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## China Greenland Broad Greenstate Group Company Limited

中國綠地博大綠澤集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1253)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

FINANCIAL HIGHLIGHTS		For the six months ended 30 June		
		2022 Unaudited	2021 Unaudited	Change
Revenue	RMB'000	95,240	193,289	(98,049)
Gross profit	RMB'000	29,934	58,483	(28,549)
Net profit attributable to owners of the Parent	RMB'000	418	15,334	(14,916)
Gross profit margin	%	31.4	30.3	1.2
Net profit margin	%	0.4	7.9	(7.5)

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

The board (the “**Board**”) of directors (the “**Directors**”) of China Greenland Broad Greenstate Group Company Limited (the “**Company**” or the “**Parent**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2022 (the “**Reporting Period**” or the “**Period**”), together with unaudited comparative figures for the corresponding period in the year 2021.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2022*

	<i>Notes</i>	<b>2022</b> <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
<b>REVENUE</b>	3	<b>95,240</b>	193,289
Cost of sales		<u>(65,306)</u>	<u>(134,806)</u>
Gross profit		<b>29,934</b>	58,483
Other income and gains	3	<b>21,506</b>	14,595
Other expense		—	(2,686)
Administrative expenses		<b>(14,361)</b>	(30,682)
Impairment losses on financial and contract assets		<b>(15,374)</b>	(25,917)
Finance costs	4	<b>(26,818)</b>	(18,121)
Share of profits and losses of:			
Joint ventures		<b>6,298</b>	22,652
An associate		<u>—</u>	<u>—</u>
<b>PROFIT BEFORE TAX</b>	5	<b>1,185</b>	18,324
Income tax expense	6	<u>(584)</u>	<u>(2,670)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>601</b></u>	<u>15,654</u>
Attributable to:			
Owners of the Parent		<b>418</b>	15,334
Non-controlling interests		<u>183</u>	<u>320</u>
		<u><b>601</b></u>	<u>15,654</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	8		
Basic and diluted			
— For profit for the Period		<u><b>RMB0.0001</b></u>	<u>RMB0.005</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME**

*For the six months ended 30 June 2022*

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION**

30 June 2022

		<b>30 June</b>	31 December
		<b>2022</b>	2021
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	<b>122,616</b>	125,247
Right-of-use assets		—	—
Investment properties		<b>22,638</b>	24,024
Goodwill		<b>3,060</b>	3,060
Other intangible assets		<b>17,862</b>	18,613
Investments in joint ventures		<b>820,782</b>	814,281
Equity investment at fair value through profit or loss		<b>80,324</b>	80,324
Financial assets at fair value through profit or loss	10	<b>20,874</b>	20,098
Contract assets	14	<b>208,950</b>	244,563
Prepayments, other receivables and other assets	11	<b>41,964</b>	44,194
Deferred tax assets		<b>26,282</b>	23,709
Other non-current assets		<b>19,621</b>	19,449
Total non-current assets		<b><u>1,384,973</u></b>	<u>1,417,562</u>
<b>CURRENT ASSETS</b>			
Biological assets	12	<b>32,310</b>	31,972
Trade receivables	13	<b>469,149</b>	467,884
Contract assets	14	<b>1,143,360</b>	1,069,556
Prepayments, other receivables and other assets	11	<b>307,898</b>	291,536
Pledged deposits		<b>9,650</b>	2,366
Cash and cash equivalents	15	<b>57,189</b>	77,465
Total current assets		<b><u>2,019,556</u></b>	<u>1,940,779</u>

		<b>30 June</b>	31 December
		<b>2022</b>	2021
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>CURRENT LIABILITIES</b>			
Corporate bonds	<i>16</i>	<b>199,475</b>	191,413
Trade and bills payables	<i>17</i>	<b>742,567</b>	736,593
Other payables and accruals	<i>18</i>	<b>670,941</b>	605,987
Interest-bearing bank and other borrowings	<i>19</i>	<b>362,174</b>	292,460
Lease liabilities		<b>1,482</b>	1,439
Tax payable		<b>170,705</b>	167,487
		<u><b>2,147,344</b></u>	<u>1,995,379</u>
Total current liabilities		<u><b>2,147,344</b></u>	<u>1,995,379</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u><b>(127,788)</b></u>	<u>(54,600)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>1,257,185</b></u>	<u>1,362,962</u>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	<i>19</i>	<b>204,350</b>	285,286
Lease liabilities		<b>23,097</b>	22,437
Deferred tax liabilities		<b>10,960</b>	11,169
		<u><b>238,407</b></u>	<u>318,892</u>
Total non-current liabilities		<u><b>238,407</b></u>	<u>318,892</u>
Net assets		<u><b>1,018,778</b></u>	<u>1,044,070</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Parent</b>			
Share capital	<i>20</i>	<b>66,396</b>	66,396
Other reserves		<b>924,411</b>	949,886
		<u><b>990,807</b></u>	<u>1,016,282</u>
Non-controlling interests		<u><b>27,971</b></u>	<u>27,788</u>
Total equity		<u><b>1,018,778</b></u>	<u>1,044,070</u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 June 2022*

Note	Attributable to owners of the Parent						Total	Non- controlling interests	Total equity
	Share capital	Share premium account	Share option reserve	Other reserve	Exchange fluctuation reserve	Retained profits			
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:	—	—	—	—	(25,893)	—	(25,893)	—	(25,893)
Exchange differences on translation of foreign operations	—	—	—	—	(25,893)	418	(25,475)	183	(25,292)
Total comprehensive income for the Period	—	—	—	—	—	—	—	—	—
Transfer from retained profits	—	—	—	455	—	(455)	—	—	—
At 30 June 2022 (unaudited)	<u>66,396</u>	<u>151,609*</u>	<u>—*</u>	<u>27,740*</u>	<u>(10,365)*</u>	<u>755,427</u>	<u>990,807</u>	<u>27,971</u>	<u>1,018,778</u>

\* These reserve accounts comprise the consolidated other reserves of RMB924,411,000 (2021: RMB951,052,000) in the consolidated statement of financial position.

	Attributable to owners of the Parent							Non-controlling interests	Total equity
	Share capital	Share premium account	Share option reserve	Statutory Other reserve	Exchange fluctuation reserve	Retained profits	Total		
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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)	<u>66,396</u>	<u>151,609*</u>	<u>—*</u>	<u>24,241*</u>	<u>5,902*</u>	<u>769,300*</u>	<u>1,017,448</u>	<u>28,396</u>	<u>1,045,844</u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the six months ended 30 June 2022*

	<i>Notes</i>	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	2021 <b>RMB'000</b> <b>(Unaudited)</b>
<b>CASH FLOWS USED FROM OPERATING ACTIVITIES</b>			
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
		<b>41,085</b>	44,558
Increase/decrease in trade receivables		(15,379)	46,375
Increase/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
		<b>31,089</b>	(109,560)
Cash used from/in operations		<b>31,089</b>	(109,560)
PRC tax paid		(149)	(7,003)
		<b>30,940</b>	(116,563)
Net cash flows used from/in operating activities		<b>30,940</b>	(116,563)



	<b>2022</b>	2021
<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Purchase of items of property, plant and equipment	—	(150)
Purchase of intangible assets	<b>(8)</b>	(7)
Purchase of financial assets at fair value through profit or loss	—	—
Proceeds from disposal of items of property, plant and equipment	<b>(5)</b>	22
Capital injection in joint ventures	<b>(205)</b>	(104,986)
Advances of loans to related parties	<b>(31,310)</b>	(29,049)
Decrease in time deposits with original maturity of more than three months	—	—
	<u>—</u>	<u>—</u>
Net cash flows used in investing activities	<u><b>(31,528)</b></u>	<u>(134,170)</u>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
New bank and other loans	<b>4,620</b>	171,900
Repayments of bank and other loans	<b>(12,234)</b>	(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	<b>(12,023)</b>	(11,229)
	<u>—</u>	<u>—</u>
Net cash used in financing activities	<u><b>(19,637)</b></u>	<u>(14,604)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		
	<b>(20,225)</b>	(265,337)
Cash and bank balances at beginning of the Period	<b>77,466</b>	309,292
Effect of foreign exchange rate changes, net	<b>(52)</b>	16
	<u>—</u>	<u>—</u>
<b>CASH AND BANK BALANCES AT END OF PERIOD</b>	<u><b>57,189</b></u>	<u>43,971</u>
	<i>15</i>	

	<i>Notes</i>	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	2021 <b>RMB'000</b> <b>(Unaudited)</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents as stated in the statement of financial position	<i>15</i>	<u><b>66,839</b></u>	<u>44,771</u>
Less: Time deposits with original maturity of less than three months, when acquired, pledged as security for construction contracts	<i>15</i>	<u><b>9,650</b></u>	<u>800</u>
<b>CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF CASH FLOWS</b>	<i>15</i>	<u><u><b>57,189</b></u></u>	<u><u>43,971</u></u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 1. 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.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 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 HKFRS 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.
- (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.

### 3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue from contracts with customers	<u><b>95,240</b></u>	<u>193,289</u>

#### **Disaggregated revenue information for revenue from contracts with customers**

##### *Types of goods or services*

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

##### *Timing of revenue recognition*

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

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

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

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

#### 4. FINANCE COSTS

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

## 5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	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
	<u>4,593</u>	<u>8,158</u>
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

## 6. INCOME TAX

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

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Current — the PRC		
Charge for the Period	<b>3,366</b>	6,479
Deferred	<b>(2,782)</b>	(3,809)
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Total tax charge for the Period	<b>(584)</b>	2,670
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## 7. DIVIDENDS

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

The Board does not recommend the distribution of any interim dividend for the Reporting Period (for the six months ended 30 June 2021: nil).

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Parent of RMB417,414 (2021: RMB 15,333,672), 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:

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	<u><u>417</u></u>	<u><u>15,334</u></u>
	<b>Number of shares</b>	
	<b>For the six months ended 30 June</b>	
	<b>2022</b>	2021
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<b>3,342,536,957</b>	3,342,536,957
Basic earnings per share (RMB)	<u><u>0.0001</u></u>	<u><u>0.005</u></u>
Diluted earnings per share (RMB)	<u><u>0.0001</u></u>	<u><u>0.005</u></u>

## **9. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 June 2022 the Group did not 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).

## 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

## 11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

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

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.

## 12. BIOLOGICAL ASSETS

### A. Nature of activities

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

### B. Value of plants and saplings

The value of plants and saplings at 30 June 2022 was:

	<b>30 June 2022</b>	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Plants and saplings	<u><b>32,310</b></u>	<u>31,972</u>

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

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

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

### C. Fair value hierarchy

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

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

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

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

Assets measured at fair value:

**As at 30 June 2022**

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

**As at 31 December 2021**

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

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

### 13. TRADE RECEIVABLES

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

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Within one year	<b>106,833</b>	134,196
Over one year but within two years	<b>80,572</b>	65,196
Over two years but within three years	<b>146,082</b>	210,912
Over three years	<u><b>135,662</b></u>	<u>57,580</u>
	<u><b>469,149</b></u>	<u>467,884</u>

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.

#### 14. CONTRACT ASSETS

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

Contract assets are initially recognised for revenue earned from the provision of construction services as the receipt of consideration is conditional on successful completion of construction. Included in contract assets for construction services are retention receivables. For retention money receivables in respect of construction works carried out by the Group, the respective due dates usually range from one to three years after the completion of the relevant construction work. At 30 June 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.

## 15. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

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

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.

## 16. CORPORATE BONDS

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

### 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 has been conducted and the due date will be 14 July 2020 (unless previously redeemed, or purchased and cancelled or extended) and the term of Notes may be extended for an additional six months with the same interest coupon, terms and conditions as described under the 2019 Note Instrument. In January 2020, the Company has repaid USD5,000,000 of the principal amount plus all interests accrued under the 2017 Note Instrument.

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 subsequently.

## 17. TRADE AND BILLS PAYABLES

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

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

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.

## 18. OTHER PAYABLES AND ACCRUALS

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

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

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



Contract liabilities include short-term advances received to render construction services. The increase in contract liabilities in 2021 was mainly due to the increase in short-term advances received from customers in relation to the provision of construction services at the end of Period.

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

## 19. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	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			
Other loans — unsecured		—	2023	108,000	—	2022	118,500
Other loans — unsecured	(c)	11.2	2023	72,244	—	—	—
Other loans — secured	(a)ii	—	2022	20,000	—	2022	20,000
Other loans — secured	(a)iii	—	2023	40,000	—	2022	40,000
				<u>266,964</u>			<u>208,500</u>
<b>Current portion of long-term</b>							
Bank loans — secured and guaranteed	(a)iv	7.5	2023	24,500	7.5	2022	13,250
Bank loans — secured	(b)i&ii	5	2022	<u>70,710</u>	4.3	2022	<u>70,710</u>
				<u>95,210</u>			<u>83,960</u>
<b>Non-current</b>							
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				<u>—</u>	11.2	2023	<u>68,636</u>
				<u>204,350</u>			<u>285,286</u>
				<u>566,524</u>			<u>577,746</u>

*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 14), 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.

## 20. SHARE CAPITAL

### Shares

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

## 21. CONTINGENT LIABILITIES

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

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

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.

## 22. COMMITMENTS

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

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

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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.

	<b>Increase/ (decrease) in rate %</b>	<b>Increase/ (decrease) in profit before tax RMB'000</b>	<b>Increase/ (decrease) in equity* RMB'000</b>
<b>2022</b>			
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.

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:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	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	<u>(57,189)</u>	<u>(77,465)</u>
Net debt	<u>1,619,593</u>	<u>1,559,478</u>
Equity attributable to owners of the Parent	<u>990,807</u>	<u>1,016,282</u>
Capital and net debt	<u>2,610,400</u>	<u>2,575,760</u>
Gearing ratio	<u>62%</u>	<u>61%</u>

## 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; solidifying 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.

## **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 INFORMATION**

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

## **PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange throughout the Reporting Period.

## **CORPORATE GOVERNANCE HIGHLIGHTS**

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

The Company has adopted the principles and code provisions of Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") (as amended from time to time) as the basis of the Company's corporate governance practices since the Listing Date. Throughout the Reporting Period, the Company has been in compliance with all the applicable code provisions of the CG Code with the exception of code provisions A.2.1 (which has been renumbered as code provision C.2.1 of part 2 of the CG Code with effect from 1 January 2022).

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

performs these two roles and accordingly, there are 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.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

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

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

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

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

An audit committee (the “**Audit Committee**”) was established by the Company 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 of the Company the accounting principles and policies adopted by the Group, the interim report and the unaudited consolidated interim results of the Group 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 disclosure have been made.

## **INTERIM DIVIDEND**

The Board does not recommend the distribution of any interim dividend for the Reporting Period (for the six months ended 30 June 2021: nil).

## **EVENTS AFTER REPORTING PERIOD**

There are no significant events subsequent to 30 June 2022 that have material impact on the Group's operating and financial performance as at the date of this announcement.

## **PUBLICATION OF INTERIM RESULTS AND 2022 INTERIM REPORT**

This announcement is published on the websites of the Company (<http://www.greenland-broadgreenstate.com.cn>) and the Stock Exchange (<http://www.hkexnews.hk>). The 2022 interim report of the Company will be dispatched to the Shareholders and will be made available on the websites of the Company and the Stock Exchange in accordance with the requirements of the Listing Rules.

By Order of the Board

**China Greenland Broad Greenstate Group Company Limited**  
**WU Zhengping**

*Chairman and Executive Director*

Shanghai, the People's Republic of China

31 August 2022

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