



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)

2022 INTERIM REPORT



博大精深

博採眾長
Eclectic

大有作為
Accomplishment

精益求精
Excelsior

深生不息
Continuous





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Corporate Information

COMPANY NAME

China Greenland Broad Greenstate Group Company Limited

PLACE OF LISTING OF SHARES

The Stock Exchange of Hong Kong Limited — main board

STOCK CODE

1253

STOCK NAME

GREENLAND BROAD

BOARD OF DIRECTORS

Executive Directors

Mr. Wu Zhengping (*Chairman and chief executive officer*)

Ms. Xiao Li (*Deputy chief executive officer*)

Ms. Zhu Wen (*Chief financial officer and
Deputy general manager*)

Ms. Chen Min (*Deputy financial controller*)

Independent Non-executive Directors

Mr. Dai Guoqiang

Dr. Jin Hexian

Mr. Yang Yuanguang

COMPANY SECRETARY

Ms. Lee Mei Yi (appointed as at 20 May 2022)

Ms. Lo Ka Man (resigned as at 20 May 2022)

AUTHORIZED REPRESENTATIVES

Ms. Zhu Wen

Ms. Lee Mei Yi (appointed as at 20 May 2022)

Ms. Lo Ka Man (resigned as at 20 May 2022)

AUDIT COMMITTEE

Mr. Yang Yuanguang (*Chairman*)

Mr. Dai Guoqiang

Dr. Jin Hexian

REMUNERATION COMMITTEE

Dr. Jin Hexian (*Chairman*)

Mr. Dai Guoqiang

Ms. Zhu Wen

NOMINATION COMMITTEE

Mr. Dai Guoqiang (*Chairman*)

Ms. Xiao Li

Dr. Jin Hexian

REGISTERED OFFICE

The offices of Maples Corporate Services Limited

PO Box 309, Ugland House

Grand Cayman, KY1-1104

Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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PLACE OF BUSINESS IN HONG KONG

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Hong Kong

AUDITOR

Ernst & Young
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Quarry Bay, Hong Kong

HONG KONG LEGAL ADVISOR

Jia Yuan Law Office
17/F, No. 238 Des Voeux Road Central
Sheung Wan, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
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Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANK

Bank of Shanghai Changning Branch

COMPANY WEBSITE

www.greenland-broadgreenstate.com.cn

Financial Summary

For the six months ended 30 June

	2022 RMB'000	2021 RMB'000	Change RMB'000	%
Revenue	95,240	193,289	(98,049)	(50.7)
Gross Profit	29,934	58,483	(28,549)	(48.8)
Profit before taxation	1,185	18,324	(17,139)	(94)
Net profit attributable to owners of the Parent	418	15,334	(14,916)	(97)

30 June 2022 RMB'000

31 December 2021 RMB'000

Change RMB'000 %

Total assets	3,404,529	3,358,341	46,188	1.4
Total equity attributable to owners of the parent	990,807	1,016,282	(25,475)	(2.5)

For the six months ended 30 June

2022 2021

Profitability ratio (%)		
Gross Profit margin	31.4	30.3
Net profit margin	0.4	7.9
Return on assets	0.0	0.5
Return on equity	0.1	1.5
Working capital ratio (time)	0.9	1.0
Gearing ratio (%)	62.0	61.4



Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors of China Greenland Broad Greenstate Group Company Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”), I am pleased to present you with the unaudited consolidated interim results of the Group for the six months ended 30 June 2022.

Stepping into 2022, the business environment remained challenging. Faced with the intricate and grave international environment, especially the intensified inflation across the globe due to the conflicts in individual regions, and the varied fiscal and monetary policies of countries, the currency exchange rates fluctuated a lot. While domestically, with mounting cases on the coronavirus disease pandemic (the “**COVID-19**”) in many places, local governments has taken precautionary measures. All these factors have posed uncertainties on domestic and international economic activities. However, as the pandemic was brought under control in the second quarter of 2022 across China, the Chinese government stepped up macro policy regulation and implemented a package of policies and measures to stabilize the economy. By doing so, China's economy has been stabilized with an upward momentum and the society also remained stable. According to data released by the National Bureau of Statistics of China, GDP grew by 2.5% year-on-year to RMB56.26 trillion in the first half of 2022.

In the first half of 2022, the Group adopted a stable development strategy to deal with the unexpected market changes under the severe and unstable economic environment. On the one hand, the Group continued the process of existing projects at a steady pace with improved project compliance, in order to ensure proper completion of projects on hand and guarantee project returns and cash flow. On the other hand, the Group would not be flying blind but be prudent in seeking new projects by focusing on the compliance of potential projects and the financial strength of the local government to assess the value and feasibility of the projects, so as to safeguard the Group's business foundation.

Since its inception, the Group has been working on the ecological protection and restoration of landscaping and strives to be an industry leader. During the period under review, the Group continued to grow steadily in terms of both geographical and business scale. With its good reputation, excellent operation capability and extensive experience in the industry, the Group's business scope has covered 15 provinces and municipalities across China, and its projects have gradually developed into large-scale municipal ecological construction projects. As a result, the Group has established a good reputation and credibility among major customers such as government departments and state-owned enterprises.

As of 30 June 2022, the Group recorded total revenue of approximately RMB95.2 million, operating profit for the period of approximately RMB29.9 million, net profit attributable to owners of the Parent of approximately RMB0.4 million, with gross profit margin of 31.4% and net profit margin of 0.4%. During the period under review, the Group continued to deliberately manage the volume of new construction works and construction progress to tighten marketing expenses and reduce operating expenses, resulting in a decline in its performance as we strengthened our management of accounts receivable and cash flow to enhance the stability of our operations under the pressure of revenue growth.

MARKET REVIEW

In May 2022, the State Council of China issued the Raft of Measures and Policies to Firmly Stabilize the Economy (《扎實穩住經濟的一攬子政策措施》) to propose 33 specific policies and measures in six areas and require to stabilize the economy in the second quarter of 2022, in bid to lay a sound foundation for economy development in the second half of the year. In terms of fiscal policy, it proposed the requirement of rushing to complete the task of the issuance and utilization of local governments' special bonds for the year. The progress of the issuance and utilization of RMB3.45 trillion special bonds required for the year was speed up, with the issuance of which basically completed by the end of June 2022 and the utilization of which substantially completed by the end of August 2022. On top of the nine major sectors identified earlier, including transportation infrastructure, energy and security housing projects, the sectors supported by the special bonds were properly expanded. Local governments' special bonds were mainly for nine major sectors, namely transportation infrastructure, energy, agriculture, forestry and water conservation, ecological protection, social undertakings, logistics infrastructure such as urban and rural cold chains, municipal and industrial park infrastructure, major national strategic projects and security housing projects. With the issuance of new special bonds basically completed, the local governments, under the keynote of stabilizing growth, are expected to accelerate infrastructure construction, which is projected to expedite stronger rebound momentum for the PPP model in the second half of the year.

The Chinese government has been actively implementing urban renewal and advancing rural vitalization on all fronts. According to the Ministry of Housing and Urban-Rural Development of China, in the first half of 2022, 38,900 old communities nationwide were newly commenced renovation, accounting for nearly 76% of the target number of 51,000 old communities nationwide planned to commence renovation in the year. In May 2022, the Chinese government published the goals of the Action Plan on Rural Construction (《鄉村建設行動實施方案》). It proposes that by 2025, tangible progress should be made on rural construction and continuous improvement should be seen in the rural living environment, with positive progress in the extension of rural public infrastructure to villages and households and around the key tasks such as strengthening the planning and construction management of villages. The boundaries of various spatial controls should be reasonably delineated to optimize the layout of rural living space, and the scope of village construction planning should be defined according to local conditions to strictly protect agricultural production space and rural ecological space.

According to the National PPP Integrated Information Platform Project Management Database for the first half of 2022 released by Ministry of Finance of the People's Republic of China and China Public Private Partnerships Center, 279 new projects were obtained with an investment amount of RMB458.6 billion in the first half of 2022, representing a decrease of RMB114.0 billion or 19.9% year on year ("YoY"). As of the end of June 2022, there had been 10,354 cumulative contracted projects with a total investment of RMB16.5 trillion. 7,934 projects were contracted with an investment amount of RMB13.1 trillion, representing a contracting rate of 79.8%. An aggregate of 5,280 projects commenced construction with an investment amount of RMB8.7 trillion, accounting 53.1% of the total. There had been 1,988 operating and service projects accumulated with a total investment of RMB2.8 trillion, among which, RMB1.1 trillion is relating to ecological construction and environmental protection, ranking the fourth in the top five sectors in terms of investment amounts. Forestry projects with an investment amount of RMB26.6 billion ranked the fourth in the top five of the newly obtained projects in terms of investment amounts.

In the first half of 2022, despite the gradual recovery of economic activities with the COVID-19 brought under control in China, the number of new orders signed remained low for the overall landscape industry. Most companies in the landscape industry have seen a YoY decrease in new orders, mainly due to that relatively large amount of PPP projects were already signed in the early stage, and the tendering process of Engineering Procurement Construction (“EPC”) was delayed impacted by the pandemic, moreover, the competition in this segment intensified as more and more environmental and sanitation enterprises expanded their business into landscaping and maintenance attracted by the rapid growth of landscaping industry and market trend. As a whole, the investment amount of newly obtained projects decreased, but the number of cumulative contracted projects and projects in progress increased steadily, reflecting that PPP, as one of the most standardized investment and financing models, has matured in market development and stepped into the stage of high-quality development orderly.

Strengthen Cash Flow, Drive High-Quality Growth

In the first half of 2022, both foreign and domestic investment sentiment became cautious due to the different reactions towards the financial and monetary policy worldwide and the repeated local outbreak of pandemic across the country. During the Reporting Period, the Group has adopted prudent growth strategies to cope with the volatile and unstable economic environment, and managed the commencement and progress of construction projects actively. Although the performance was affected in the short term, with the unremitting efforts of all staff members and judgment to the situation, the Company focused on revitalizing existing projects, increased the payment collection of the projects in hand and strictly controlled the quality of the projects so as to maintain the scale of PPP business under control. By taking “maintaining stable cash flow, appropriate scale and reasonable profit margin” as the operating principle of the Group, a solid foundation was laid for undertaking long term incremental projects in the future.

Most of the Group's investment projects are PPP projects, with four of which entered the operation and maintenance stages during the period, while the remaining under construction or in the preliminary preparation stage. During the Reporting Period, the Group did not record any new projects, but existing projects were completed as planned and proceeded to the payment collection stage, which is generally in line with the original expectation of the Group and the management. As for new projects, instead of blindly pursuing and rushing to pursue new projects, the Group seized the chance to focus on consolidating its fundamentals, managing account receivables and improving its cash flow, so as to be well-prepared for the development opportunities brought by the urban planning green improvement under the “14th Five-Year Plan” with a solid foundation.

Lay a Solid Foundation, Seize Opportunities for Green Development and Pursue Quality Projects

Under the “14th Five-Year Plan”, the state accelerated the comprehensive green transformation of economic and social development, with green and carbon reduction as the key strategic development direction. The new space of landscape industry shall be extended by the sustainable development of society and economy driven by innovation, sharing, low carbon, ecological protection. Therefore, as an ecological service provider and developer in China with promising prospect, the Group will continue to prepare itself to leverage the long-term opportunities brought by government policies, further develop and enhance the application and design of high-efficiency, energy-saving clean, and green technologies, make more investment in establishing its technology center and strengthen the independent research and development of the core technologies, especially technologies and products with independent intellectual properties.



Chairman's Statement (Continued)

As work related to the “Dual Carbon” goals of China target shall be implemented in the future, the Group believes that the landscape industry needs to provide higher-quality and innovative services, therefore more sufficient cash flows to support the subsequent operations, improvement of research and development (R&D) of technology and more innovative services will be essential for long-term development in the future. During the Reporting Period, the Group consolidated itself and has successfully expanded its market coverage to 15 provinces across the country with its excellent reputation, and has successfully built on its nationwide ecological projects to strengthen the integration with “Dual Carbon”, enriching the functions and further enhancing the significance of the projects.

PROSPECT

According to the “14th Five-Year Plan”, China will accelerate the upgrading and transformation of its economic structure, energy structure and industrial structure, and guide social capital and resources to green, low-carbon and recycling fields, in order to facilitate the transformation and upgrading of industrial development. In the future, the needs for green and low-carbon development, urban ecological space planning and refined urban management will help promote the development of China's green landscape industry and bring broader business opportunities. Looking ahead, in addition to continuing to solidify its business foundation, the Group will adhere to the green and sustainable development direction by promulgating the commercial concept of energy saving, environmental protection and circular economy in its main business. In accordance with the China's “30•60 targets” and under the background of continuous urbanization, the Group will accelerate the promotion of the development of urban landscaping to a conservation, ecological and functional type, and conform to the trend of the landscaping industry to tilt towards the ecological field.

As the backbone of the ecological civilization and Beautiful China construction, the Group sets its business mission as “a leader in ecological and humanity homeland construction, a pioneer of development of sustainable environment”. It adheres to the corporate motto of “kindness, fortitude, cooperation and dedication”, and fulfils its social responsibility of “Beautiful China nourishes our future generations” with practical actions. The Group strives to achieve its strategic vision of “enhancing the regional core values with first-class ecological environment and promoting the harmonious upgrading of our homelands with deep humanity construction”. The Group endeavours to become an advocate and practitioner of the ecological and humanistic environment construction.

This seems to be the worst of times, but the best of times as well. The first half of 2022 is a time to test the Group's ability to strengthen itself in adversity, and it is also a time to experience the achievements of the Group's practice in the past three years. Based on its actual business conditions and its development position, the Group will proactively focus on national strategies and the development of the industry, strive to give full play to the Group's advantages in the layout of the whole industrial chain, steadily expand the market, unswervingly optimize management, spare no effort to strengthen its own strength, and strive to write a new chapter of the Group's high-quality development in the post-pandemic new normal.

Mr. Wu Zhengping

Chairman and Chief Executive Officer

31 August 2022



Management Discussion and Analysis

INDUSTRY REVIEW

Due to the uncertainty in the macro operating environment, in the first half of 2022, the development of China's Public-Private Partnership (“PPP”) projects related to pollution prevention and low-carbon was relatively flat. According to statistics from the PPP Center of the Ministry of Finance, there was an accumulation of 5,931 PPP projects in China relating to pollution prevention and low-carbon with an investment amount of RMB5.7 trillion as of the end of June 2022; among which, 4,478 projects with an investment amount of RMB4.6 trillion, had been signed, and 2,999 projects with an investment amount of RMB3.0 trillion were in construction. In the first half of 2022, there was an addition of 123 new PPP projects in China relating to pollution prevention and low-carbon with an investment amount of RMB126.3 billion. As ecological environmental protection is a rigid demand of local governments, it will still be the key area for PPP to promote.

On 29 July 2022, the Ministry of Housing and Urban-Rural Development and the National Development and Reform Commission issued the Plan for National Urban Infrastructure Construction (the “Plan”) during the “14th Five-Year” period. The Plan proposes to achieve remarkable results in the green transformation of urban construction and production methods and lifestyle by 2025, improve urban ecological infrastructure system, and promote green and low-carbon urban development. In addition to building a continuous and complete urban ecological infrastructure system, the Plan also aims to further promote the construction of urban green space system, protect the natural landscape pattern of the city, increase green space through multiple ways such as rational distribution of green heart, green wedge, green ring, and green corridor, strengthen the protection of urban biodiversity and enhance the quality and stability of urban ecosystem. Taking the creation of a garden city as a starting point to improve the urban park system and greenway network construction, reasonably set up diversified and humanized activity space and disaster prevention and hedging space, and provide residents with safer, healthier and friendlier green ecological products. This means that PPP projects relating to ecological construction and environmental protection will have more new opportunities for development in the medium and long run. According to the report published by China Research Institute of Industrial Research (中研業華產業研究院), local governments are vigorously promoting the investment in urban greening projects. It is estimated that by 2025, the market demand for the landscape engineering industry will be close to RMB1.1 trillion.

After years of exploration, China's PPP has experienced a development process from “active promotion”, “cleaning up and standardizing” to “orderly promotion”. China has become the world's largest PPP market, and its development has been included in the “14th Five-Year” Plan and Vision 2035. In the first half of 2022, in accordance with the Implementation Opinions on Promoting the Normative Development of Public-Private-Partnership (《關於推進政府和社會資本合作規範發展的實施意見》), the Notice on Regulating the Management of Project Database for the Integrated Public-Private-Partnership (PPP) Information Platform (《關於規範政府和社會資本合作(PPP)綜合信息平台項目庫管理的通知》) and the Notice on Further Regulating the National Project Information Management of the Integrated PPP Information Platform (《關於進一步規範全國PPP綜合信息平台項目信息管理工作的通知》), local governments further strengthened the review of newly-added projects, and continued to cancel some existing projects. The PPP market scale has grown steadily. In the first half of 2022, there was an addition of 279 new PPP projects with an investment amount of RMB458.6 billion, representing a year-on-year decrease of RMB114 billion, or 19.9%.

Under the national keynote of stable growth, as the issuance of new special bonds by local governments has basically been completed, it is expected that the infrastructure construction will be accelerated in the second half of 2022. Coupled with active expansion of effective investment and moderate advancement of infrastructure investment proposed in the 2022 Government Work Report, government investment is more inclined to people's livelihood projects. According to data released by the National Bureau of Statistics of China, in the first half of 2022, national fixed-asset investment (excluding rural households) increased by 6.1% year-on-year to RMB27.1 trillion, indicating that the scale of effective investment continued to expand. PPP, as a mode of operation to encourage social capital to participate in public infrastructure construction, will become an inevitable option for China to effectively cope with various risks and challenges. The PPP mode is expected to have a larger rebound in the second half of 2022.

BUSINESS REVIEW

The Group has continuously adhered to the principle of “specializing in ecological construction as the core business, and improving the businesses of environmental restoration and cultural tourism operation”. Taking the opportunity of the introduction of “14th Five-Year Plan” in the green development and national policy of “Dual Carbon”, the Group made keen efforts to enhance its advantages in order to cope with the economic uncertainty brought by the lingering COVID-19 pandemic. In 2022, the Group will continue to actively promote comprehensive high-quality development through adjusting its business strategy timely by focusing on digesting investment projects in progress and optimising the Group’s management model.

During the period under review, the Group has achieved a certain level of results in controlling operating risks and achieving stable and sustainable operations through various reform measures, such as focusing on digesting investment projects in progress, optimizing project management, enhancing strength, income-generating and cost-saving measures. During the period under review, the Group recorded a total revenue of RMB95.2 million and net profit attributable to owners of the Parent of RMB0.4 million. Gross profit margin was 31.4%, representing an increase of 1.2 percentage points as compared with the same period last year.

QUALIFICATIONS AND LICENSES

Issue authority	Category	Qualification level
Ministry of Housing and Urban-Rural Development of the People’s Republic of China	Urban landscape construction enterprises qualification certificate	Grade One
Ministry of Housing and Urban-Rural Development of the People’s Republic of China	General contracting of housing construction works	Special Grade
Ministry of Housing and Urban-Rural Development of the People’s Republic of China	General contracting of municipal public works construction	Grade One
Ministry of Housing and Urban-Rural Development of the People’s Republic of China	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
Ministry of Housing and Urban-Rural Development of the People’s Republic of China	Scenery landscape design	Grade A
Ministry of Housing and Urban-Rural Development of the People’s Republic of China	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 adhered to its scientific, rational and economical operation practice to increase revenue and reduce expenditure. Unlike the traditional extensive contracting model of project management in the industry, the Group adopted a refined project cost control model, and established a group-wide unified supplier database and utilised its self-developed project management information platform (“**OA System**”) to ensure that all expenses on projects were strictly managed in accordance with the budget. During the Reporting Period, the Group also completed the preparation and trial operation on a procurement platform for well-known enterprises in China, comprehensively expanding the supply chain channel.

In respect of the operation and maintenance in the later stage of the project, the Group also fully utilized the cooperation between its operation management companies and prime operation team to take into account maintenance plans during construction. At the same time, a great importance is attached to the project redevelopment, thus the Group proposes optimisation scheme during the implementation of the project and develops resources around the place where the project is located through the well-established friendly cooperative relationship.

RESEARCH AND DEVELOPMENT

The Group is striving to become an internationally advanced and 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 the development of ecological and environmental protection projects through scientific and technological innovation. Based on currently available technology accumulation, project experience and product advantages, the Group has continuously invested a large amount of funds in establishing its technology center, adhering to independent development, with the introduction, digestion and absorption of other technologies as a supplement, 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. The Group keeps regarding scientific research as an important strategy to achieve sustainable development and provides strong technical support for the Group through scientific research innovation, so as to secure its healthy development.

The Group has been constantly carrying out projects while conducting R&D 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 property rights, and acquired core technologies in the field of ecological construction, which contributes strong competitive advantages in the industry.

The Group currently has a total of two invention patents, 59 utility model patents, five trademark copyrights, three software copyrights, one exclusive right of integrated circuit layout design, two invention patents under application and three new cultivars at the reproductive stage, all of which relate to sewage treatment, saline-alkali land restoration, ecological restoration, landscape plants and architecture, etc.

FUTURE DEVELOPMENT

The “14th Five-Year Plan” not only delineates the future development direction of China’s green and circular economy, but also specifies the requirement of “building a seamless and complete urban ecological infrastructure system”. The implementation of the “Dual Carbon” strategy will testify to that sustainable development as pursued by China is the main tune of harmonious coexistence of human and nature. As a group primarily engaging in landscape construction in China, such opportunity arising from the “14th Five-Year Plan” is the key of the Group’s development in the “Next Golden Decade”. In the future, the Group will follow the trend and firmly grasp the huge opportunities brought by the policy.

With the focus on revitalising existing assets of infrastructure projects with a larger scale, a relatively high returns or greater growth potential, including assets such as new infrastructures for ecological and environmental protection, there is a potential for PPP projects to promote high-quality development in an orderly manner. In the face of opportunities and challenges coexisted in the industry, the Group will persist in maintaining stability and staying firm and defensive as well as strengthening the compliance management of existing projects to ensure orderly progress of projects; solidating its foundation strength, improving its core competitiveness, deeply cultivating its core technology in the field of ecological construction to form a unique competitiveness, enhancing its industry position and resilience to risk, enabling the Group to undertake larger projects and to further improve its profit margin and net asset yield.

Looking ahead, the Group will actively respond to the call of the state and is more inclined to undertake major projects of energy-efficient and environmentally friendly and green development, while making good use of its enhanced technological innovation in the green field related to “double carbon”, integrating technologies of carbon reduction, zero carbon and negative carbon in the construction process, so as to promote the use of more energy-efficient and environmentally friendly equipment in the construction of existing projects. Meanwhile, with the combination of cutting-edge technologies such as big data and artificial intelligence, the Group will also adopt more efficient, a greener and more energy-saving and sustainable approach to operate the project in the later stages. The Group will learn from each other’s strengths in the model of PPP and Engineering Procurement Construction going hand in hand, which continues to be adopted. In addition, the Group will improve the precision of business projects and speed up the conversion of the projects’ output value, further accelerate the completion of existing projects, strengthen operation management, layout the whole industrial chain to promote business development, further consolidate its own strategic advantages, and continue to deepen its brand image, so as to continuously contribute to the construction of a beautiful China.

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 interim condensed consolidated 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 2021.

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 2022. As at 30 June 2022, the Group's assets and liabilities denominated in US dollars ("USD") and Hong Kong dollars 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 exchange rate %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity* RMB'000
2022			
If RMB weakens against USD	1	(2,727)	—
If RMB strengthens against USD	(1)	2,727	—
If RMB weakens against HKD	1	—	—
If RMB strengthens against HKD	(1)	—	—

* Excluding retained profits

During the Reporting Period, the Group did not use any derivative financial instruments to hedge against the volatility associated with foreign currency transactions and other financial assets and liabilities arising in the ordinary course of business. The Group's management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.



Management Discussion and Analysis (Continued)

Credit risk

The Group's trade receivables and contract assets are mainly from government authorities. The carrying amounts of cash and cash equivalents, trade and other receivables and contract assets 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 2021, 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 cash equivalents. Capital includes total equity. The gearing ratios as at the end of the Reporting Period were as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Interest-bearing bank and other borrowings	566,524	577,746
Corporate bonds	199,475	191,413
Trade and bills payables	742,567	736,593
Other payables and accruals	168,216	131,191
Less: Cash and cash equivalents	(57,189)	(77,465)
Net debt	1,619,593	1,559,478
Equity attributable to owners of the Parent	990,807	1,016,282
Capital and net debt	2,610,400	2,575,760
Gearing ratio	62%	61%

CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Cash and bank balances	57,189	77,465
Restricted deposits	9,650	2,366
Time deposits	—	—
	66,839	79,831
Less: Pledged time deposits Restricted for judicial freezes	9,650	2,366
Cash and cash equivalents	57,189	77,465

At the end of the Reporting Period, the cash and bank balances of the Group denominated in US dollars (“USD”) amounted to RMB1,084,000 (2021: RMB969,000) and denominated in Hong Kong dollars (“HKD”) amounted to RMB5,000 (2021: RMB12,000).

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 cash equivalents 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 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Guarantees given to a bank in connection with facilities granted to joint ventures	683,150	712,950

The Group's guarantees given to banks in connection with facilities of RMB683,150,000 are granted to joint ventures (Quanzhou Haixi, Qishan Taiping, Gushi Nanhu, and Zhaoqing Park). As the bank borrowings of joint ventures were secured by the contract assets, trade receivables and the rights to payment from their customers, the Company's trade receivables and contract assets are due from government authorities, which are greater than the borrowings, and the government finance increases steadily. Thus, the expected credit loss of it was Nil.

The Group does not provide financial guarantees except for limited circumstances. All guarantees are approved by the Executive Directors.

The credit exposure of the financial guarantee contracts is classified as stage 1. During the period, there were no transfers between stages.

BANK AND OTHER BORROWINGS

As at 30 June 2022, the Group's total outstanding bank and other borrowings amounted to RMB566,524,000 (31 December 2021: RMB577,746,000).

CORPORATE NOTES

The 2015 Note Instrument

On 20 August 2015, the Company entered into the Note Purchase Agreement with Greenland Leasing pursuant to which the Company conditionally agreed to issue and sell, and Greenland Leasing conditionally agreed to purchase a redeemable fixed coupon promissory note due 2016 with a principal amount of US\$40,000,000 (equivalent to approximately RMB258.4 million based on the conversion rate of US\$1 to RMB6.46) at the rate of 9.00% per annum. On 11 September 2015, the Company entered into the Deed of Novation with Greenland Leasing and Greenland Financial pursuant to which Greenland Leasing shall novate all its rights, obligations and liabilities under the Note Purchase Agreement to Greenland Financial.

As security of the 2015 Notes, the Company, as legal and beneficial owner, has agreed to charge by way of a first fixed charge all rights, entitlements, interests and benefits in the Company Charged Shares and all derived interests to be made by the Company in favor of Greenland Financial and Greenstate Times, as legal and beneficial owner, has agreed to charge by way of a first fixed charge all rights, entitlements, interests and benefits in the Greenstate Times Charged Shares and all derived interests to be made by Greenstate Times in favor of Greenland Financial. The Notes shall mature one year from the closing date of the issue of the Notes. Closing of the issue of the Notes took place on 15 October 2015.

Pursuant to the terms and conditions of the 2015 Notes, Greenland Financial has served an extension notice and the Company has acknowledged and agreed to such extension notice, whereby the maturity date of the notes shall be extended by one calendar year from 15 October 2016 to 15 October 2017.

The 2017 Note Instrument

On 15 November 2017, the Company and Greenland Financial entered into the 2017 Deed of Consent pursuant to which the parties conditionally agreed, among other things, that (i) Greenland Financial shall execute the 2017 Note Instrument and release and discharge the Company from all of its present and future covenants, liabilities and obligations owing and/or payable to Greenland Financial under the 2015 Note Instrument and any further obligations that the Company may have under the 2015 Note Instrument, and (ii) Greenland Financial shall release the 2015 Company Share Charge and the 2015 Greenstate Times Share Charge by way of deeds of release and enter into the 2017 Share Charges as security of the Notes. Closing of the Reissue of the Notes took place on 15 January 2018.

Pursuant to the terms and conditions of the Notes, Greenland Financial has served an extension notice and the Company has acknowledged and agreed to such extension notice, whereby the maturity date of the notes shall be extended by one calendar year from 15 January 2019 to 15 January 2020.

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, among other things, 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 obligations owing and/or payable to Greenland Financial under the 2017 Note Instrument and any further obligations that the Company may have under the 2017 Note Instrument, and (ii) Greenland Financial shall release the 2017 Share Charges by way of deeds of release and enter into the 2019 Share Charges as security of the 2019 Notes.

Pursuant to the terms and conditions of the 2019 Notes, the maturity date of the 2019 Notes is 14 July 2020 (unless previously redeemed, or purchased and cancelled or extended) and the term of 2019 Notes may be extended for an additional six months with the same interest coupon, terms and conditions as described under the 2019 Note Instrument.

For further details, please refer to the announcements of the Company dated 15 November 2017, 15 January 2019 and 4 December 2019 and the circulars of the Company dated 28 December 2017 and 6 January 2020.

Other Information and Corporate Governance Highlights

Corporate Information and Global Offering

The Company was incorporated in the Cayman Islands on 22 October 2013 as an exempted company with limited liability, and the Company's Shares were listed on the Main Board of the Stock Exchange on 21 July 2014.

Directors' and Chief Executives' Interests and Short Position in Shares, Underlying Shares and Debentures

As at 30 June 2022, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were (i) recorded in the register required to be kept under section 352 of the SFO, or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director/ Chief Executive	Nature and Number of Shares/underlying Shares held ⁽¹⁾				Approximate Percentage of Issued Share Capital
	Personal interest	Corporate interest	Spouse interest	Total interest	
Mr. Wu Zhengping ⁽²⁾⁽³⁾	—	991,321,041	—	991,321,041	29.65%
Ms. Xiao Li ⁽²⁾⁽³⁾	—	—	991,321,041	991,321,041	29.65%

Notes:

- (1) All the above Shares are held in long position (as defined under Part XV of the SFO).
- (2) Broad Landscape International is owned as to 86.92% and 13.08% by Mr. Wu Zhengping and Ms. Xiao Li respectively and under the SFO, Mr. Wu Zhengping is deemed to be interested in the 991,321,041 Shares by Broad Landscape International.
- (3) Mr. Wu Zhengping is the spouse of Ms. Xiao Li. Under the SFO, Ms. Xiao Li is deemed to be interested in the same number of Shares in which Mr. Wu Zhengping is interested.

Save as disclosed above, as of 30 June 2022, so far as is known to any Director or the chief executive of the Company, none of the Directors or the chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations which were (i) recorded in the register required to be kept under section 352 of the SFO, or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information and Corporate Governance Highlights (Continued)

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2022, so far as the Directors are aware, the following persons (not being a Director or chief executive of the Company) had or deemed or taken to have interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register required referred to therein, were as follows:

Name of Shareholder	Nature of Interest	Number of Shares/ underlying Shares held ⁽¹⁾	Approximate Percentage of Issued Shares
Broad Landscape International ⁽²⁾	Beneficial owner	991,321,041	29.65%
Eastern Greenstate International Greenland ⁽³⁾	Beneficial owner	306,313,662	9.16%
Greenland ⁽³⁾	Interest in a controlled corporation	991,321,041	29.65%
Greenland Financial Holdings Company Limited (綠地金融投資控股集團有限公司) ⁽³⁾	Interest in a controlled corporation	991,321,041	29.65%
Greenland Financial ⁽³⁾	Beneficial owner	991,321,041	29.65%
Wholeking Holdings Limited ("Wholeking") ⁽⁴⁾	Beneficial owner	235,392,000	7.04%
Hope Empire Limited ("Hope Empire") ⁽⁴⁾	Interest in a controlled corporation	235,392,000	7.04%
Silverland Assets Limited ("Silverland") ⁽⁴⁾	Interest in a controlled corporation	235,392,000	7.04%
HSBC International Trustee Limited ⁽⁴⁾	Trustee	235,392,000	7.04%
Cai Kui ⁽⁵⁾	Founder of a discretionary trust	235,392,000	7.04%

Notes:

- (1) All the above Shares are held in long position (as defined under Part XV of the SFO).
- (2) Broad Landscape International is owned as to 86.92% and 13.08% by Mr. Wu Zhengping and Ms. Xiao Li respectively and its interest duplicate certain interests of Mr. Wu Zhengping disclosed under the section "Directors' and Chief Executives' Interests and Short Position in Shares, Underlying Shares and Debentures".
- (3) Greenland wholly owns Greenland Financial Holdings Company Limited which in turn wholly owns Greenland Financial so that Greenland and Greenland Financial Holdings Company Limited are deemed to be interested in the Shares in which Greenland Financial is interested for the purpose of Part XV of the SFO.
- (4) Wholeking is wholly-owned by Hope Empire, which in turn wholly-owned by Silverland. Silverland is wholly-owned by HSBC International Trustee Limited ("HSBC Trustee"). By virtue of the SFO, HSBC Trustee, Silverland and Hope Empire are deemed to be interested in the 235,392,000 Shares held by Wholeking.
- (5) Mr. Cai Kui has acquired 235,392,000 Shares, representing 7.04% of the Shares of the Company.

Save as disclosed above, as of 30 June 2022, the Directors have not been notified by any person (not being the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Company conditionally adopted the Share Option Scheme on 25 June 2014, which became effective from the Listing Date.

Purpose

The purposes of the Share Option Scheme are to attract and retain the best available personnel, to provide additional incentives to employees, directors, consultants and advisers of the Group and to promote the success of the business of the Group.

Participants of the Share Option Scheme

The Board may offer any employee (whether full-time or part-time), Director, consultant or adviser of the Group (the “**Eligible Person**”) options to subscribe for Shares at a price determined in accordance with the terms of the Share Option Scheme.

Maximum number of Shares

The total number of Shares which may be granted under the Share Option Scheme and under any other schemes of the Company shall not in aggregate exceed 10% of the issued share capital of the Company as at the Listing Date, being 306,720,000 Shares (the “**Scheme Mandate Limit**”) unless Shareholders’ approval has been obtained. Options lapsed in accordance with the Share Option Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit.

Notwithstanding the foregoing, the Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company shall not exceed 30% of the issued share capital of the Company from time to time.

As at the date of this interim report, a total of 39,482,142 share options, representing approximately 1.18% of the issued share capital of the Company, is available for issue under the Share Option Scheme.

Maximum entitlement of each participant

Unless approved by the Shareholders in a general meeting in the manner set out in the Share Option Scheme, the total number of Shares issued and to be issued upon the exercise of options granted to each Eligible Person (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the relevant class of securities of the Company in issue.

In addition, any options granted to an Eligible Person who is a Director, chief executive or substantial shareholder of the Company or any of their respective associates shall be approved by the independent non-executive Directors (excluding any independent non-executive Director who is proposed to be the grantee). Any options granted to an Eligible Person who is a substantial shareholder, or independent non-executive Director, or their respective associates, which will result in the total number of Shares issued and to be issued upon exercise of all the options granted and to be granted (including options whether exercised, cancelled or still outstanding) to such person in any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the issued share capital of the Company; and having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, such further grant of options must be approved, in addition to the approval of the independent non-executive Directors, by the Shareholders in general meeting.

Offer period

An offer of grant of an option shall remain open for acceptance by the Eligible person concerned for such period of not less than three business days as determined by the Board, provided that no such offer shall be open for acceptance after the expiry of the Share Option Scheme or after the Share Option Scheme has been terminated in accordance with the provisions thereof. An option may be exercised in whole or in part by the option holder in accordance with the terms of the Share Option Scheme at any time during the exercise period to be notified by the Board to each option holder upon the grant of options, such period shall not exceed ten years from the date of grant of the relevant option.

Minimum period for which an option must be held before it can be exercised

The Company may specify a minimum holding period and performance conditions which must be satisfied before options can be exercised by the option holders.

Amount payable for options

Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company as consideration for the grant, which is in no circumstances be refundable.

Basis of determining the exercise price

The amount payable for each Share to be subscribed for under an option pursuant to the Share Option Scheme in the event of the option being exercised shall be determined by the Board and shall be not less than the greater of:

- (i) the closing price of the Shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option;
- (ii) the average closing price of the Shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and
- (iii) the nominal value of the Shares.

Life of the Share Option Scheme

The Share Option Scheme will remain in force for a period to be notified by the Board, such period shall not exceed the period of ten (10) years commencing from 25 June 2014. Unless otherwise terminated earlier by the Company by resolution in general meeting or the Board, as at 30 June 2022, the Share Option Scheme has a remaining life of approximately two (2) years.

Other Information and Corporate Governance Highlights (Continued)

Since the effective date of the Share Option Scheme and up to the end of the Reporting Period, the Company has granted a total of 223,017,856 share options to eligible grantees, including the Company's Directors and other employees of the Group, on 1 September 2015 and 12 June 2018, while a total of 210,723,213 share options were lapsed and no share option had been exercised under the Share Option Scheme. Details of the movement in the share options under the Share Option Scheme during the Reporting Period and outstanding as at 30 June 2022 were as follows:

		Number of Options								
Grantees	Date of grant	Options granted	Held at 1 January 2022	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ Forfeited ⁽¹⁾ during the Reporting Period	Lapsed ⁽²⁾ during the Reporting Period	Held at 30 June 2022	Exercise price per Share (HK\$)	Vesting and Exercise period
Wu Zhengping	1 Sept 2015	30,000,000	—	—	—	—	—	—	1.24	1 Sept 2017–31 Aug 2018
			—	—	—	—	—	—	1 Sept 2018–31 Aug 2019	
			—	—	—	—	—	—	1 Sept 2019–31 Aug 2020	
			—	—	—	—	—	—	1 Sept 2020–31 Aug 2021	
Xiao Li	1 Sept 2015	22,500,000	—	—	—	—	—	—	1.24	1 Sept 2017–31 Aug 2018
			—	—	—	—	—	—	1 Sept 2018–31 Aug 2019	
			—	—	—	—	—	—	1 Sept 2019–31 Aug 2020	
			—	—	—	—	—	—	1 Sept 2020–31 Aug 2021	
Zhu Wen	1 Sept 2015	5,000,000	—	—	—	—	—	—	1.24	1 Sept 2017–31 Aug 2018
			—	—	—	—	—	—	1 Sept 2018–31 Aug 2019	
			—	—	—	—	—	—	1 Sept 2019–31 Aug 2020	
			—	—	—	—	—	—	1 Sept 2020–31 Aug 2021	
Other employees (in aggregate)	1 Sept 2015	55,250,000	—	—	—	—	—	—	1.24	1 Sept 2017–31 Aug 2018
			—	—	—	—	—	—	1 Sept 2018–31 Aug 2019	
			—	—	—	—	—	—	1 Sept 2019–31 Aug 2020	
			—	—	—	—	—	—	1 Sept 2020–31 Aug 2021	
	12 Jun 2018	110,267,856	—	—	—	—	—	—	1.04	12 Jun 2020–11 Jun 2021
			—	—	—	—	—	—	12 Jun 2021–11 Jun 2022	
			12,294,643	—	—	—	12,294,643	—	12 Jun 2022–11 Jun 2023	
			12,294,643	—	—	—	—	12,294,643	12 Jun 2023–11 Jun 2024	

Notes:

(1) No share options were cancelled/forfeited during the Reporting Period.

(2) 12,294,643 share options were lapsed during the Reporting Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

No rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted to any Director or their respective spouse or children under 18 years of age, nor were any such rights exercised by them, nor was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate throughout the Reporting Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors had any interest in any businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER

As at 30 June 2022, none of the controlling shareholders pledged any of the Company's securities listed on the Stock Exchange throughout the Reporting Period.

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.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

As at 30 June 2022, Shanghai Qianyi 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.

Save as disclosed above, during the Reporting Period, the Group had not made any material acquisitions and disposal of subsidiaries and associated companies. As at 30 June 2022, the Group did not hold any significant investments.

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 the CG Code as set out in Appendix 14 of 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 provision C.2.1.



Other Information and Corporate Governance Highlights (Continued)

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and the chief executive should be segregated and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing. However, the Company does not have a separate chairman and chief executive officer and Mr. Wu Zhengping (“**Mr. Wu**”) currently performs these two roles and accordingly, and 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.

UPDATE ON DIRECTORS’ INFORMATION

There is no change in the information of each Director that is required to be disclosed under Rule 13.51(2) and 13.51(B) of the Listing Rules throughout the Reporting Period.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2022, the Group had 146 full time employees (as at 31 December 2021: 180) in the PRC. During the Reporting Period, the staff cost of the Group was approximately RMB4.59 million (six months ended 30 June 2021: RMB8.16 million).

The employees’ remuneration policy is determined by reference to factors such as remuneration information in respect of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and each employee’s qualifications, position, seniority and performance.

The remuneration package of the employees includes basic wages, allowance, bonuses and other employee benefits. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of determining salary raises, bonuses and promotion.

The Remuneration Committee was set up to establish a formal and transparent procedure for developing policies on remuneration of the Directors and senior management, determine the terms of the specific remuneration package of each executive Director and senior management and review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time.

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 (*Chairman*), 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, the interim report and the unaudited consolidated interim results for the Reporting Period and was of the opinion that the preparation of such interim report and unaudited consolidated interim results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code 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 to 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 throughout the Reporting Period.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the Reporting Period (for the six months ended 30 June 2021: nil).

CHARGE ON GROUP ASSETS

During the Reporting Period, apart from those disclosed in the note 23 to Interim condensed consolidated financial information, no other Group's assets were charged to financial institution.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

The Group did not have any plans for material investments or capital assets during the Reporting Period.

ISSUE FOR CASH OF EQUITY SECURITIES

During the Reporting Period, the Company did not issue for cash of equity securities (including securities convertible into equity securities).

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2022

	Notes	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
REVENUE	5	95,240	193,289
Cost of sales		(65,306)	(134,806)
Gross profit		29,934	58,483
Other income and gains	5	21,506	14,595
Other expense		—	(2,686)
Administrative expenses		(14,361)	(30,682)
Impairment losses on financial and contract assets		(15,374)	(25,917)
Finance costs	6	(26,818)	(18,121)
Share of profits and losses of:			
Joint ventures		6,298	22,652
An associate		—	—
PROFIT BEFORE TAX	7	1,185	18,324
Income tax expense	8	(584)	(2,670)
PROFIT FOR THE PERIOD		601	15,654
Attributable to:			
Owners of the Parent		418	15,334
Non-controlling interests		183	320
		601	15,654
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic and diluted			
— For profit for the Period		RMB0.0001	RMB0.005

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
PROFIT FOR THE PERIOD	601	15,654
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	(25,893)	6,183
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(25,893)	6,183
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(25,893)	6,183
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(25,292)	21,837
Attributable to:		
Owners of the Parent	(25,475)	21,517
Non-controlling interests	183	320
	(25,292)	21,837

The notes on pages 33 to 66 are an integral part of these consolidated financial statements.

Interim Condensed Consolidated Statement of Financial Position

30 June 2022

		30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	11	122,616	125,247
Right-of-use assets		—	—
Investment properties		22,638	24,024
Goodwill		3,060	3,060
Other intangible assets		17,862	18,613
Investments in joint ventures	12	820,782	814,281
Equity investment at fair value through profit or loss	13	80,324	80,324
Financial assets at fair value through profit or loss	14	20,874	20,098
Contract assets	18	208,950	244,563
Prepayments, other receivables and other assets	15	41,964	44,194
Deferred tax assets		26,282	23,709
Other non-current assets		19,621	19,449
Total non-current assets		1,384,973	1,417,562
CURRENT ASSETS			
Biological assets	16	32,310	31,972
Trade receivables	17	469,149	467,884
Contract assets	18	1,143,360	1,069,556
Prepayments, other receivables and other assets	15	307,898	291,536
Pledged deposits		9,650	2,366
Cash and cash equivalents	19	57,189	77,465
Total current assets		2,019,556	1,940,779
CURRENT LIABILITIES			
Corporate bonds	20	199,475	191,413
Trade and bills payables	21	742,567	736,593
Other payables and accruals	22	670,941	605,987
Interest-bearing bank and other borrowings	23	362,174	292,460
Lease liabilities		1,482	1,439
Tax payable		170,705	167,487
Total current liabilities		2,147,344	1,995,379
NET CURRENT ASSETS		(127,788)	(54,600)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,257,185	1,362,962

Interim Condensed Consolidated Statement of Financial Position (Continued)

30 June 2022

	Notes	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	23	204,350	285,286
Lease liabilities		23,097	22,437
Deferred tax liabilities		10,960	11,169
Total non-current liabilities		238,407	318,892
Net assets		1,018,778	1,044,070
EQUITY			
Equity attributable to owners of the Parent			
Share capital	24	66,396	66,396
Other reserves		924,411	949,886
		990,807	1,016,282
Non-controlling interests		27,971	27,788
Total equity		1,018,778	1,044,070

Wu Zhengping
Director

Xiao Li
Director

The notes on pages 33 to 66 are an integral part of these consolidated financial statements.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

Note	Attributable to owners of the Parent							Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium account RMB'000	Share option reserve RMB'000	Statutory other reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000		
At 1 January 2022 (audited)	66,396	151,609*	—*	27,285*	15,528*	755,464*	1,016,282	27,788	1,044,070
Profit for the Period	—	—	—	—	—	418	418	183	601
Other comprehensive profit for the Period: Exchange differences on translation of foreign operations	—	—	—	—	(25,893)	—	(25,893)	—	(25,893)
Total comprehensive income for the Period	—	—	—	—	(25,893)	418	(25,475)	183	(25,292)
Transfer from retained profits	—	—	—	455	—	(455)	—	—	—
At 30 June 2022 (unaudited)	66,396	151,609*	—*	27,740*	(10,365)*	755,427*	990,807	27,971	1,018,778

* These reserve accounts comprise the consolidated other reserves of RMB924,411,000 (2021: RMB949,886,000) in the consolidated statement of financial position.

Note	Attributable to owners of the Parent							Non-controlling interests RMB'000	Total equity RMB'000
	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 2021 (audited)	66,396	151,609*	—*	23,577*	(281)*	754,630*	995,931	28,076	1,024,007
Profit for the Period	—	—	—	—	—	15,334	15,334	320	15,654
Other comprehensive profit for the Period: Exchange differences on translation of foreign operations	—	—	—	—	6,183	—	6,183	—	6,183
Total comprehensive income for the Period	—	—	—	—	6,183	15,334	21,517	320	21,837
Transfer from retained profits	—	—	—	664	—	(664)	—	—	—
At 30 June 2021 (unaudited)	66,396	151,609*	—*	24,241*	5,902*	769,300*	1,017,448	28,396	1,045,844

The notes on pages 33 to 66 are an integral part of these consolidated financial statements.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Notes	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
CASH FLOWS USED FROM OPERATING ACTIVITIES			
Profit before tax:		1,185	18,324
Adjustments for:			
Finance costs		26,818	18,121
Share of profits and losses of joint ventures		(6,298)	(22,652)
Share of profits and losses of an associate		—	—
Gain on disposal of items of property, plant and equipment		—	(14)
Loss on disposal of items of property, plant and equipment		24	—
Fair value (gains)/losses on financial assets at fair value through profit or loss		(776)	—
Depreciation of property, plant and equipment		2,613	3,230
Depreciation of right-of-use assets		—	744
Depreciation of investment properties		1,386	—
Amortisation of other intangible assets		759	888
Impairment of prepayments and other receivables		894	—
Impairment of trade receivables		14,114	23,747
Impairment of financial and contract asset		366	2,170
		41,085	44,558
Increase/decrease in trade receivables		(15,379)	46,375
Decrease in prepayments, deposits and other receivables		16,111	(73,959)
Increase in biological assets		(338)	(263)
Increase in contracts assets		(38,558)	(19,701)
Decrease/increase in trade and bills payables		5,974	(163,939)
Decrease in pledged deposits for contract assets		—	500
Increase in pledged deposits for Judicial freeze		(7,283)	—
Decrease in other payables and accruals		29,477	56,869
Cash used from/in operations		31,089	(109,560)
PRC tax paid		(149)	(7,003)
Net cash flows used from/in operating activities		30,940	(116,563)

Interim Condensed Consolidated Statement of Cash Flows (Continued)

For the six months ended 30 June 2022

	Notes	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		—	(150)
Purchase of intangible assets		(8)	(7)
Purchase of financial assets at fair value through profit or loss		—	—
Proceeds from disposal of items of property, plant and equipment		(5)	22
Capital injection in joint ventures		(205)	(104,986)
Advances of loans to related parties		(31,310)	(29,049)
Decrease in time deposits with original maturity of more than three months		—	—
Net cash flows used in investing activities		(31,528)	(134,170)
CASH FLOWS USED IN FINANCING ACTIVITIES			
New bank and other loans		4,620	171,900
Repayments of bank and other loans		(12,234)	(158,600)
Decrease in an amount due to related parties		—	(2,236)
Contribution from non-controlling shareholders		—	—
Repayment of bonds		—	(13,588)
Principal portion of lease payments		—	(851)
Interest paid		(12,023)	(11,229)
Net cash used in financing activities		(19,637)	(14,604)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and bank balances at beginning of the Period		77,465	309,292
Effect of foreign exchange rate changes, net		(51)	16
CASH AND BANK BALANCES AT END OF PERIOD	19	57,189	43,971
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the statement of financial position	19	66,839	44,771
Less: Time deposits with original maturity of less than three months, when acquired, pledged as security for construction contracts	19	9,650	800
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF CASH FLOWS	19	57,189	43,971

The notes on pages 33 to 66 are an integral part of these consolidated financial statements.

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

1. CORPORATE AND GROUP INFORMATION

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

The Company is an investment holding company. For the six months ended 30 June 2022 (the “**Reporting Period**”, “**Period**”), the Company’s subsidiaries were principally engaged in the services of landscape design and gardening and the related services.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Broad Landscape International Company Limited (“**Broad Landscape International**”), which is incorporated in the British Virgin Islands (“**BVI**”).

Information about subsidiaries

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

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			direct	indirect	
Greenstate Times International Company Limited (“ Greenstate Times ”)	British Virgin Islands	USD50,000	100%	—	Investment holding
Greenstate International Company Limited (“ Greenstate International ”)	Hong Kong	HKD10,000	—	100%	Investment holding
Shanghai Qianyi Landscape Engineering Company Limited [#]	The People’s Republic of China (The “ PRC ”)/Mainland China	USD37,000,000	—	100%	Investment holding
Shanghai Qianyi Investing Management Company Limited [#]	PRC/Mainland China	RMB2,000,000	—	100%	Investment holding
Shanghai Greenstate Business Management Company Limited (“ Greenstate Business ”) [#]	PRC/Mainland China	RMB32,000,000	—	100%	Landscaping
Broad Greenstate Ecological Construction Group Company Limited (“ Broad Greenstate Ecological ”) [#]	PRC/Mainland China	RMB1,050,000,000	—	100%	Landscaping

Notes to Interim Condensed
Consolidated Financial Information (Continued)

30 June 2022

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			direct	indirect	
Shanghai Jiazhuang Industrial Co., Ltd. [#]	PRC/Mainland China	RMB78,500,000	—	100%	Investment holding
Shanghai Greenstate Gardening Company Limited ("Greenstate Gardening") [#]	PRC/Mainland China	RMB5,000,000	—	100%	Landscaping
Changxing Greenstate Ecological Gardening Company Limited [#]	PRC/Mainland China	RMB30,000,000	—	100%	Landscaping
Shanghai Dongjiang Building Survey and Design Engineering Co., Ltd. ("Shanghai Dongjiang") [#]	PRC/Mainland China	RMB13,000,000	—	100%	Design
Shanghai Dongjiang Building Landscape Engineering Co., Ltd. ("Dongjiang Landscape") [#]	PRC/Mainland China	RMB10,000,000	—	100%	Landscaping
Shanghai Bifu Investment Center LLP	PRC/Mainland China	RMB190,000,000	—	100%	Investment holding
Shanghai Zhubai Enterprise Management Co., Ltd. [#]	PRC/Mainland China	RMB1,000,000	—	100%	Investment holding
Shanghai Lvdian Virescence Technology Development Co., Ltd ("Shanghai Lvdian") [#]	PRC/Mainland China	RMB36,000,000	—	75%	Landscaping
Shanghai Luyou Investment Center LLP [#]	PRC/Mainland China	RMB20,000,000	—	80%	Investment holding
Shanghai Qingfu Business Management Consulting Center LLP ("Shanghai Qingfu")	PRC/Mainland China	RMB20,000,000	—	96%	Investment holding
Shanghai Zhaofu Business Management Consulting Center LLP	PRC/Mainland China	RMB20,000,000	—	100%	Investment holding

30 June 2022

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			direct	indirect	
Shanghe Greenland Broad Green Spring Construction Company Limited [#]	PRC/Mainland China	RMB100,452,400	—	88%	Project management
Kaifeng City Xiangfu District Broad Greenstate Huiji River Wetland Park Company Limited [#]	PRC/Mainland China	RMB153,034,100	—	95%	Project management
Yangjiang Two Rivers & Four Shores Construction and Investment Development Co., Ltd. [#]	PRC/Mainland China	RMB9,500,000	—	95%	Project management
Qishan Lvze Commercial Operation Management Co., Ltd.	PRC/Mainland China	RMB1,000,000	—	100%	Project management

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

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

2. BASIS OF PRESENTATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 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 2021.

3. 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 2021, 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>Reference to the Conceptual Framework</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>
Amendment to HKFRS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
Annual Improvements to HKFRSs 2018–2020	<i>Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41</i>

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

- (a) Amendments to HKFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.

30 June 2022

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) Annual Improvements to HKFRSs 2018–2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
- HKFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
 - HKFRS 16 Leases: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.



Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2022

4. OPERATING SEGMENT INFORMATION

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

Information about geographical area

Since 100% of the Group's revenue and operating profit were generated from Mainland China and 100% of the Group's identifiable assets and liabilities were located in Mainland China, no geographical information is presented in accordance with HKFRS 8 *Operating Segments*.

Information about major customers

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

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Customer A	49,563	42,242
Customer B	22,936	26,092
Customer C	14,163	*

* Less than 10% of the total revenue

30 June 2022

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	93,628	193,289
Revenue from other sources		
Gross rental income from investment property operating leases	1,612	—
	95,240	193,289

Disaggregated revenue information for revenue from contracts with customers

Types of goods or services

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Construction contracts	89,581	190,761
Design and maintenance services	3,620	2,528
Management services	2,039	—
Total revenue from contracts with customers	95,240	193,289

Timing of revenue recognition

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Services transferred over time	95,240	193,289

Notes to Interim Condensed
Consolidated Financial Information (Continued)

30 June 2022

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Disaggregated revenue information for revenue from contracts with customers (Continued)

Timing of revenue recognition (Continued)

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	73	224
Other interest income arising from revenue contracts*	11,249	12,793
Rental income	42	698
Others	431	15
	11,795	13,730
Gains		
Government grants**	649	865
Fair value gains/(losses), net financial assets at fair value through profit or loss	775	—
Foreign exchange gain, net	8,287	—
	21,506	14,595

* 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.

6. FINANCE COSTS

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank loans, overdrafts and other borrowings	14,329	6,430
Interest on leasing liabilities	702	33
Interest on corporate bonds	11,787	11,658
Total interest expense on financial liabilities not at fair value through profit or loss	26,818	18,121

30 June 2022

7. 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	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of construction contracts	58,319	131,813
Cost of services provided	3,862	2,993
Cost of management service	1,739	—
Cost of depreciation of investment properties	1,386	—
Employee benefit expenses		
Wages and salaries	2,591	6,174
Pension scheme contribution	2,002	1,984
	4,593	8,158
Depreciation of items of property, plant and equipment	2,613	3,230
Depreciation of right-of-use assets	—	744
Amortisation of other intangible assets	758	888
Bank interest income	(73)	(224)
Interest income from revenue contracts	(11,249)	(12,793)
Impairment of trade receivables	14,114	23,747
Impairment of contract assets	366	559
Impairment of financial assets included in prepayment, other receivables and other assets	894	1,611
Consulting fees	467	4,730
Auditors' remuneration	806	1,100
Gain on disposal of items of property, plant and equipment	(24)	(14)
Lease payment not included in the measurement of lease liabilities	451	50

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2022

8. 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	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Current — the PRC		
Charge for the Period	3,366	6,479
Deferred	(2,782)	(3,809)
Total tax charge for the Period	584	2,670

9. DIVIDENDS

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Final dividends declared and paid — HK0 cents (30 June 2022: HK0 cents) per ordinary share	—	—

The Board does not recommend the distribution of any interim dividend for the Reporting Period (for the six months ended 30 June 2022: nil).

30 June 2022

10 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 RMB417,414 (2021: RMB15,333,672), and the weighted average number of ordinary of 3,342,536,957 (2021: 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 amounts is based on the profit for the period attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bonds, where applicable (see below). 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 conversion of all dilutive potential ordinary shares into ordinary shares.

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

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	418	15,334

	Number of shares For the six months ended 30 June	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	3,342,536,957	3,342,536,957
Basic earnings per share (RMB)	0.0001	0.005
Diluted earnings per share (RMB)	0.0001	0.005

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2022

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022 the Group didn't acquire assets (30 June 2021: RMB150,748), 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 RMB18,389 was disposed by the Group during the six months ended 30 June 2022 (30 June 2021: RMB8,028), resulting in a net gain of disposal of RMB23,554 (30 June 2021: a net gain of RMB14,000).

12. INVESTMENT IN JOINT VENTURES

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Share of net assets	820,782	814,281

Particulars of the Group's material joint ventures are as follows:

Name	Particulars of registered capital held	Place of registration and business	Percentage of				Principal activities
			Ownership interest	Voting power	Profit sharing		
Qishan Taiping Pagoda Cultural Tourism Development Company Limited ("Qishan Taiping")	RMB87,900,000	PRC/Mainland China	79.55%	57.14%*	100%		Project management
Zhaoqing High-Tech Zone Bureau General Hill Sports Park Investment Development Company Limited ("Zhaoqing Park")	RMB10,000,000	PRC/Mainland China	80.00%	80.00%	80.00%		Project management
Gushi Greenland Broad Greenstate Nanhu Cultural Company Limited ("Gushi Nanhu")	RMB320,000,000	PRC/Mainland China	68.75%	40.00%	100%		Project management

30 June 2022

12. INVESTMENT IN JOINT VENTURES (Continued)

Name	Particulars of registered capital held	Place of registration and business	Percentage of			Principal activities
			Ownership interest	Voting power	Profit sharing	
Mianzhu Greenstate Culture Tourism Development Company Limited (" Mianzhu Greenstate ")	RMB100,000,000	PRC/Mainland China	90.00%	40.00%	90.00%	Project management
Zhenping Xian Broad Greenstate Ecological Development Company Limited (" Zhenping Greenstate ")	RMB11,129,660,000	PRC/Mainland China	89.50%	89.50%	100%	Project management
Yuzhou Shenhui Old Town Protection Construction Company Limited (" Yuzhou Shenhui ")	RMB50,000,000	PRC/ Mainland China	51.00%	33.33%	51.00%	Project management
Guangan Broad Greenstate Guanshenghu Development Company Limited (" Guangan Guanshenghu ")	RMB50,000,000	PRC/ Mainland China	70.00%	40.00%	100%	Project management

* In the decision-making process, each resolution requires the votes from two-thirds of the board of directors to pass.

- (a) The investment in Qishan Taiping is directly held by Shanghai Qingfu, Broad Greenstate Ecological, Zhongbo Construction and Shanghai Dongjiang. Both Broad Greenstate Ecological and Shanghai Dongjiang are wholly-owned subsidiaries of the Company while Shanghai Qingfu is a partly-owned subsidiary and Zhongbo Construction is a joint venture of the Group.

Qishan Taiping is considered one of the material joint ventures of the Group in Mainland China and is accounted for using the equity method.

- (b) The investment in Yuzhou Shenhui is directly held by Broad Greenstate Ecological and Shanghai Bifu Investment Center, Both are wholly-owned subsidiaries of the Company.

Yuzhou Shenhui is considered one of the material joint ventures of the Group in Mainland China and is accounted for using the equity method.

Notes to Interim Condensed
Consolidated Financial Information (Continued)

30 June 2022

13. EQUITY INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 RMB'000 (Unaudited)	2021 RMB'000 (Audited)
Equity investment		
Listed financial assets investments at fair value through profit or loss		
Shanghai H-fast Electronic Technology Co. Ltd. ("Shanghai H-fast")	80,324	80,324
Total	80,324	80,324

Particulars of the associate is as follows:

Name	Particulars of registered capital held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Shanghai H-fast	RMB42,817,300	PRC/Mainland China	10.04%	Semiconductor

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Financial assets		
Unlisted financial assets investments at fair value through profit or loss		
Xi'an Greenland Jue River Wetland Park Development Company Limited	16,113	15,301
Taiyuan Longcheng Greenland Botanical Garden Company Limited	4,761	4,797
	20,874	20,098

30 June 2022

15. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Current		
Prepayments	60,068	59,625
Deposits and other receivables	270,903	254,091
Impairment	(23,073)	(22,180)
	307,898	291,536
Non-current		
Other receivables	41,964	44,194
Impairment	—	—
	41,964	44,194
	349,862	335,730

Included in the provision for impairment of prepayments, other receivables and other assets is a provision for individually impaired receivables of RMB23,073,000 (2021: RMB22,180,000) with a carrying amount before provision of RMB24,818,000 (2021: RMB24,818,000). The individually impaired receivables relate to a portion of receivables that were not expected to be recovered.

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

Receivables resulted from disposal of a subsidiary was RMB20,000,000 at cost, and it was secured by 35,920,957 shares of the Company which were held by the debtors. A provision amounting to RMB15,607,000 (2021: RMB14,714,000) was accrued.

30 June 2022

16. 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 2022 was:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Plants and saplings	32,310	31,972

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).

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16. BIOLOGICAL ASSETS (Continued)

C. Fair value hierarchy (Continued)

Assets measured at fair value:

As at 30 June 2022

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Biological assets	—	32,310	—	32,310

As at 31 December 2021

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Biological assets	—	31,972	—	31,972

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.

Notes to Interim Condensed Consolidated Financial Information (Continued)

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17. 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 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Within one year	106,833	134,196
Over one year but within two years	80,572	65,196
Over two years but within three years	146,082	(210,912)
Over three years	135,662	57,580
	469,149	467,884

The Group's trading terms with its customers are mainly on credit. The credit period is usually two months. 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.

18. CONTRACT ASSETS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Contract assets arising from:		
Construction services	1,365,278	1,326,721
Impairment	(12,968)	(12,602)
	1,352,310	1,314,119

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18. CONTRACT ASSETS (Continued)

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 2022, retention money held by customers included in contract assets amounted to approximately RMB60,448,000 (2021: RMB67,989,000), of which RMB5,563,000 (2021: RMB15,854,000) 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 2022 was stable compared to that as at the end of 2021.

During the Reporting Period, RMB366,000 was recognised as an allowance for expected credit losses on contract assets. The Group's trading terms and credit policy with customers are disclosed in note 17 to the financial statements.

19. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Cash and bank balances	57,189	77,465
Restricted deposits	9,650	2,366
Time deposits	—	—
	66,839	79,831
Less: Pledged time deposits Restricted for judicial freezes	9,650	2,366
Cash and cash equivalents	57,189	77,465

At the end of the Reporting Period, the cash and bank balances of the Group denominated in US dollars ("USD") amounted to RMB1,084,000 (2021: RMB969,000) and denominated in Hong Kong dollars ("HKD") amounted to RMB5,000 (2021: RMB12,000).

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.

Notes to Interim Condensed Consolidated Financial Information (Continued)

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20. CORPORATE BONDS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Current corporate bonds	199,475	191,413

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 the 2017 Note Instrument and enter into the share charges under the 2019 Note Instrument as security of the Notes. The principal amount of the 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 was conducted and the due date would be 14 July 2020. In January 2020, the Company has repaid USD5,000,000 of the principal amount plus all interest accrued under the 2017 Note Instrument.

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20. CORPORATE BONDS (Continued)

On 14 July 2020, the Group extended the term of the bonds by 6 months to 14 January 2021 as stated in the 2019 Note Instrument, with the other terms and conditions unchanged. The balance of the principal amount of the 2019 Note Instrument was USD30,000,000 at 31 December 2021 as the Group repaid the principal amounting to USD1,000,000 and USD4,000,000 in August and October 2020 separately.

On 30 June 2022, the remaining outstanding principal amounting of the Group was USD30,000,000 which has been extended for repayment until 15 January 2023.

21. 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, is as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Within one year	266,490	91,963
Over one year but within two years	185,511	279,060
Over two years	290,566	365,570
	742,567	736,593

The trade payables are non-interest-bearing and are normally partially settled on terms of six months according to the progress of completion. A certain percentage of payment is retained until the end of the retention period.

Notes to Interim Condensed
Consolidated Financial Information (Continued)

30 June 2022

22. OTHER PAYABLES AND ACCRUALS

	Notes	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Contract liabilities	(a)	348,232	323,259
Other tax payable		152,432	150,524
Amounts due to related parties		65,924	58,569
Other payables	(b)	54,516	43,207
Interest payable		43,905	26,198
Deposits from sub-contractors		3,871	3,217
Staff payroll and welfare payables		2,061	1,013
		670,941	605,987

(a) Details of contract liabilities as at 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
<i>Short-term advances received from customers</i>		
Construction services	348,232	323,259
Total contract liabilities	348,232	323,259

Contract liabilities include short-term advances received to render construction services. The increase in contract liabilities in 2022 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.

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23. INTEREST-BEARING BANK AND OTHER BORROWINGS

Notes	2022			2021		
	Weighted effective interest rate (%)	Maturity	RMB'000	Weighted Effective interest rate (%)	Maturity	RMB'000
Bank loans — secured and guaranteed (a)i	3.9	2022	22,100	3.9	2022	30,000
Bank loans — secured	—	—	—	—	—	—
Other loans — unsecured	—	2022	4,620	—	2022	118,500
Other loans — unsecured	—	2023	108,000	—	2022	118,500
Other loans — unsecured (c)	11.2	2023	72,244	—	2022	118,500
Other loans — secured (a)ii	—	2022	20,000	—	2022	20,000
Other loans — secured (a)iii	—	2023	40,000	—	2022	40,000
			266,964			208,500
Current portion of long-term						
Bank loans — secured and guaranteed (a)iv	7.5	2023	24,500	7.5	2022	13,250
Bank loans — secured (b)i&ii	5.0	2022	70,710	4.3	2022	70,710
			95,210			83,960
Non-current						
Bank loans — secured and guaranteed (a)iv	7.5	2030	171,500	7.5	2030	183,750
Bank loans — secured (b)i&ii	4.3	2024	32,850	4.3	2024	32,900
Other loans — unsecured	—	—	—	11.2	2023	68,636
			204,350			285,286
			566,524			577,746

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2022

23. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Notes:

- (a) Certain of the Group's bank borrowings were secured and guaranteed by:
- i. Certain bank borrowing of the Group amounting to RMB22,100,000 was secured by a mortgaged building held by Mr. Wu Zhengping and Ms. Xiao Li and a mortgaged building of Broad Greenstate Ecological with a carrying amount of RMB5,762,000, and guaranteed by Ms. Zhu Wen and Shanghai Policy Financing Guarantee Fund Management Center for Micro, Small and Medium-sized Enterprises.
 - ii. Certain other borrowing of the Group amounting to RMB20,000,000 was secured by Qianyi Landscape with its 1,720,000 shares of He Hong Company.
 - iii. Certain other borrowing of the Group amounting to RMB40,000,000 was secured by Qianyi Landscape with its 2,580,000 shares of He Hong Company.
 - iv. Certain bank borrowing of the Group amounting to RMB196,000,000 was secured by contract assets (note 18), and guaranteed by Kaifeng Eastern New Town Infrastructure Construction Investment Company. An amount of RMB24,500,000 of the borrowings would be due within one year.
- (b) Certain of the Group's bank borrowings were secured by:
- (i) Certain bank borrowing of the Group amounting to RMB70,610,000 was secured by a mortgaged building of Broad Greenstate Ecological with a carrying amount of RMB109,983,000. An amount of RMB70,610,000 of the borrowings would be due within one year.
 - ii. Certain bank borrowing of the Group amounting to RMB32,950,000 was secured by a mortgaged building of Broad Greenstate Ecological with a carrying amount of RMB109,983,000. An amount of RMB100,000 of the borrowings would be due within one year.
- (c) Certain other borrowings from Eastern Greenstate International Company Limited, a shareholder of the Company, are unsecured (note 28).

24. SHARE CAPITAL

Shares

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Issued and fully paid: 3,342,536,957 (31 December 2021: 3,342,536,957) ordinary shares of HKD0.025 each	66,396	66,396

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25. 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 which became effective on 1 September 2015 and has forfeited on 31 March 2020.

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 II is an amount equivalent, upon the exercise, to 3.30% 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 Series II 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 Period.

Notes to Interim Condensed Consolidated Financial Information (Continued)

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26. CONTINGENT LIABILITIES

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Guarantees given to a bank in connection with facilities granted to joint ventures	683,150	712,950

The Group's guarantees given to banks in connection with facilities of RMB683,150,000 are granted to joint ventures (Quanzhou Haixi, Qishan Taiping, Gushi Nanhu, and Zhaoqing Park). As the bank borrowings of joint ventures were secured by the contract assets, trade receivables and the rights to payment from their customer, the company's trade receivables and contract assets are due from government authorities, which is greater than the borrowing, and the government finance increases steadily. Thus, the expected credit loss of it was Nil.

The Group does not provide financial guarantees except for limited circumstances. All guarantees are approved by the Executive Directors.

The credit exposure of the financial guarantee contracts is classified as stage 1. During the period, there were no transfers between stages.

27. COMMITMENTS

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Contracted, but not provided for: Capital injection of joint ventures	228,053	228,256

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28. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in this financial information, the Group had the following transactions with related parties during the Period:

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Providing construction services to related parties*	49,563	143,732
Borrowings from Eastern Greenstate International Company Limited**	57,938	56,064
Guarantees given to banks in connection with facilities granted to joint ventures***	683,150	624,250

* The above construction services consist of services provided for:

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Guangan Guangshenghu	—	57,737
Xi'an Greenland (ii)	49,563	42,242
Qishan Taiping (i)	—	36,791
Zhaoqing Park (i)	—	6,962
Gushi Nanhu (i)	—	—
	49,563	143,732

(i) These Companies are joint ventures of the Group.

(ii) Xi'an Greenland is a joint venture of Greenland Group and the Company is an associate of Greenland Group.

Notes to Interim Condensed Consolidated Financial Information (Continued)

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28. RELATED PARTY TRANSACTIONS (Continued)

- (a) In addition to the transactions detailed elsewhere in this financial information, the Group had the following transactions with related parties during the Period: (Continued)

** Eastern Greenstate International Company Limited is a shareholder of the Company.

*** The above guarantees given to banks provided for:

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Qishan Taiping	257,500	250,000
Quanzhou Haixi	206,500	140,000
Zhaoqing Park	111,900	125,900
Gushi Nanhu	107,250	108,350
	683,150	624,250

- (b) Other transactions with related parties:

- (i) During the Reporting Period, Greenstate Gardening used office premises free of charge with a gross floor area of 100 square metres, located at Group 17, Zhangqiao Village, Jinshanwei Town, Jinshan District, Shanghai, the PRC, which were owned by Mr. Wu Jie, a close family member of Mr. Wu Zhengping.
- (ii) The interest on corporate bonds to Greenland Financial for the Reporting Period is RMB11,780,000 (2021: RMB11,658,000).
- (iii) Certain bank loans were secured by the Company's shares held by the Company's holding company and guaranteed by Mr. Wu Zhengping, Ms. Xiao Li and Ms. Zhu Wen. Further details are given in note 23 to the financial statements.

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28. RELATED PARTY TRANSACTIONS (Continued)

(c) Outstanding balances with related parties:

The Group had the following significant balances with its related parties at the end of the Reporting Period:

(i) Due from related parties

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Trade receivables		
Yuzhou Shenhua	—	4,917
Qishan Taiping	95,680	95,680
Mianzhu Greenstate	80,522	80,006
Taiyuan Longcheng	43,718	43,718
Gushi Nanhu	24,937	24,937
Zhenping Greenstate	16,072	16,072
Zhaoqing Park	6,423	6,423
Greenland Group Xilinhote Real Estate Company Limited	1,885	1,885
Greenland Group Zigong Real Estate Company Limited	1,464	1,864
Greenland Group Chanba Industrial Company Limited	1,047	1,047
Greenland Group Xi'an Yannan Property Company Limited	20	20
Greenland Qingyang	—	—
Greenland Group Chengdu Qingyang Real-estate Development Co., Ltd.	9,036	—
Xi'an Greenland	14,113	—
Guangan Guanshenghu	11,422	25,422
	306,339	301,991
Contract assets		
Guiding Yangbaoshan	259,556	259,556
Xi'an Greenland	104,600	99,371
Zhaoqing Park	18,165	18,165
Quanzhou Haixi	87,688	87,688
Gushi Nanhu	64,544	64,544
Mianzhu Greenstate	39,532	39,532
Qishan Taiping	21,889	21,889
Guangan Guanshenghu	21,601	21,601
Taiyuan Longcheng	10,890	10,890
Zhenping Greenstate	10,410	10,410
	638,875	633,646

Notes to Interim Condensed
Consolidated Financial Information (Continued)

30 June 2022

28. RELATED PARTY TRANSACTIONS (Continued)

(c) Outstanding balances with related parties: (Continued)

(i) Due from related parties (continued)

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Prepayments, deposits and other receivables		
Gushi Nanhu	39,785	39,376
Shandong Greenland Spring Biological Industrial Company Limited	35,194	26,080
Qishan Taiping	47,630	52,440
Zhongbo Construction	62	53
Shanghai Kaitai Real Estate Development Co., Ltd.	2,399	2,891
Zhaoqing Park	7,406	5,495
Broad Landscape International Company Limited	544	521
Mianzhu Greenstate	908	908
Metro Investment	23,765	23,765
Green City Investment	21,290	22,290
Quanzhou Haixi	65,450	40,796
	244,433	214,615

(ii) Due to related parties

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Other payables		
Shandong Greenland Spring Biological Industrial Company Limited	33,783	33,784
Shanghai Zhubo Enterprise Management Consulting Center GP	16,850	16,850
Shanghai Qianlu Investment and Management Company Limited	7,399	7,399
Greenland Financial Investment	299	286
Broad Landscape International Company Limited	262	250
Qishan Taiping	—	—
Eastern Greenstate International Company Limited	7,331	—
	65,924	58,569

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28. RELATED PARTY TRANSACTIONS (Continued)

(c) Outstanding balances with related parties: (Continued)

(ii) Due to related parties (Continued)

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Contract liabilities		
Quanzhou Haixi Botanic Garden Development Company Limited ("Quanzhou Haixi")	156,620	136,620
Gushi Nanhu	127,712	127,712
Zhaoqing Park	—	73,311
Xi'an Greenland	—	34,459
Mianzhu Greenstate	20,245	18,000
Zhenping Greenstate	4,000	—
	308,577	390,102

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

(d) Compensation of key management personnel of the Group

	For the six months ended 30 June 2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Short term employee benefits	1,637	1,556
Post-employment benefits	271	204
Total compensation paid to key management personnel	1,908	1,760

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29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

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

The fair values of the non-current portion of pledged deposits, and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value of the liability portion of the corporate bonds is estimated by discounting the expected future cash flows using an equivalent market interest rate of a similar corporate bond with consideration of the Group's own non-performance risk.

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.

30. 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 interim condensed consolidated 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 2021.

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 2022. As at 30 June 2022, 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.

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30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Foreign currency risk (Continued)

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
2022			
If HKD weakens against USD	1	(2,727)	—
If HKD strengthens against USD	(1)	2,727	—
If RMB weakens against HKD	1	—	—
If RMB strengthens against HKD	(1)	—	—

* Excluding retained profits

Credit risk

The Group's trade receivables and contract assets are mainly from government authorities. The carrying amounts of cash and cash equivalents, trade and other receivables and contract assets 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

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

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Consolidated Financial Information (Continued)

30 June 2022

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the end of the Reporting Period, based on the contractual undiscounted payments, was as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Interest-bearing bank and other borrowings	566,524	577,746
Corporate bonds	199,475	191,413
Trade and bills payables	742,567	736,593
Other payables and accruals	168,216	131,191
Less: Cash and cash equivalents	(57,189)	(77,465)
Net debt	1,619,593	1,559,478
Equity attributable to owners of the Parent	990,807	1,016,282
Capital and net debt	2,610,400	2,575,760
Gearing ratio	62%	61%

31. EVENTS AFTER THE REPORTING PERIOD

The Group had no material events after the Reporting Period.



Definitions

“2015 Company Share Charge”	the share charge entered into between the Company and Greenland Financial on 15 October 2015 in relation to the charge of all rights, entitlements, interests and benefits in the entire issued share capital of Greenstate Times, in favour of Greenland Financial
“2015 Greenstate Times Share Charge”	the share charge entered into between Greenstate Times and Greenland Financial on 15 October 2015 in relation to the charge of all rights, entitlements, interests and benefits in the entire issued share capital of Greenstate International, in favor of Greenland Financial
“2015 Note Instrument”	the instrument issued by the Company on 15 October 2015 for the creation and issue of the 2015 Notes in favour of Greenland Financial
“2015 Notes”	the redeemable fixed coupon promissory note with a principal amount of US\$40,000,000 at the rate of 9.00% per annum issued pursuant to the terms and conditions set out in the 2015 Note Instrument
“2015 Share Charge”	the 2015 Company Share Charge and the 2015 Greenstate Times Share Charge
“2017 Company Share Charge”	the charge of all rights, entitlements, interests and benefits in 50,000 ordinary shares of Greenstate Times, representing 50% of the entire issued share capital of Greenstate Times, legally and beneficially held by the Company as at the date of the 2017 Deed of Consent and charged in favor of Greenland Financial
“2017 Deed of Consent”	the deed of consent entered into between the Company and Greenland Financial on 15 November 2017 in relation to, among others, the execution of 2017 Note Instrument and 2017 Share Charges
“2017 Greenstate Times Share Charge”	the charge of all rights, entitlements, interests and benefits in 5,000 ordinary shares of Greenstate International, representing 50% of the entire issued share capital of Greenstate International, legally and beneficially held by Greenstate Times as at the date of the 2017 Deed of Consent and charged in favor of Greenland Financial
“2017 Note Instrument”	the instrument executed by the Company on 15 January 2018 for the reissue of the 2017 Notes in favor of Greenland Financial pursuant to the 2017 Deed of Consent
“2017 Notes”	the redeemable fixed coupon promissory note with a principal amount of US\$40,000,000 at the rate of 9.00% per annum issued pursuant to the terms and conditions set out in the 2015 Note Instrument and reissued pursuant to the terms and conditions set out in the 2017 Note Instrument
“2017 Share Charges”	the 2017 Company Share Charge and the 2017 Greenstate Times Share Charge
“2019 Company Share Charge”	the charge of all rights, entitlements, interests and benefits in 43,000 ordinary shares of Greenstate Times, representing 43% of the entire issued share capital of Greenstate Times, legally and beneficially held by the Company as at the date of the 2019 Deed of Consent and charged in favour of Greenland Financial



Definitions (Continued)

“2019 Deed of Consent”	the deed of consent entered into between the Company and Greenland Financial on 4 December 2019 in relation to, among others, the execution of 2019 Note Instrument and 2019 Share Charges
“2019 Greenstate Times Share Charge”	the charge of all rights, entitlements, interests and benefits in 4,300 ordinary shares of Greenstate International, representing 43% of the entire issued share capital of Greenstate International, legally and beneficially held by Greenstate Times as at the date of the 2019 Deed of Consent and charged in favour of Greenland Financial
“2019 Note Instrument”	the instrument executed by the Company on 4 December 2019 for the reissue of the 2019 Notes in favor of Greenland Financial pursuant to the 2019 Deed of Consent
“2019 Notes”	the redeemable fixed coupon promissory note with a principal amount of US\$35,000,000 at the rate of 12.00% per annum reissued pursuant to the terms and conditions set out in the 2019 Note Instrument
“2019 Share Charges”	the 2019 Company Share Charge and the 2019 Greenstate Times Share Charge
“Articles of Association”	the articles of association of the Company conditionally adopted on 25 June 2014 and became unconditionally effective on the Listing Date and as amended from time to time
“associates”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Board” or “Board of Directors”	the board of directors of the Company
“Broad Greenstate Ecological”	Broad Greenstate Ecological Construction Group Company Limited* (博大綠澤生態建設集團有限公司), a company established in the PRC with limited liability on 1 July 1999, which is a wholly-owned subsidiary of Shanghai Qianyi and an indirect wholly-owned subsidiary of our Company
“Broad Landscape International”	Broad Landscape International Company Limited (博大國際有限公司), a company incorporated in BVI on 8 October 2013 and is owned as to 86.92% by Mr. Wu Zhengping (吳正平) and 13.08% by Ms. Xiao Li (肖莉)
“BVI”	the British Virgin Islands
“CG Code”	Corporate Governance Code and Corporate Governance Report as amended from time to time contained in Appendix 14 to the Listing Rules
“China” or the “PRC”	the People’s Republic of China excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”, “Parent”, “we”, “us” or “our”	China Greenland Broad Greenstate Group Company Limited (中國綠地博大綠澤集團有限公司), a company incorporated in the Cayman Islands on 22 October 2013

Definitions (Continued)

“Company Charged Shares”	100,000 ordinary shares of Greenstate Times, representing the entire issued share capital of Greenstate Times, legally and beneficially held by the Company as at the date of the Note Purchase Agreement and to be charged in favor of Greenland Financial under the Company Share Charge
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Deed of Novation”	the deed of novation entered into on 11 September 2015 between the Company, Greenland Leasing and Greenland Financial, pursuant to which Greenland Leasing shall novate all its rights, obligations and liabilities under the Note Purchase Agreement to the Purchaser
“Director(s)”	director(s) of the Company
“Eastern Greenstate International”	Eastern Greenstate International Company Limited (綠澤東方國際有限公司), a company incorporated in BVI on 9 October 2013, which is owned as to 2.81% by Ms. Zhu Wen (朱雯), and 97.19% by other parties
“Greenland”	Greenland Holdings Group Corporation Limited (綠地控股集團股份有限公司), a company incorporated under the laws of the PRC
“Greenland Financial”	Greenland Financial Overseas Investment Group Cp., Ltd. (綠地金融海外投資集團有限公司), a company incorporated under the laws of the British Virgin Islands, an indirectly wholly-owned subsidiary of Greenland
“Greenland Leasing”	Greenland Financial Leasing Co., Ltd. (綠地融資租賃有限公司), a company incorporated under the laws of the PRC, an indirectly wholly-owned subsidiary of Greenland
“Greenstate Times”	Greenstate Times International Company Limited (綠澤時代國際有限公司), a company incorporated in BVI on 30 October 2013 and a wholly-owned subsidiary of the Company
“Greenstate Times Charged Shares”	10,000 ordinary shares of Greenstate International, representing the entire issued share capital of Greenstate International, legally and beneficially held by Greenstate Times as the date of the Note Purchase Agreement and to be charged in favor of Greenland Financial under a share charge to be made by Greenstate Times
“Group”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing”	listing of the Shares on the Main Board of the Stock Exchange

Definitions (Continued)

“Listing Date”	21 July 2014, the date on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
“Nomination Committee”	the nomination committee of the Company
“PPP”	Public-Private Partnership
“Reissue of Notes”	the reissue of the Notes by the Company to Greenland Financial on the terms and subject to the conditions set out in the 2017 Note Instrument
“Remuneration Committee”	the remuneration committee of the Company
“Renminbi” or “RMB”	the lawful currency of China
“Reporting Period”	the six-month period from 1 January 2022 to 30 June 2022
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Qianyi”	Shanghai Qianyi Landscape Engineering Company Limited* (上海千頤景觀工程有限公司), a wholly foreign owned enterprise established in the PRC with limited liability on 26 December 2013, and an indirect wholly-owned subsidiary of the Company
“Share Option Scheme”	the share option scheme conditionally approved and adopted by the Company on 25 June 2014 which became unconditionally effective on the Listing Date, the principal terms of which are summarised in the subsection headed “Share Option Scheme — Summary of terms” in Appendix V to the Prospectus
“Shareholders”	holder(s) of our Share(s) from time to time
“Shares”	ordinary shares of HK\$0.025 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules

In this interim report, if there is any inconsistency between the Chinese names of the entities or enterprises established in China and their English translations, the Chinese names shall prevail. English translation of company names in Chinese or another language which are marked with “*” is for identification purpose only.