In January 2020, the Company has repaid USD5,000,000 of the principal amount plus all interests accrued under the 2017 Notes Instrument.

17. 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 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Within one year	613,311	596,730
Over one year but within two years	190,541	185,389
Over two years	188,848	183,742
	992,700	965,861

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

18. OTHER PAYABLES AND ACCRUALS

	<i>Notes</i>	2020 RMB'000 (Unaudited)	2019 RMB'000 (Audited)
Contract liabilities	<i>(a)</i>	247,536	234,851
Other tax payable		123,370	120,368
Amounts due to related parties		89,526	94,413
Other payables	<i>(b)</i>	63,656	53,817
Interest payable		16,483	11,792
Deposits from sub-contractors		8,655	10,381
Staff payroll and welfare payables		3,928	1,921
		553,154	527,543

(a) Details of contract liabilities as at 30 June 2020 and 31 December 2019 are as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
<i>Short-term advances received from customers</i>		
Construction services	<u>247,536</u>	<u>234,851</u>
Total contract liabilities	<u><u>247,536</u></u>	<u><u>234,851</u></u>

Contract liabilities include short-term advances received to render construction services. The increase in contract liabilities in 2020 was mainly due to the increase in short-term advances received from customers in relation to the provision of construction services at the end of Period.

(b) Other payables are non-interest-bearing and are normally settled on demand.

19. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	2020 (Unaudited)			2019 (Audited)		
		Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current							
Bank loans — secured		—	—	—	4.6	2020	209,950
Other loans — secured	(a) i	6.8	2020	57,600	8.9	2020	84,600
Other loans — unsecured	(c)	8.8	2020	62,790	10.2	2020	54,692
Other loans — unsecured	(d)	—	2020	<u>117,000</u>	—	2020	<u>91,000</u>
				<u>237,390</u>			<u>440,242</u>
Current portion of long-term							
Bank loans — secured and guaranteed	(b)	7.2	2021	2,000	—	—	—
Bank loans — secured	(a) ii	4.3	2021	1,000	6.1	on demand	60,480
Other loans — unsecured	(c)	9.0	2021	<u>14,126</u>	—	—	—
				<u>17,126</u>			<u>60,480</u>
				<u>254,516</u>			<u>500,722</u>
Non-current							
Bank loans — secured and guaranteed	(b)	7.2	2030	198,000	—	—	—
Bank loans — secured	(a) ii	4.3	2022	71,110	—	—	—
Other loans — unsecured		—	—	—	9.0	2021	<u>14,064</u>
				<u>269,110</u>			<u>14,064</u>
				<u>523,626</u>			<u>514,786</u>

Notes:

- (a) Certain of the Group's bank borrowings and other borrowings were secured by:
- i. Certain other borrowing of the Group amounting to RMB57,600,000 was secured by a mortgage over the Groups' shares of a subsidiary, Shanghai Bifu Investment Center LLP.
 - ii. Certain bank borrowing of the Group amounting to RMB72,110,000 was secured by mortgaged building of the Group with a carrying amount of RMB118,715,000. An amount of RMB1,000,000 of the borrowings would be due within one year.
- (b) Certain of the Group's bank borrowings were secured and guaranteed by:
- Certain bank borrowing of the Group amounting to RMB200,000,000 were secured by trade receivables (note 13) and contract assets (note 14) and the rights to payment from a customer, and also were guaranteed by a third party. An amount of RMB2,000,000 of the borrowings would be due within one year.
- (c) Certain of the Group's other borrowings are unsecured and will be repaid in one year or on demand.
- (d) Certain of the Group's other borrowings are unsecured and bearing no interest. They will be repaid in one year or on demand.

20. SHARE CAPITAL

Shares

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Issued and fully paid:		
3,342,536,957 (31 December 2019: 3,342,536,957) ordinary shares of HKD0.025 each	<u>66,396</u>	<u>66,396</u>

21. COMMITMENTS

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

	30 June	31 December
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Contracted, but not provided for:		
Capital injection of joint ventures	<u>272,685</u>	<u>243,000</u>

22. 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 of directors 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 2019.

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 Mainland China and nearly all transactions are conducted in 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 2020. As at 30 June 2020, the Group's assets and liabilities denominated in USD and HKD were mainly held by the Company and a subsidiary incorporated outside Mainland China which had HKD as their functional currencies. The Company and the subsidiary incorporated outside Mainland China also held corporate bonds denominated in USD and other payable denominated in RMB, from which foreign currency exposure arises.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD and HKD exchange rate, with all other variables held constant, of the Group's profit before tax and the Group's equity.

	Increase/ (decrease) in rate %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity* RMB'000
2020			
If RMB weakens against USD	1	(1,001)	—
If RMB strengthens against USD	(1)	1,001	—
If RMB weakens against HKD	1	—	(516)
If RMB strengthens against HKD	(1)	—	516

* Excluding retained profits

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 2019, 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. The gearing ratios as at the end of the reporting period were as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Interest-bearing bank and other borrowings	523,626	514,786
Corporate bonds	250,996	282,132
Trade and bills payables	992,700	965,861
Other payables and accruals	178,320	170,403
Less: Cash and bank balances	<u>(295,615)</u>	<u>(229,905)</u>
Net debt	<u>1,650,027</u>	<u>1,703,277</u>
Equity attributable to owners of the Parent	<u>926,375</u>	<u>884,240</u>
Capital and net debt	<u>2,576,402</u>	<u>2,587,517</u>
Gearing ratio	<u>64%</u>	<u>66%</u>

INDUSTRY REVIEW

Since 2019, the National Development and Reform Commission has issued the “Key Tasks for the New Type of Urbanization Construction and Urban-Rural Integration Development in 2020” (《2020年新型城鎮化建設和城鄉融合發展重點任務》) and the “Notice on Accelerating the Work of Making Up for Shortcomings and Strengthening Weak Points of County Town Urbanization” (《關於加快開展縣城城鎮化補短板強弱項工作的通知》) respectively. The promotion of urbanization will further increase the demand for planning, design and construction in areas such as urban and rural transportation facilities, livelihood facilities, urban planning, smart cities and characteristic towns, coupled with a series of supporting initiatives of national fiscal and monetary policies, which have all provided a guarantee for the improvement of the growth rate of infrastructure investment.

In terms of business model, the Chinese government’s support for public-private-partnership (“**PPP**”) has been on the rise since 2020. The PPP Center of the Ministry of Finance issued the “Notice on Accelerating and Strengthening the Identification and Reserve Management of PPP Projects Initiated by the Government and Private Capital” (《關於加快加強政府和社會資本合作PPP項目入庫和儲備管理工作的通知》), proposing to speed up the progress of project identification, and some provincial governments also issued policies to support PPP, both of which have further boosted the confidence and determination across the industry to promote PPP. In addition, in recent years, policies have also begun to promote the Engineering Procurement Construction (“**EPC**”) model, advocating coordinated and unified design and construction, so as to achieve the effects of reducing project costs, shortening the construction period and improving project quality, which has become a new trend in the development of the industry. In the future, the traditional construction general contracting model and EPC model are expected to gradually transform to “an integration of investment, construction and operation”. The development of the industry will shift from cost-driven to innovation-driven and cooperative innovation, financing innovation and technological innovation will become new driving forces for industry development. Under the premise of current national policies of “Six Stabilities (六穩)” and “Six Guarantees (六保)”, infrastructure investment has once again become an important tool for promoting steady growth, and the spring of industry development is expected to come again.

BUSINESS REVIEW

The Group continued to uphold the principle of “specializing in the core business of ecological construction, improving the businesses of environmental restoration and cultural tourism operation” and its projects under progress involved all-for-one tourism, theme parks, ecological wetlands and other areas. The Group is committed to seizing the opportunities of technological tourism in the era of eco-cultural tourism to promote a green-tourism mode of production, lifestyle and consumption, thus realizing

a green upgrade in consumption mode of cultural tourism, facilitating more innovative and dynamic sustainable development of tourism and creating a healthier and safer public environment for tourism.

In the wake of the current COVID-19, the Group has established a more comprehensive and effective control mechanism, while adjusting and innovating its business development model, diversifying its business layout and exploring the conversion from PPP to EPC, EPC + Finance (“**EPC+F**”) and EPC + Operation (“**EPC+O**”). The Group strived to diversify its financial income to replace single source and ultimately achieve diversification of investment income, construction income and operation income, hence maximizing the benefits of PPP. The Group has also set up a technology innovation team to accelerate technological innovation and explored innovation in construction technology, work mode and operating system with relevant results achieved, realizing a steady development in innovation. The Group always adheres to the development guideline of “seeking innovation” in response to challenges brought forth by grave and complicated external situations.

During the Reporting Period, the Group recorded a total revenue of RMB322.22 million and net profit attributable to owners of the Parent of RMB52.84 million, with a gross profit margin of 26.33% and a net profit margin of 16.4%. Although the Group recorded a decrease of total revenue year on year during the Reporting Period due to the delay in resumption of work at the beginning of this year, blistered by the effective cost control strategy and reasonable arrangement on construction process of the Group, the net profit margin was recorded an increase compared with the same period of last year with the overall result in line with expectations.

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 project	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

Issue authority	Category	Qualification level
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 certificate for construction engineering professional design	Grade A
Shanghai Housing and Urban-Rural Development Management Committee	Professional contracting of ancient architecture project	Grade One

COST CONTROL

The Group adopts meticulous cost control model on projects which clarifies project evaluation standards, makes detailed bidding preparations, compiles project fund schedules and takes into account maintenance plans during construction. At the same time, the Group focuses on the project redevelopment and cost saving in a reasonable manner. In respect of policies, the Group issues corresponding guidances and puts them in place; in respect of systems, the Group establishes an uniform database of suppliers and utilizes an internally developed project information management platform (namely the OA system) to ensure all project expenditures being strictly in compliance with budget management; in respect of manpower, the Group established a team of management personnel with rich experiences in procurement and engineering management, which strengthens process management and cost supervision.

RESEARCH AND DEVELOPMENT

As a provider and developer of ecological and environmental protection service with great potential in China, the Group is striving to become an internationally advanced domestic leading player in the industry by adhering to the guidance of applying high-efficiency, energy saving and clean green technology and design so as to promote its development through scientific and technological innovation. Meanwhile, the Group has continuously invested a large amount of funds in establishing the enterprise's technology center, adhering to the principle of independent development, as well as constantly strengthened the cooperation of industry, education and research, and the construction of intellectual property rights, and actively realized the industrialization of science and technology.

With continuous efforts, the Group has achieved important results in plant cultivation, soil improvement and water ecological treatment and possesses a number of patented technologies and patented products with independent intellectual properties. The Group currently has a total of two invention patents, 41 utility model patents, five trademark rights, three software copyrights and one exclusive right in layout-designs of integrated circuits. In addition, the Group has two invention patents under application and three

new cultivars at the reproductive stage, which are involved in sewage treatment, saline-alkali land restoration, ecological restoration, garden plants, construction and other fields.

FUTURE DEVELOPMENT

As an important part of human civilisation, ecological civilisation reflects the progress of human society from the perspective of human being and nature. The Chinese government has repeatedly emphasised the importance of the green concept in recent years. In particular, the Fourth Plenary Session of the 19th Central Committee put forward “Resolutely pursue a model of civilized development featuring increased production, higher living standards, and healthy ecosystems and continue the Beautiful China initiative” and Premier Li Keqiang has even repeatedly mentioned the important issues including overall improvement of the ecological environment, ecological protection of the Yellow River Basin, improvement of the effectiveness of ecological governance, implementation of important ecological system protection and promotion of ecological civilisation construction in the government work report.

In the first half of 2020, COVID-19 has severely impacted China and the global economy, resulting in increasing difficulties of business environment. On the other hand, it may bring certain positive impacts in the long term. For example, COVID-19 not only stimulates companies to strengthen their risk control capabilities, but also helps to balance the overall pace of development, propelling the market move on to a more healthy development track.

2020 is the year of “breakthrough” for the Group. Through continuous strategic adjustments and internal management optimisation, the Group strictly screens projects to be undertaken and avoid haphazard investment and expansion to ensure a sound capital chain and smooth implementation of projects. As the global epidemic is expected to be gradually contained in the foreseeable future, the Group is ready to bust through and continue to expand its core business of ecological construction. On the basis of improving its comprehensive risk prevention and control capabilities and resource integration capabilities, the Group will seize opportunities to break through with all efforts and take advantage of the trend to comprehensively achieve bigger goals.

BANK AND OTHER BORROWINGS

As at 30 June 2020, the Group’s total outstanding bank and other borrowings amounted to RMB523,626,000 (31 December 2019: RMB514,786,000).

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.

During the Reporting Period, 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. 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. For the annual general meeting of the Company held on 22 May 2020 (“**2020 AGM**”), Mr. Wu, the chairman and chief executive officer of the Board was unable to attend the 2020 AGM 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 2020 AGM on behalf of Mr. Wu and to respond to questions from shareholders of the Company. 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 Mr. Yang Yuanguang, 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 2019: nil).

EVENTS AFTER REPORTING PERIOD

There are no significant events subsequent to 30 June 2020 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

As at 30 June 2020, Shanghai Qianyi Landscape Engineering Company Limited, a wholly-owned subsidiary of the Company, has held 4.3 million shares of Shanghai H-fast Electronic Technology Co., Ltd. with a shareholding of 10.04% at a cost of RMB51,600,000.

During the Reporting Period, the Group had not made any material acquisitions and disposal of subsidiaries and associated companies. Save as disclosed above, as at 30 June 2020, the Group did not hold any significant investments.

PUBLICATION OF INTERIM RESULTS AND 2020 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 2020 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 in accordance with the requirements of the Listing Rules.

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
27 August 2020

** 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. Jin Hexian and Mr. Yang Yuanguang.