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

2024
ANNUAL REPORT

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Contents

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. Pei Gang *(Chairman)*
Mr. Lin Guangqing *(Chief executive officer)*

Independent Non-executive Directors

Mr. Dai Guoqiang
Dr. Jin Hexian
Mr. Yang Yuanguang

Joint Company Secretaries

Mr. Wang Zhikai
Ms. Lee Mei Yi

Authorized Representatives

Mr. Pei Gang
Ms. Lee Mei Yi

Audit Committee

Mr. Yang Yuanguang *(Chairman)*
Mr. Dai Guoqiang
Dr. Jin Hexian

Remuneration Committee

Dr. Jin Hexian *(Chairman)*
Mr. Dai Guoqiang
Mr. Pei Gang

Nomination Committee

Mr. Dai Guoqiang *(Chairman)*
Dr. Jin Hexian
Mr. Pei Gang

Registered Office

P.O. Box 31119, Grand Pavilion
Hibiscus Way, 802 West Bay Road
Grand Cayman, KY1-1205 Cayman Islands

Headquarters and Principal Place of Business in the People's Republic of China

Floor 8, Block D3, 5th Building
Hongqiao World Center, 1588 Lane
Zhuguang Road
Shanghai, People's Republic of China

Place of Business in Hong Kong

Room 1920, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

Auditor

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
31/F Gloucester Tower, The Landmark
11 Pedder Street, Central, Hong Kong

Hong Kong Legal Advisor

Jia Yuan Law Office
Suites 3502–03, 35/F,
One Exchange Square,
8 Connaught Place, Central,
Hong Kong

Cayman Islands Principal Share Registrar and Transfer Office

Vistra (Cayman) Limited
P.O. Box 31119, Grand Pavilion
Hibiscus Way, 802 West Bay Road
Grand Cayman, KY1-1205 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 Highlights

	For the year ended 31 December			
	2024	2023	Change	%
	RMB'000	RMB'000	RMB'000	
Revenue	**18,396**	26,908	(8,512)	(31.6)
Gross profit	**10,885**	12,387	(1,502)	(12.1)
Loss before tax	**(177,301)**	(516,700)	339,399	65.7
Net loss attributable to owners of the parent	**(145,755)**	(535,918)	390,163	72.8

	31 December			
	2024	2023	Change	%
	RMB'000	RMB'000	RMB'000	
Total assets	**2,051,581**	2,126,038	(74,457)	3.5
Total equity attributable to owners of the parent	**116,640**	57,293	59,347	103.6

	For the year ended 31 December	
	2024	2023
Profitability ratio (%)		
Gross profit margin	**59.2**	46.0
Net loss margin	**(792.3)**	(1,991.7)
Return on assets	**(7.1)**	(25.2)
Return on equity	**(101.5)**	(675.2)
Working capital ratio (time)	**0.5**	0.5
Gearing ratio (%)	**93**	96.5

Five-Year Financial Summary

	For the year ended 31 December				
	2024	2023	2022	2021	2020
Profitability					
Revenue	**18,396**	26,908	109,275	267,498	676,161
Gross profit	**10,885**	12,387	25,396	80,259	190,611
(Loss)/profit before tax	**(177,301)**	(516,700)	(482,776)	11,716	94,046
Net (loss)/profit attributable to owners of the parent	**(145,755)**	(535,918)	(422,794)	4,542	78,295
Profitability ratio (%)					
Gross profit margin	**59.2**	46.0	23.2	30.0	28.2
Net (loss)/profit margin	**(792.3)**	(1,991.7)	(386.9)	1.7	11.6
Assets and liabilities (RMB'000)					
Non-current assets	**1,369,145**	1,400,972	1,456,107	1,417,562	1,135,962
Current assets	**682,436**	725,066	1,483,086	1,940,779	2,316,809
Current liabilities	**1,460,662**	1,570,105	1,969,958	1,995,379	2,152,338
Non-current liabilities	**449,355**	475,772	377,882	318,892	276,426
Total equity attributable to owners of the parent	**116,640**	57,293	563,118	1,016,282	995,931
Working capital					
Current ratio (time)	**0.5**	0.5	0.8	1.0	1.1
Gearing ratio (%)	**93**	96.5	74.4	60.5	60.4

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 audited consolidated annual results of the Group for the year ended 31 December 2024 (the "Year under Review").

MARKET REVIEW

In 2024, in the face of the complex and volatile global situation, China's economy demonstrated strong resilience and vitality, achieving growth while preserving stability. Despite the multiple challenges of slowing global economic growth, rising geopolitical risks and domestic structural adjustments, China managed to maintain stable economic growth by deepening reform and opening-up, promoting technological innovation and optimising economic structure. During the year, China's GDP grew by 5%, which is in line with market expectations. Despite the slowdown in growth, China remained one of the major engines of global economic growth against the backdrop of a weakening global economy, injecting strong momentum as it trudging towards recovery.

During the Year under Review, China's landscaping industry maintained steady growth and further expanded its market size. As urbanisation accelerated and people's demand for improving ecological environment increased, demand for areas such as landscaping, ecological restoration and landscape design continued to grow. In particular, driven by national strategies such as urban renewal, rural revitalisation and ecological protection, the landscaping industry continues to welcome new development opportunities. In terms of urban greening and ecological restoration, major cities continue to promote urban greening projects, with an emphasis on improving the quality of the urban ecological environment. As for ecological restoration, it focuses on areas such as wetland protection and desertification management, which have also achieved significant results. In addition, intelligent gardening and technological innovation have become the new development trend of the industry. With the large-scale application of technologies such as the Internet of Things, big data and artificial intelligence, efficiency of landscape maintenance has been greatly improved, and the use of resources has become more efficient, promoting the digital transformation of the industry.

During the year, the application of the Public-Private Partnership (PPP) model in the landscaping industry was further deepened. China launched a series of policies to encourage private capital to participate in the domestic landscaping and ecological construction programmes. In 2024, the National Development and Reform Commission (NDRC) issued the Circular on Further Improving the Regulation and Implementation of Projects under the New Mechanism of Public-Private Partnership (進一步做好政府與社會資本合作新機制項目規範實施工作的通知), which aims to regulate and promote the implementation of PPP projects. The document emphasises the healthy and orderly development of PPP projects to enhance the efficiency of Public-Private Partnership, facilitate the participation of private enterprises in infrastructure, and ensure the regularity and sustainability of the programme. In addition, the government has continued to promote the development of green finance. China's central bank and the Banking and Insurance Regulatory Commission (CBIRC) jointly issued the Guiding Opinions on the Development of Green Finance (綠色金融發展指導意見), which clearly defines the direction and key areas of support for green finance, and encourages financial institutions such as banks, insurance and securities firms to provide financing support for green projects, which will become a major boost for the social and economic green transformation.

In 2024, China continued to show strong determination and remarkable results in the construction of a "Beautiful China" and the realisation of the "dual carbon" target. During the Year under Review, the government launched the Action Plan for the Construction of a Beautiful China (2024-2030) (美麗中國建設行動計劃(2024-2030)), which sets out specific targets for improving the quality of the ecological environment, building green infrastructure and cultivating an eco-friendly culture in the next few years, as well as increasing financial investment with a focus on supporting ecological restoration, pollution control and green infrastructure. These measures have provided strong policy protection for urban greening, ecological corridor construction and wetland protection projects, further enhancing the quality of the ecological environment in both urban and rural areas. The landscaping industry continued to play a pivotal role in promoting the "dual carbon" target. The implementation of large-scale landscaping and greening projects, has increased the area of forests, wetlands and grasslands, significantly enhancing the carbon sink capacity of the ecosystem. At the same time, the extensive application of green and low-carbon technologies in the landscaping industry, such as water-saving irrigation, energy-saving lighting and renewable energy, has effectively reduced carbon emissions. Positive progress has also been made in the resource utilisation of landscape waste, and the industry continues to move forward with the continued implementation of policies and technological innovations.

The new energy sector has continued to lead China in achieving the "dual carbon" target and transforming the energy structure in 2024. China's photovoltaic (PV), wind power and hydropower industries continued to lead the world during the Year under Review, demonstrating strong growth momentum and technological innovation capacity. In the PV sector, China further consolidated its position as a global leader, with bulk PV and large-scale PV plants developing rapidly thanks to policy support and technological advancement. The integration of PV with agriculture, construction and other sectors has further expanded, promoting the diversified use of green energy. In the wind power sector, technological breakthroughs and large-scale construction continued to drive growth in applications. The government also further stimulated the expansion of wind power industry by streamlining the approval process, providing subsidies and encouraging technological innovation. As a traditional clean energy source, hydropower continued to grow steadily in 2024. Large-scale hydropower programmes, such as the hydropower plants along the Yalong River and Jinsha River, have been put into operation successively, while the ecological transformation of small hydropower plants is moving forward progressively. New energy storage programmes are also growing rapidly across the country, with more than 73.76 million kilowatts (kW) of installed capacity by the end of 2024, which is 20 times more than at the end of the 13th Five-Year Plan. Meanwhile, new energy storage has played a key role in enhancing the regulation capacity of power system, supporting the consumption of new energy and ensuring the stable operation of power system, thus strongly supporting the construction of the new power system.

Consolidate Foundation for Principal Operation of Landscaping and Secure Cash Flow and Recoverability of Receivable

As at 31 December 2024, the Group recorded total revenue of RMB18.4 million, gross profit of approximately RMB10.9 million for the year, loss attributable to owners of the Parent of RMB145.8 million, gross profit margin of 59.2% and net loss ratio of 792.3%. In conclusion for 2024, the Group has adopted a prudent development strategy and implemented several measures to stabilise its cash flow and promote high-quality development in light of the pressure on revenue.

The Group has been closely focusing on the objectives of strengthening its business foundation and enhancing its operational stability, and has achieved significant results in all aspects of its work in a comprehensive manner. In terms of project management, we focused on optimising the operational efficiency of our existing projects and strengthening compliance management to ensure smooth progress of projects in hand and to maintain stable cash flow. In upholding the principle of prudence, we carefully evaluated the compliance, feasibility and long-term value of projects in new project expansion. We closely monitored the financial strength of local governments and market demand to avoid over-expansion and devoted our resources to the development of projects that were consistent with the core business of the Group with good development potential. At the same time, we have actively deepened our cooperative partnerships with key customers including but not limited to government departments and state-owned enterprises, and further consolidated our market reputation and credibility by continuously improving the quality of our products and services. In terms of internal management, the Group has implemented a series of prudent strategies to lay a solid foundation for high-quality development. By optimising our capital structure, enhancing cost control and improving operational efficiency, we have effectively enhanced our core competitiveness and provided strong momentum to the Group's sustainable development.

Accelerate Sustainable Development through the Twin Engines of Green Infrastructure and New Energy

The Group has been actively exploring opportunities in the field of new energy. During the Year under Review, the Group has completed a major equity restructuring and successfully transformed into a state-owned mixed-ownership listed group holding company. As a Fortune 500 company, Greenland Group's strong capitalisation has provided a strong support for its sustainable development. During the Year, the Group has achieved its existing debt optimisation with the assistance of Greenland Group, which also provided funding support to the Group in the event of its short-term operating deficits.

The Greenland Group serves as a strong driving force for the development of the Group, as it significantly enhanced our strategic operational capabilities and resource integration efficiency, as well as optimisied our governance structure. During the Year under Review, we have optimised our project processes and strengthened our communication and cooperation with the government to ensure the compliance and regulated operation of our existing businesses. In addition, Greenland Group's landscaping projects were gradually transferred into the Group. In respect of the new energy business, being a pioneer in the energy sector, Greenland Group has guided us the strategic direction for development in the photovoltaic sector, while the projects under Greenland Group have also laid the foundation for the Group's development on a new development path.

On 31 December 2024, the Group announced the acquisition of a 51% equity interest in ZDX Energy International Co., Ltd, including its wholly-owned subsidiary Sichuan Guoneng Tairui Electromechanical Co., Ltd.* (四川國能泰瑞機電有限公司) ("**Guoneng Tairui**"), which is engaged in comprehensive operation and maintenance services for hydropower plants. In addition, in 2024, the Group established a new energy joint venture — Shanghai Green Energy Zhihui Energy Technology Co., Ltd. Our partner in this joint venture has been deeply involved in the field of new energy investment and construction for decades and has rich experience in investment, construction, operation and maintenance of photovoltaic power plants. The joint venture will leverage the strong market resources of the listed company and Greenland Group to jointly develop new energy business. The above measures not only provide an opportunity for the Group to quickly build business scale and enhance technical capabilities, but also lay a solid foundation for us to quickly enter the field of new energy. The Group will further develop construction, general contracting and operation management in the fields of photovoltaic, wind power and hydropower generation, and promote the diversified development of new energy business.

Green Development and Social Responsibility

While pursuing economic benefits, companies need to pay more attention to ecological and social benefits and create long-term value for the community and the environment. As sustainable development becomes a core issue in global business and social development, practicing environmental, social and corporate governance (ESG) principles has become an important part of corporate strategy. In recent years, China has issued a series of policy guidelines, such as the Guiding Opinions on Promoting the Development of Eco-friendly Culture (關於推動生態文明建設的指導意見) and the Carbon Peak Action Plan Before 2030 (2030年前碳達峰行動方案), which expressly require companies to incorporate green and low-carbon development and social responsibility into their long-term strategies. This is both a challenge and an important opportunity for the landscaping industry to transform and upgrade. We expect that the landscaping industry will move towards a more environmentally friendly, socially responsible and transparent governance direction. This change is not only a positive response to society's demands for ecological conservation, community well-being and environmental values, but also an innovative breakthrough in existing business models and a strategic investment in future sustainable growth path. By incorporating green technology, ecological concepts and social responsibility, the landscaping industry will open up a broader space for development and lay a solid foundation for long-term competitiveness of enterprises and sustainable development of society.

Prospects

With the mission of building a "Beautiful China", the Group will continue to steadily promote its landscaping projects through three major initiatives, namely strengthening management, innovating financing modes and strengthening cooperation between government and enterprise, to ensure high-quality construction and operation, realising a virtuous cycle of projects and building a solid foundation for sustainable development, thereby bringing green vitality to the development of the city.

Leveraging on Greenland Group, we will fully utilise the synergy effect, integrate resources and focus on innovation. Relying on Greenland Group's deep-rooted expertise in urban construction and industrial operations, we will share resources and complement each other's strengths to create synergy for development. At the same time, we will work closely with the Greenland Group's various industry segments, focusing on new energy areas such as photovoltaic, wind power and energy storage, increasing investment in technology research and development, actively exploring new modes of green and low-carbon development, and creating new engines of growth. In addition, we will actively integrate the advantages of Guoneng Tairui to open up new areas of energy services. Through technological integration, market expansion and model innovation, we will continue to enhance our comprehensive energy service capabilities and realise the transformation and upgrading of the enterprise.

We will also continue to closely monitor the dynamics and policy directions of the landscaping and new energy industries, proactively seize development opportunities, continuously optimise our business structure, enhance our technological strength and service standards, and promote the leapfrog growth of the enterprise in the new stage of development. In the future, the Group will unswervingly follow the high-quality development path of ecological priority, green and low-carbon with sturdy spirit and more pragmatic style. We look forward to making breakthroughs in new business areas and flourishing in the wave of green living and ecological technology, contributing to sustainable development.

Mr. Pei Gang
Chairman of the Board
31 March 2025

Management Discussion and Analysis

Industry Review

In 2024, China's landscaping industry continued to maintain a steady development propelled by both policy support and market demand. Industry reports indicated that the market size of China's landscaping industry is expected to reach several hundred billion Renminbi by 2028, with an average growth rate of market size remaining at a high level in the next few years. The landscaping industry covers a number of sub-sectors including municipal landscaping, real estate landscaping, ecological restoration landscaping and tourist attraction landscaping, all of which are showing promising development trends. In particular, the ecological restoration and tourist attraction landscaping has witnessed a rising market demand due to increased awareness of environmental protection and the development of tourism industry.

Being considered as an integral part of the development of eco-friendly culture in China, the landscaping industry is strongly supported by national policies. The Opinions on Promoting Urbanisation with Counties as Important Carriers (關於推進以縣城為重要載體的城鎮化建設的意見) issued by the General Office of the China Communist Party's Central Committee and the General Office of the State Council proposed to create blue-green ecological space, improve the ecological green space system, and build ecological green corridors based on natural elements such as mountains, rivers, forests, fields, lakes and grasslands. These policies have provided strong support for the development of the landscaping industry.

As for the key development direction, the landscaping industry is steering towards ecological, intelligent and diversified development. With ecological restoration and environmental management becoming important growth points of the industry, especially in the fields of mine restoration, wetland protection and desertification control, landscape enterprises are playing an increasingly important role. Meanwhile, along with the technological advancement, the landscaping industry is also actively exploring intelligent development paths, such as the use of big data, Internet of Things and other technologies to enhance the efficiency and quality of landscape design, construction and maintenance. In addition, the integration of the landscaping industry with cultural tourism and rural revitalisation has also set a new trend, bringing more development opportunities for the industry.

In terms of industry operations, market competition is fierce due to a huge number of enterprises operating in the landscaping industry. Despite the relatively low concentration of the industry, enterprises with qualification and strength are playing major roles in the market with the standardised development of the market. Some leading enterprises have increased their market share and influence through technological innovation and business expansion.

Similarly, China's green infrastructure and new energy industries have made significant progress under the dual impetus of policies and the market, with the industry landscape further optimised. The National Development and Reform Commission issued the Guiding Opinions on Vigorously Implementing Renewable Energy Substitution Actions (關於大力實施可再生能源替代行動的指導意見) to push forward the construction of industrial green microgrids and promote the direct supply of green electricity, laying a solid foundation for the large-scale application of new energy. The construction of new energy infrastructure has become an industry highlight, with large-scale wind power and photovoltaic power plants continuously emerging, and supporting transmission lines and energy storage facilities being advanced in tandem.

In terms of business pattern, China's new energy industry is accelerating its globalisation, making it the core engine of the country's "domestic circulation" strategy, while providing efficient solutions for global energy transformation. China's green infrastructure and new energy industries remain on course to achieve high-quality development, serving as a key driving force for the global energy transformation.

Business Review

The Group remains committed to its core business of "ecological development while enhancing its environmental restoration and cultural tourism operations" with a focus on municipal and city level landscape projects and offers our customers "one-stop" service solutions, including investment and financing, planning and design, project construction and commercial operation. In recent years, the Group proactively adjusted its business strategy to focus on completing ongoing investment projects, optimising its management and stabilising its cash flow.

The Group strengthened the compliance management of project construction and cooperated with local governments to complete planning adjustments and improve the governmental approval procedures for the corresponding projects. The Company is in the process of communicating and negotiating with local governments with respect to the Guansheng Lake Ecological Wetland PPP Project in Guang'an Lingang Economic Development Zone (廣安臨港經濟開發區官盛湖生態濕地PPP項目), the Broad Greenstate Huiji River Wetland Park PPP Project in Xiangfu District of Kaifeng City (開封市祥符區博大綠澤惠濟河濕地公園PPP項目), the Mianzhu Municipal Tourism Construction PPP Project (綿竹市政旅游建設PPP項目) and the Quanzhou Botanical Garden PPP Project (泉州植物園PPP項目). As of 31 December 2024, the constructions of the above-mentioned projects are under suspension and will be resumed or settled based on the results of the communication. The reasons for the suspension of the aforementioned projects are detailed below:

Name of Project	Remaining Contract Value of Project (RMB)	Latest Status
Guang'an Lingang Economic Development Zone Guansheng Lake Ecological Wetland PPP Project (廣安臨港經濟開發區官盛湖生態濕地PPP 專案)	403,852,637	The project involves performing construction works on protected forestland, which requires the local government to obtain internal approval for the conversion of land use before construction works may commence. As of the date of this submission, the local government is still in the process of obtaining such internal approvals and hence construction works have stalled.
Mianzhu Municipal Tourism Construction PPP Project (綿竹市政旅游建設PPP項目)	1,391,987,470	The project is a key local tourism project involving various local townships and commissions offices, and the Company shall only commence construction works upon obtaining compliance clearance from the relevant township/commission office. As of the date of this submission, the Company had only obtained compliance clearance from some of the relevant township/commission offices (and have completed all construction works on such parts), but can only complete the remaining construction works upon obtaining compliance clearance from the remaining township/commission offices.
Kaifeng City Xiangfu District Broad Greenstate Huiji River Wetland Park PPP Project (開封市祥符區惠濟河濕地公園PPP項目)	237,576,036	The Company is currently in negotiations with the relevant local government with respect to the settlement price for the completed construction works and shall commence the remaining works upon agreeing the settlement price and obtaining all relevant compliance approvals.
Quanzhou Botanical Gargen Project (泉州植物園項目)	171,046,482	As the project involves mass logging of forests, the Company is yet to obtain the required logging licenses. In addition, the project involves the removal of various rural cemeteries, and the local governments are yet to reach a settlement solution with the local villagers.

The management of the Company will monitor the progress of the aforementioned projects regularly in 2025. In the event that the aforementioned projects are terminated, the Company shall use its best endeavours to achieve an amicable settlement with the local governments and recover outstanding payments and project progress payment from the local governments.

During the Year under Review, the Group's portfolio primarily consists of PPP projects, of which five projects have transitioned to operation and maintenance, and the remainder are either under construction or in the preliminary preparation phase. As of 31 December 2024, the Group recorded total revenue of RMB18.4 million and net loss attributable to owners of the Parent of RMB145.8 million. Gross profit margin was 59.2%, representing an increase of 13.2 percentage points as compared with the same period last year.

Cost Control

The Group implemented scientific, rational, and cost-effective practices to boost revenue and cut costs. Rather than relying on the traditional extensive contracting model for project management in the industry, the Group adopted a refined project cost control approach. It established a group-wide supplier database and utilised its self-developed project management information platform ("**OA System**") to ensure that all project expenses were strictly managed in accordance with the budget. During the Year under Review, supported by procurement platform for renowned enterprises in China, the Group has comprehensively expanded the supply chain channel and achieved reducing costs while increasing efficiency. For project operation and maintenance in the later stage, the Group fully utilised the cooperation between its operation management companies and prime operation teams to consider maintenance plans during construction. Additionally, the Group placed great emphasis on project redevelopment, proposing optimisation schemes during project implementation and developing resources around the project's location through well-established friendly cooperative relationships.

Research and Development

The Group adheres to the guidance of efficient, energy-saving, and clean green technology application and design. It aims to achieve international advancement and domestic leadership while promoting development of ecological and environmental protection projects through technological innovation. Building on its existing technology accumulation, project experience and product advantages, the Group has continuously invested heavily in establishing its technology centre, focusing on independent development, supplemented by the introduction, digestion, and absorption of other technologies. The Group has also strengthened industry, education, and research cooperation and intellectual property rights construction, actively realising the industrialisation of science and technology. In addition, the Group has cooperated with the high-quality technology companies in the upstream and downstream industries to achieve technology resource sharing, jointly empowering the project. The Group recognises that scientific research is an important strategy for achieving sustainable development and provides strong technical support through innovation in scientific research.

Corporate Governance Report

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to report to the shareholders of the Company (the "**Shareholders**") on the corporate governance of the Company for the year ended 31 December 2024.

Corporate Governance Culture and Purpose

The Company is committed to ensuring that its affairs are conducted in accordance with high business ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Purpose: *being a leader in ecological and humanistic homeland construction, and a pioneer in sustainable environmental development*
Value: *enhancing the regional core values through first-class ecological environments and promoting the harmonious upgrading of our homelands through deep humanistic construction*
Strategy: *a strategy centering on ecological construction, with environmental restoration and cultural tourism as complementary components*
Spirits: *kindness, fortitude, cooperation, and dedication*

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

— *satisfactory and sustainable returns to Shareholders;*
— *that the interests of those who deal with the Company are safeguarded;*
— *that overall business risk is understood and managed appropriately;*
— *the delivery of high-quality products and services to the satisfaction of customers; and*
— *that high standards of ethics are maintained.*

The Company acts as an investment holding company and the principal activities of the Group include to develop the whole industry chain with the main focus on ecological construction in China Strategic business layout. As a group with diversified businesses, by recognising the importance of stakeholders at the Board level and throughout the Group, we strive to provide high quality and reliable products and services, and to create values to the stakeholders through sustainable growth and continuous development.

The Board has set out the following values to provide guidance on employees' conduct and behaviours as well as the business activities, and to ensure they are embedded throughout the Company's vision, mission, policies and business strategies:

(a) *Talent — the foundation of everything;*
(b) *Integrity — the inherent driving force of our development;*
(c) *Quality — our ultimate pursuit;*
(d) *Accountability — we are accountable for delivering on our commitments;*
(e) *Empathy — we care about our stakeholders — employees, customers, supply chain and the community; and*
(f) *Sustainability — we are committed to a sustainable future*

The Group will continuously review and adjust, if necessary, its business strategies and keep track of the changing market conditions to ensure prompt and proactive measures will be taken to respond to the changes and meet the market needs to foster the sustainability of the Group.

Corporate Governance Practices

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 C1 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 complied with all the applicable code provisions of the CG Code.

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions of the Directors. Having made specific enquiries with the Directors, all the Directors have confirmed that they have complied with the required standard as set out in 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.

Board of Directors

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Composition

As at the date of this annual report, the Board currently comprises five members, consisting of two executive Directors and three independent non-executive Directors.

The composition of the Board is set out below:

Executive Directors:

Mr. Pei Gang *(Chairman)*
Mr. Lin Guangqing *(Chief executive officer)*

Independent Non-executive Directors:

Mr. Dai Guoqiang
Dr. Jin Hexian
Mr. Yang Yuanguang

Save for the disclosures in the biographies of the Directors as set out in the section headed "Directors and Senior Management" of this annual report, there is no relationship (including financial, business, family or other material/relevant relationships) among the members of the Board.

Chairman and Chief Executive Officer

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.

Each of the chairman of the Board of the Company and the chief executive officer ("**CEO**") of the Company has been served by Mr. Pei Gang and Mr. Lin Guangqing, respectively. The chairman of the Board is responsible for providing strategic advice and guidance on the development of the Group, while the CEO is responsible for the day-to-day operations of the Group.

Independent Non-executive Directors

During the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent throughout the Reporting Period.

Re-election of Directors

Code provision B.2.2 states that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

In accordance with the Articles of Association, Mr. Dai Guoqiang and Mr. Yang Yuanguang will retire and being eligible, have offered themselves to be re-elected and re-appointed at the forthcoming annual general meeting of the Company.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors of the Board shall take decisions objectively in the interests of the Company.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are also responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors have disclosed to the Company details of other offices held by them and the Board has regularly reviewed the contribution required from each Director to perform his responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

Continuous Professional Development of Directors

Directors shall keep abreast of responsibilities as a Director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's branches in the People's Republic of China and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for Directors will be arranged and reading material on relevant topics will be issued to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the Reporting Period, the Directors of the Company have studied the reading materials and attending trainings or seminars conducted by the qualified professionals/the Stock Exchange on relevant topics, such as the corporate governance and directors' attendance at meetings and dividend policy, weighted voting rights issuers' corporate governance requirements. In addition, the Company has provided legal and regulatory update to the Directors as part of the continuous professional development for the Directors' reference and studying.

All Directors have provided the Company with a record of the training they received for the Reporting Period and such records were maintained by the Company.

The record of continuous professional development relating to director's duties and regulatory and business development that have been received by the Directors for the Reporting Period is summarized as follows:

Directors	Type of Training[Note]
Executive Directors	
Mr. Pei Gang	A, B
Mr. Lin Guangqing	A, B
Independent Non-executive Directors	
Mr. Dai Guoqiang	A, B
Dr. Jin Hexian	A, B
Mr. Yang Yuanguang	A, B

Note:

Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

Board Committees

The Board has established three committees, namely the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of these committees are posted on the websites of the Company and the Stock Exchange and are available to Shareholders upon request.

Audit Committee

The Audit Committee currently comprises three members, namely Mr. Yang Yuanguang, Mr. Dai Guoqiang and Dr. Jin Hexian. All of them are independent non-executive Directors. It is currently chaired by Mr. Yang Yuanguang.

The roles and functions of the Audit Committee are set out in its terms of reference which are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, appointment of external auditors, audit plan and relationship with external auditors, and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the Reporting Period, the Audit Committee reviewed the annual results and annual report for the year ended 31 December 2023, interim financial results and interim report for the six months ended 30 June 2024, significant issues on the financial reporting procedures and arrangements for employees to raise concerns about possible improprieties, the effectiveness of the risk management and internal control systems. The Audit Committee considered the matters relating to the retirement and appointment of the external auditor and also reviewed the internal audit function and the audit progress/ plan in relation to the 2024 annual results submitted by the external auditors. The requirements for Environment, Social and Reporting were duly noted by the Audit Committee.

The Audit Committee held two meetings with the external auditors during the Reporting Period without the presence of the executive Directors.

Remuneration Committee

The Remuneration Committee currently comprises three members, namely Dr. Jin Hexian, Mr. Dai Guoqiang and Mr. Pei Gang. Majority of them are independent non-executive Directors. It is currently chaired by Dr. Jin Hexian.

The roles and functions of the Remuneration Committee are set out in its terms of reference. The primary duties of the Remuneration Committee are to make recommendations to the Board on the remuneration policy and remuneration packages of individual executive Directors and senior management, the establishment of a formal and transparent procedure for developing such remuneration policy to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, determine the terms of the specific remuneration package of each executive Director and senior management as well as review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

During the Reporting Period, the Remuneration Committee reviewed and made recommendation to the Board on the remuneration policy and structure of the Company, remuneration packages of the executive Directors and senior management and the evaluation system for the performance of executive Directors. The Remuneration Committee also reviewed its terms of reference and recommended to the Board on the amendments to its terms of reference.

The Remuneration Committee met once during the Reporting Period.

The biographical details of the senior management (the number of the senior management of the Group (excluding executive Directors) is nil, whose remuneration is nil) are included in section headed “Directors and Senior Management” of this annual report.

Nomination Committee

The Nomination Committee currently comprises three members, namely Mr. Dai Guoqiang, Mr. Pei Gang and Dr. Jin Hexian. Majority of them are independent non-executive Directors. It is currently chaired by Mr. Dai Guoqiang.

The roles and functions of the Nomination Committee are set out in its terms of reference. The principal duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis, develop and formulate relevant procedures for the nomination and appointment of Directors, assess the independence of the independent non-executive Directors and make recommendations to the Board on the appointment or re-appointment of the Directors and succession plan of the Board.

In assessing the Board composition and identifying and selecting suitable candidates for directorships, the Nomination Committee would take into account various aspects and criteria set out in the board diversity policy (the “**Board Diversity Policy**”) and the directors’ nomination policy (the “**Directors’ Nomination Policy**”) adopted by the Board on 28 August 2014 and 13 November 2018 respectively, summaries of which are detailed in the sections of “Board Diversity Policy” and “Director Nomination Policy”. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

During the Reporting Period, the Nomination Committee reviewed the Board Diversity Policy, structure, size and composition of the Board and the independence of the independent non-executive Directors and reviewed Directors’ Nomination Policy.

The Nomination Committee met once during the Reporting Period.

Board Diversity Policy

The Board Diversity Policy was adopted by the Company pursuant to the Board resolution passed on 28 August 2014. The Board Diversity Policy aims to set out the approach to diversity on the Board of the Company and to achieve a sustainable and balanced development.

The Nomination Committee had reviewed the Board Diversity Policy and discussed the measurable objectives for achieving diversity of the Board and recommended them to the Board for adoption, as appropriate, to ensure the effectiveness of this Board Diversity Policy.

All Board appointments will be based on meritocracy, and candidates will be considered against appropriate criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural background and ethnicity, in addition to educational background, professional experience, skills, knowledge and industry and regional experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Directors have a balanced mixed of knowledge and skills, including but not limited to overall business management and strategic development, finance and accounting, research and development, and investment. They obtained degrees in various majors including engineering, economics and business administration. Furthermore, the Board has 4 male Directors and 1 female Directors with a relatively wide range of ages, ranging from 42 years old to 72 years old. The Board of Directors is of the view that the Board satisfies the Board Diversity Policy.

Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the date of this annual report:

	Female	**Male**
Board	2% (1)	6% (4)
Other employees	30% (19)	62% (40)
Overall workforce	31% (20)	69% (44)

The Nomination Committee and the Board are of the view that the current composition of the Board has achieved the objectives set in the Board Diversity Policy.

The Nomination Committee will review the Board Diversity Policy on an annual basis to ensure its continued effectiveness.

Directors' Nomination Policy

The Directors' Nomination Policy sets out the criteria and process in the nomination and appointment of directors of the Company. The Directors' Nomination Policy applied to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company as well as Board continuity and appropriate leadership at Board level.

A summary of the Directors' Nomination Policy is set out below:

Criteria adopted for selection and recommendation for directorship

In evaluating and selecting any candidate for directorship, the following criteria should be considered:

- Character and integrity.
- Qualifications including professional qualifications, skills, knowledge, and experience that are relevant to the Company's business and corporate strategy, and diversity aspects under the Board Diversity Policy.
- Any measurable objectives adopted for achieving diversity on the Board.
- Requirement for the Board to have independent non-executive directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules.
- Any potential contributions the candidate can bring to the Board in terms of professional qualifications, skills, experience, independence and gender diversity.
- Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company.
- Such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

Nomination process

(a) Appointment of New Director

(i) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

(ii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

(iii) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

(iv) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of director at the general meeting.

(b) *Re-election of Director at General Meeting*

(i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance by him/her on the Board.

(ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above.

(iii) The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as director at the general meeting, the relevant information of the candidate will be disclosed in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

As delegated by the Board, the Nomination Committee will, in addition to conducting regular review on the structure, size and composition of the Board, also conduct regular review on the Directors' Nomination Policy and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and business needs.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements and the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

Board Meetings

The Directors are continually updated with the regulatory requirements, business activities and development of the Company to facilitate the discharge of their responsibilities. Through regular Board meetings, all Directors are kept abreast of the conduct, business activities and development of the Company.

Annual meeting schedules and draft agenda of each meeting are normally made available to Directors in advance.

Notice of regular Board meetings is served to all Directors at least 14 days before the meeting. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or committee meeting to keep Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions.

The Board and each Director also have separate and independent access to the senior management where necessary.

The joint company secretaries (or their delegate(s)) are responsible for taking and keeping minutes of all Board meetings and committee meetings respectively. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and final versions are open for Directors' inspection.

The Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

All divisions/departments conduct internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each division/department.

The management, in coordination with division/department heads, assessed the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the Reporting Period.

The Internal Auditor is responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The Internal Auditor examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

The Board, as supported by the Audit Committee as well as the management report, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the Reporting Period, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources, and also considered such resources are effective and adequate.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Directors' Responsibility in Respect of the Financial Statements

The Directors have acknowledged their responsibility for preparing the financial statements of the Company for the Reporting Period.

The Directors have not been aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 82 to 86 of this annual report.

Auditor's Remuneration

The audit service conducted by HLB Hodgson Impey Cheng Limited ("**HLB**") is the Group audit. Non-audit services provided by HLB Hodgson Impey Cheng Limited include agreed-upon procedures for preliminary annual result announcement and the provision of a comfort letter on statement of indebtedness. The Group also engaged some local auditors as its subsidiaries' statutory auditors. For the year ended 31 December 2024, the external auditors received the following remuneration for audit and non-audit services provided to the Group:

	2024 **RMB'000**	2023 RMB'000
Auditor's remuneration		
Services rendered by HLB		
— Statutory audit services	**1,500**	—
Services rendered by Ernst & Young		
— Statutory audit services	**—**	1,793
— Non-audit services	**900**	200

Joint Company Secretaries

The joint company secretaries of the Company supports the Board and Board committees and facilitates good information flow between them and the Company's management. Mr. Wang Zhikai ("**Mr. Wang**") of the Company and Ms. Lee Mei Yi ("**Ms. Lee**") of Tricor Services Limited, an external service provider, are the joint company secretaries of the Company (the "**Joint Company Secretaries**").

All Directors have access to the advice and services of the joint company secretary on corporate governance and board practices and matters.

During the Reporting Period, Mr. Wang and Ms. Lee both complied with the training requirement as stipulated in the Listing Rules.

Shareholders' Rights

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Attendance Record of Directors and Committee Members

The attendance record of each Director at the Board and Board Committee meetings and the general meeting of the Company held for the Reporting Period is set out in the table below:

	Number of Actual Attendance/Number of Meetings				
Name of Director	**Board**	**Nomination Committee**	**Remuneration Committee**	**Audit Committee**	**General Meeting**
Mr. Pei Gang	4/4	1/1	1/1	N/A	2/2
Mr. Lin Guangqing	4/4	N/A	N/A	N/A	2/2
Mr. Dai Guoqiang	4/4	1/1	1/1	3/3	2/2
Dr. Jin Hexian	4/4	1/1	1/1	3/3	2/2
Mr. Yang Yuanguang	4/4	N/A	N/A	3/3	2/2

Apart from Board meetings, the Chairman also met once with independent non-executive Directors without the presence of other executive Directors during the Reporting Period.

Risk Management and Internal Controls

The Board acknowledged its responsibility for the risk management and internal control systems and reviewed their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assisted the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company's risk management and internal control systems were developed based on the Company's Risk Management and Internal Control System Policies (《風險管理內部控制制度》) with the following principles, features and processes:

Principles of Risk Management

Risk management is an advanced management technique based on the internal control system of the Company and requires the participation of the Board, the management and the employees of the Company. It is a risk control process applying to the Company's strategic development planning, each process and function of its internal operation for the purpose of identifying matters that may have potential impacts on the Company and controlling risks according to its risk appetite, which in turn provides the Company with reasonable assurance to achieve its business objectives.

The objectives of the Company's risk management and internal control are as follows:

1. identifying matters that may have potential impacts on the Company and controlling risks according to its risk appetite; and

2. providing the Board and the management of the Company with reasonable assurance to achieve the Company's business objectives. This includes but not limited to: utilising resources in an efficient and effective way; preventing the loss of assets; maintaining the reliability and integrity of information; ensuring consistency between policies, plans, procedures, laws and regulations.

Features and Processes of Risk Management and Internal Control

The risk management and internal control system of the Company can be divided into five parts as follows:

1. Setting up objectives: setting up objectives for the Company and classifying them into various objectives, including strategic objective, business objective, reporting objective and compliance objective allows the Board and the management of the Company to identify and manage risks in different aspects.

2. Identifying and dealing with matters: management of the Company will identify matters with uncertainties and decide the degree of risks therefrom. We have comprehensive procedures in place for dealing with specific risks such as demand risk, technical risk, resource risk, management risk, communication risk and environmental risk.

3. Risk assessment: the Company identifies risks from a long-term perspective and assesses different risk parameters while analysing relevant information collected for this purpose.

4. Critical risk control points of internal control in each business segment: the Company carries out its risk management based on its other internal control systems and strictly complies with the internal control system of each business segment while implementing measures for each risk control points.

5. Accounting control: the Company rigorously conforms to the Hong Kong Financial Reporting Standards, accounting principles generally accepted in Hong Kong, the disclosure requirement of the Hong Kong Companies Ordinance, the Accounting Standards for Business Enterprises and major accounting policies of the Company, so as to ensure the safety and integrity of its assets and give a true view of its financial position.

Management will identify uncertainties and take actions to seize opportunities arising from events with positive impacts to the Company and will focus on events with negative impacts during the risk assessment and response period.

The Company instructs its dedicated policy researchers to identify the trend of policy change with an aim to minimise the political influence on our principal business. We will also conduct research on laws, regulations and industrial standards to predict potential changes and consult relevant experts when necessary. To provide decision support and cope with risks, the Company shall study the macro economy including economic conditions, economic cycles and industrial trends.

The Company identifies risks from a long-term perspective instead of only focusing on short and medium term risks. Risk assessment will be conducted based on risk parameters such as the possibility and hazard of the risk, critical point that triggers the risk control measures and the priority of risk control, etc. The management will also collect relevant information during the risk assessment to classify and identify source of risk and make reasonable estimates to the probability of the risk as well as the loss it may generate. The management will as well decide the risk level acceptable to each business and project on the basis of their past experience and, thereby, determine the key point of risk control.

Procedures for Shareholders to Convene an Extraordinary General Meeting

Article 12.3 of the Articles of Association provides that general meetings shall be convened on the written requisition of the following members of the Company deposited at the principal place of business of the Company in Hong Kong at Room 1920, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong specifying the objects of the meeting and signed by the requisitionist(s), provided that such requisitionist(s) held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company:

- Any two or more members; or

- Any one member which is a recognized clearing house (or its nominee(s))

If the Directors of the Company do not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors of the Company provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonably expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Note: Any such written requisition from the Shareholders should be marked "Shareholders' Communication" on the envelope.

Procedures for Shareholders to Propose a Person for Election as a Director

Shareholders may propose a person for election as Director, the procedures for which are available in the section of "Corporate Governance" under the column of "Investor Relations" on the Company's website (http://www.greenland-broadgreenstate.com.cn).

Procedures for Shareholders to Put Forward Proposals at General Meeting

Within 10 days of the date on which a notice (the "**Notice**") is deemed to be received by Shareholders in respect of any general meeting of the Company (the "**Relevant General Meeting**"), two or more Shareholders holding at least one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company may together, by written notice to the Company at Room 1920, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong for the attention of the Joint Company Secretaries, propose a resolution to be proposed and considered at the Relevant General Meeting in addition to the resolutions set out in the Notice. Such written notice shall be accompanied by a statement in no more than 1,000 words explaining the matters referred to, and the reasons for, any such proposed resolution. Following the receipt of such written notice and accompanying statement by the Company, the Company may, in the Company's absolute discretion (taking into account, without limitation, legal, regulatory and practical considerations relating to the issue of any supplemental notice to all Shareholders in relation to the Relevant General Meeting), include the proposed resolution in the business of (i) the Relevant General Meeting or (ii) in a general meeting of the Company that is subsequent to the Relevant General Meeting.

The Company will circulate a revised Notice including any proposed resolution and the accompanying statement to all Shareholders in accordance with the Articles of Association provided that if, in the Company's sole opinion (without have to give reasons therefore), the above process is being abused in any way whatsoever, the Company has absolute discretion to not include such proposed resolution in the business of the Relevant General Meeting or a subsequent general meeting of the Company.

Note: Any such written notice from the Shareholders should be marked "Shareholders' Communication" on the envelope.

Procedures for Shareholders to Put Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	Floor 8, Block D3, 5th Building Hongqiao World Center 1588 Lane, Zhuguang Road Shanghai, the People's Republic of China For the attention of Mr. Wang Zhikai
Email:	ir@broad-greenstate.cn

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to given effect thereto. Shareholders' information may be disclosed as required by law.

Communication with Shareholders and Investors

The Company believes that providing regular communications to its Shareholders and the market is important to ensure they have the available information reasonably required to make informed assessments of the Company's strategy, operations and financial performance. The Company is committed to maintaining effective and timely dissemination of the Company's information to its Shareholders and the market.

The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through general meetings, which provide an opportunity for communication between the Shareholders and the Board.

Pursuant to code provision F.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. The chairman of the board should also invite the chairmen of the audit, remuneration, nomination and any other committee (as appropriate) to attend. In their absence, the chairman of the board should invite another member of the committee or failing this, his duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting.

Separate resolutions are proposed at Shareholders' meetings on each substantial issue, including the election of individual Directors.

Shareholders' Communication Policy

The Company has in place a Shareholders' Communication Policy. The policy aims at promoting effective communication with Shareholders and other stakeholders, encouraging Shareholders to engage actively with the Company and enabling Shareholders to exercise their rights as Shareholders effectively. The Board reviewed the implementation and effectiveness of the Shareholders' Communication Policy and the results were satisfactory.

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

(a) Corporate Communication

"Corporate Communication" as defined under the Listing Rules refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to the following documents of the Company: (a) the Directors' report, annual accounts together with a copy of the auditor's report and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) a notice of meeting; (d) a listing document; (e) a circular; and (f) a proxy form. The Corporate Communication of the Company will be published on the Stock Exchange's website (www.hkex.com.hk) in a timely manner as required by the Listing Rules. Corporate Communication will be provided to Shareholders and non-registered holders of the Company's securities in both English and Chinese versions or where permitted, in a single language, in a timely manner as required by the Listing Rules. Shareholders and non-registered holders of the Company's securities shall have the right to choose the language (either English or Chinese) or means of receipt of the Corporate Communication (in printed form or through electronic means).

(b) Announcements and Other Documents pursuant to the Listing Rules

The Company shall publish announcements (on inside information, corporate actions and transactions etc.) and other documents (e.g. Memorandum and Articles of Association) on the Stock Exchange's website in a timely manner in accordance with the Listing Rules.

(c) Corporate Website

Any information or documents of the Company posted on the Stock Exchange's website will also be published on the Company's website (www.greenland-broadgreenstate.com.cn). Other corporate information about the Company's business developments, goals and strategies, corporate governance and risk management will also be available on the Company's website.

(d) Shareholders' Meetings

The annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its Shareholders. The Company shall provide Shareholders with relevant information on the resolutions(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable Shareholders to make an informed decision on the proposed resolution(s). Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. Where appropriate or required, the Chairman of the Board and other Board members, the chairmen of board committees or their delegates, and the external auditors should attend general meetings of the Company to answer Shareholders' questions (if any). The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent Shareholders' approval.

(e) Shareholders' Enquiries

Enquiries about Shareholdings

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar, Tricor Investor Services Limited, or go in person to its public counter at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Enquiries about Corporate Governance or Other Matters to be put to the Board and the Company

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send any enquiries to the Board by email: ir@broad-greenstate.cn or by post to Floor 8, Block D3, 5th Building, Hongqiao World Center, 1588 Lane, Zhuguang Road, Shanghai, PRC for the attention of Mr. Wang Zhikai. Shareholders may call the Company at 862152751811 for any assistance.

(f) Webcast

Webcasts of the Company's interim and annual results briefings are available.

(g) Other Investor Relations Communication Platforms

Media interviews, marketing activities for investors and specialist industry forums etc. will be launched on a required basis.

Dividend Policy

Other than maintaining an effective communication with the Shareholders, the Company also protects the Shareholders' interest through the development of a sustainable dividend policy. The Board adopted a dividend policy on 13 November 2018 which sets out the principle and guidelines of the Company regarding the declaration of its net profits as dividends to the Shareholders. The Company has implemented a continuous and stable profit distribution policy. The Company's profit distribution emphasizes reasonable investment returns to investors and takes into account the sustainable development of the Company. Profit distribution may be made in the form of cash, shares, a combination of cash and shares, or in any other manner permitted by laws and regulations. The declaration and payment of dividends by the Company is also subject to any applicable laws and regulations.

Constitutional Documents

During the Reporting Period, the Company has not made any amendments to the Articles of Association. The latest version of the Memorandum and Articles of Association of the Company is available on the Company's website and the website of the Stock Exchange.

Environmental, Social and Governance Report

About the Group

China Greenland Broad Greenstate Group Company Limited (the "**Company**"), together with its subsidiaries, (collectively referred to as "**Group**" or "**Broad Greenstate**" or "**We**") is an enterprise that develops in the diversified industry chain with a primary focus on ecological construction, with high-level integrated operational capacity in investment and financing, planning and design, project construction and commercial operation. Seizing the great opportunity in national ecological construction, cultural tourism and other aspects, Broad Greenstate has accumulated an abundance of technical skill reserves in various fields such as theme park construction, repair and protection of ancient towns, construction of characteristic towns and beautiful countryside, sponge city, environmental protection and ecological restoration, thus developing a pattern of development featuring "Capital + Technology + Whole Industry Chain". We actively practice the philosophy of "implementing strategies with policies, precise operation, intensified management, and benefit sharing", with an aim to achieve a win-win situation with governments, customers and society.

Under the context of global trend of sustainable development and China's "Dual Carbon" strategy, the realisation of environmental, social and corporate governance (ESG) has become a core driver for high-quality corporate development. With increasing standardisation of ESG policies in China and the rising demand for corporate transparency and accountability from investors and rating agencies, integration of commercial and social values has become the solely important avenue for enterprises to achieve long-term sustainable development. As a landscaping industry player who is strongly committed to integration with natural environment, we are well aware of our unique role and responsibility in urban ecological development, green space creation and social participation.

Adhering to its corporate motto of "kindness, fortitude, cooperation and dedication", Broad Greenstate responds positively to State policies and market changes, navigating further into its green and low-carbon strategy, and endeavouring to enhance the quality and accessibility of public green spaces. Riding on the Greenland Group's resource and platform advantages, we have involved in establishment of a regional carbon trading institution, formulated carbon emission reduction standards, and explored emerging segments such as photovoltaic, energy storage, smart charging and power management, to create a full chain of green economy. By strengthening its governance structure and enhancing project quality and compliance, Broad Greenstate is gradually building a sustainable management system with ESG at its core.

Broad Greenstate will continue to delve into the development concept of integrating "ecology + humanity" and actively develop new businesses such as green tourism, environmental restoration and cultural tourism operation to promote the upgrading of quality of urban ecology. Going forward we will see increases in core technology research and development investment and resources input, development of intelligent technology centre, enhancing of competitive strength, all in support to achieve the State's goal of carbon peaking and carbon neutrality. We firmly believe that through continuous effort on innovation and implementation, Broad Greenstate will take up leading role in realising the establishment of Beautiful China and transformation to green lifestyles.

About the Environmental, Social and Governance Report

The Environmental, Social and Governance Report (the "**ESG Report**") provides an overview of the Group's environmental, social and governance ("**ESG**") practices, plans and performance and demonstrates its commitment to sustainable development.

Reporting Period

The ESG Report covers the relevant information of the Group in relation to its management approaches and strategies on ESG from 1 January 2024 to 31 December 2024 (the "**Reporting Period**" or "**2024**").

Reporting Scope

The scope of this ESG Report only covers the management offices of the Group's headquarters and all its offices of subordinate project departments under construction during the Reporting Period, and does not include relevant data undertaken by contractors. We will continue to collect more relevant ESG data for more accurate information disclosure, and will continuously improve the comprehensiveness and completeness of our ESG data collection system in the future.

Reporting Framework

The ESG Report is prepared in compliance with the "Environmental, Social and Governance Reporting Guide" (the "**ESG Reporting Guide**") as set out in Appendix C2 to the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") for the purpose of enabling stakeholders to understand the ESG policies, measures and performance of the Group beyond financial performance.

In preparing this ESG Report, the Group has applied the Reporting Principles in the aforementioned ESG Reporting Guide as the following:

Materiality: The Group has conducted materiality assessment to identify material issues during the Reporting Period, and has adopted the confirmed material issues as the focus for the preparation of the ESG Report. The materiality of issues was reviewed and confirmed by the board of directors (the "**Board**") and ESG working group. Please refer to two sections headed "Stakeholders Engagement" and "Materiality Assessment" for further details.

Quantitative: The standards and methodologies used in the calculation of KPIs data, as well as the applicable assumptions were supplemented by explanatory notes.

Consistency: Unless otherwise stated, the preparation approach of this ESG Report was consistent with the previous year for comparison purposes, and explanations were provided regarding data with changes in the scope of disclosure and calculation methodologies, which might affect the comparison with previous reports.

Balance: The report discloses information in an objective manner, providing stakeholders with an unbiased picture of the Group's overall ESG performance.

ESG Strategies and Approaches

The Group aims to demonstrate its efforts on sustainability developments to both internal and external stakeholders by preparing and presenting this ESG Report.

The Group has been committed to operating its business in a sustainable manner in economic, social and environmental aspects, and maintaining the long-term sustainable development of its business and providing support for environmental protection and the communities where it operates. The Group manages its business in a prudent manner, and delivers quality products and services to customers under sound decision-making processes. The Group has maintained close relationships with stakeholders such as shareholders, customers, employees, suppliers, creditors, regulators and the general public, as well as seeks to balance the views and interests of these stakeholders through constructive conversation with a view to setting the course for long-term prosperity.

Board of Directors Statement

We understand that effective ESG measures are important for operations. Therefore, the ESG governance of Broad Greenstate is directed by the board of directors of the Group, the management of the Group is responsible for promoting the supervision of ESG matters, and the employees of the Group work together to complete ESG-related work.

The establishment of the ESG Working Group has been formally adopted by Broad Greenstate. The ESG Working Group shall consist of at least one executive director of the Group (the "**Director**") and two members of the Group. The Board may from time to time appoint other members with relevant qualifications and experience to join the ESG Working Group as it thinks fit, and the members of the ESG Working Group will be reviewed by the Board once a year.

The ESG Working Group will be responsible for identifying, evaluating, prioritizing and managing the Group's important ESG related issues, setting ESG-related goals and indicators, formulating and implementing the Group's ESG-related strategies, frameworks and policies, and reporting to the Board on the progress and effectiveness of such formulation and implementation. The ESG Working Group is required to review and make recommendations to the Board for approval of the preparation and disclosure of the Group's ESG report in accordance with relevant laws, rules and regulations.

In addition, the Audit Committee of the Group holds at least 2 special meetings every year of which the report of the internal audit department and the review of the effectiveness of the internal control system are included in the meeting agenda. The internal audit department also holds a summary meeting every quarter, at which quarterly reports from various departments and project departments are presented, and risks including ESG are identified and solutions are provided; at the later board meeting, the management reports the Group's operating conditions to the Board and listens to the opinions of the Board. The Board identifies ESG matters in corporate governance, examination and approval of major issues, management and control of operational risks, identifies and evaluates risks and opportunities related to ESG, such as paying attention to the diversified composition of the Board, taking ESG performance into consideration when approving major capital expenditures of enterprises, paying attention to the impact of extreme events on the promotion of the Group's projects, and judging the opportunities and challenges of emerging industries such as 5G on the future development of the Group.

For identified ESG matters, the Group mainly evaluates the risks of ESG matters to the Group from the following aspects, including:

1. Determine the business scope covered by ESG information;

2. Select ESG key performance indicators to be included in the evaluation scope;

3. Evaluate branches and subsidiaries;

4. Select appropriate statistical methods; and

5. Assess the reliability and accuracy of ESG information.

After obtaining the basic information, the Group needs to carry out trend analysis on the obtained ESG-related data, further to explore improvement measures, and to set reasonable and feasible objectives according to its operation, which shall be approved and confirmed by the Board.

After assessing the risks of ESG matters to the Group through the above methods, the Group formulates ESG management approaches, management objectives and general implementation requirements and incorporates such information in the Comprehensive Management Manual. This helps ensure relevant risk management and internal control systems would be implemented appropriately and effectively through the effective allocation of resources within the Group. In addition, the Group has integrated ESG concept into its daily operation and management, established an internal cooperation framework, and established an integrated data management platform covering supply chain, human resources and administration and other aspects. The integrated data management platform has changed ESG information from simple "collection" in the past to "management", pushing the Group to identify, evaluate and manage its own ESG work more systematically, carrying out step-by-step and planned control on issues that may have a significant impact on the Group, raising risk management level and performance level, and thus improving performance.

While establishing ESG information management system and mechanism, the Group has also established corresponding data tracking, evaluation and feedback systems on the basis of ensuring the reliability and accuracy of information collection.

Our ESG achievements not only comply with the relevant risk management and disclosure requirements, but also adequately reflect our core values of "talent, integrity and quality". Talent is the root of Broad Greenstate's presence, integrity is the source of Broad Greenstate's development, and quality is the basic goal that Broad Greenstate pursues.

Stakeholders Engagement

Broad Greenstate strives to adopt the opinions of stakeholders (including governments and regulators, customers, suppliers, employees, shareholders and investors, local communities, non-governmental organizations ("**NGOs**"), potential customers and the public and media) and safeguard their rights and interests through constructive communication in order to determine the long-term development direction of the Group and maintain close relationships with them. We have arranged the management and staff of all departments of the Group to review the operation of the Group, identify relevant ESG matters based on their functions, and assess the importance and relevance of related matters to our business.

Stakeholder groups, their expectations and typical communication channels with the Group are as follows:

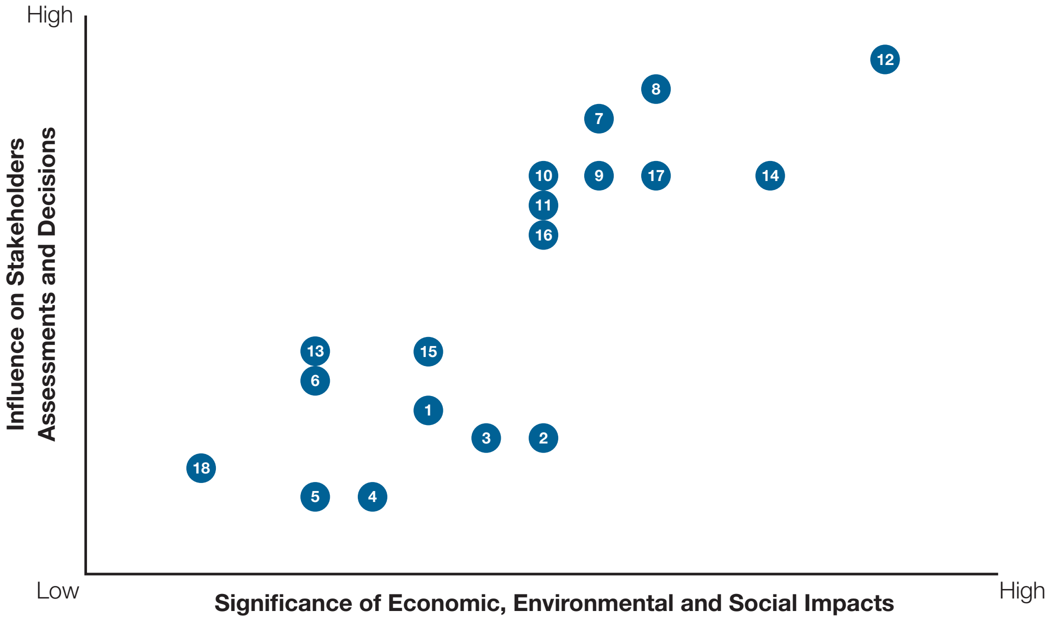
Stakeholders	Expectations	Communication Channels
Governments and regulators	• Compliance in operation • Compliance with laws and regulations • Internal examination • Occupational health and safety in the workplace	• Financial report/announcement/circular • Direct communication via e-mail and telephone
Customers	• Product and service quality • Product safety and liability • Technological development • Market trends • Suitable suppliers	• Customer visit • Satisfaction survey • Meetings and communications

Stakeholders	Expectations	Communication Channels
Suppliers	• Regulation compliance • Environmental standards and requirements • Respectful and fair procurement	• Evaluation and investigation • Site visits • Supplier review
Employees	• Training and career development possibility • Wage and welfare • Working environment • Health and safety • Career development and opportunities	• Staff activities • Employee notice board • Regular memorandum of employees • Direct communication with employees to collect opinions • Staff training, seminars and briefings • Cultural activities such as team building
Shareholders and investors	• Return on investment • Information disclosure and transparency • Protection of shareholders' rights and interests • Timely and accurate disclosure of relevant information • Improving corporate governance • Acting in accordance with laws and regulations • Anti-corruption and promoting integrity	• Financial report, announcement, notice and other public information • Information disclosure of listed companies • Roadshow/conference call/meeting with investors/shareholders • Investor on-site visits • Information disclosure on the websites of the Stock Exchange and the Group
Local communities, NGOs, potential customers and the public	• Job opportunities • Eco-environment • Community development • Social communities • Enthusiasm for public welfare • Charitable donation • Reduction of pollutant emissions • Waste reduction	• Charitable activities • Community investment and services • Stakeholder participation • Environmental protection activities
Media	• Information transparency • Good media relations	• Information disclosure on the websites of the Stock Exchange and the Group • Financial report, announcement, notice and other public information

Materiality Assessment

During the Reporting Period, the Group collected a lot of potential ESG-related issues through the above channels. The Board also identified ESG-related risks through external trends and evaluated their impact on the Group. The Group mainly classified the materiality of ESG issues in multiple dimensions from two aspects, namely, the significance of impact of ESG issues on the economy, environment and society and the impact of ESG issues on stakeholders. For ESG issues that had a significant impact on the Group's business and stakeholders, priority was given when taking targeted measures, and additional measures such as due diligence and third-party professional evaluation were carried out when necessary. At the same time, follow-up reports were made to the Board until major risks were relieved.

Materiality Assessment Matrix



Environmental	Employment and Labour Practices	Operating Practices	Community
1. Greenhouse gas ("**GHG**") emissions 2. Air pollution 3. Waste management 4. Energy consumption 5. Water consumption 6. Climate change	7. Employment practices 8. Health and safety 9. Training and development 10. Corporate culture and employee communication 11. Working environment	12. Safety quality 13. Complaints handling 14. Intellectual property rights 15. Supply chain management 16. Anti-corruption and bribery	17. Brand reputation 18. Community public welfare

Based on these results, the Group will continue to improve its ESG performance to meet stakeholders' expectations and address the risks faced by the Group. During the Reporting Period, the work details and key performance indicators that were defined in our ESG report guide and considered as relevant to and meaningful for the operation of Broad Greenstate will be presented in the following four aspects, namely "Environmental", "Employment and Labour Practices", "Operating Practices" and "Community".

Contact Us

The Group welcomes stakeholders to provide their opinions and suggestions. You can provide valuable advice in respect of the ESG Report or our performances in sustainable development via the following channels:

Mailing Address:	Floor 8, Block D3, 5th Building, Hongqiao World Center, 1588 Lane, Zhuguang Road, Shanghai, PRC
Telephone:	(86) 21 5275 2311
Email:	ir@broad-greenstate.cn

Environmental

A1. Emissions

As for landscaping projects, Broad Greenstate focuses on the layout of green plants to improve ecological environment and enhance the quality of human life. Broad Greenstate, on a strict basis, selects environmental-friendly subcontractors with sound safety records when undertaking projects. However, certain amount of dust, noise and wastes are inevitably produced during some of the construction activities. In order to reduce the impact of project construction on the environment, Broad Greenstate strengthens on-site management and control to make sure that all the subcontractors involved in the construction comply with environmental and safety laws and regulations in the place where our projects locate. In addition, we monitor the impact of projects on the environment by collecting ESG data, so as to help management establish Ecology and Environmental Protection System to reduce the impact of the Group on the environment.

The Group will pay close attention to and strictly comply with requirements stipulated in environmental laws and regulations of the People's Republic of China, including but not limited to the Law of the People's Republic of China on Environmental Protection, the Law of the People's Republic of China on Environmental Protection Tax, the Law of the People's Republic of China on Prevention and Control of Water Pollution, the Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution and the Law of the People's Republic of China on Prevention and Control of Environmental Pollution Caused by Solid Waste. The Group had no material non-compliance cases relating to environmental laws and regulations of the People's Republic of China during the Reporting Period.

Air Emissions

The air emissions produced by the Group mainly involved nitrogen oxides, sulfur oxides and particulate matter generated from gasoline consumption by self-owned vehicles. In order to reduce the emissions, the Group has set the air emission target to gradually reduce the air pollutant emission intensity in the coming years.

The air emissions[Note 1] of Broad Greenstate during the Reporting Period are as follows:

Air emissions	**Sources**	**Unit**	**2024**	2023
Nitrogen oxides (NO_X)	Self-owned vehicles	kg	**14.58**	12.41
Sulfur oxides (SO_X)	Self-owned vehicles	kg	**0.97**	1.02
Particulate matter (PM)	Self-owned vehicles	kg	**1.31**	1.09

Note 1: The calculation refers to How to Prepare An ESG Report-Appendix 2: Reporting Guidance on Environmental KPIs issued by the Stock Exchange and Technical Guidelines for Compilation of Air Pollutant Emission Inventories from Road Motor Vehicles (Trial) issued by the Ministry of Ecology and Environment of the People's Republic of China.

GHG Emissions

The total GHG emissions intensity during the Reporting Period decreased by approximately 11.9% compared to 2023, of which the GHG emissions from self-owned vehicles were mainly generated from unleaded gasoline consumed in the course of operation. The decrease in GHG emissions was principally due to fewer projects in the Reporting Period than last year. In addition, we are subject to varying degrees of limitations in the collection of data for each construction project, such as the relevant data difficult to collect or unavailable due to related expenses being paid by the subcontractors. It is difficult to predict whether such limitation exists or not in every construction project, which will be one of the reasons affecting the emissions of the Reporting Period.

In addition, our horticultural projects are mainly based on green plants for landscaping. A large number of green plants were planted to help absorb carbon dioxide. However, as the projects are entrusted horticultural projects, we did not use the carbon dioxide absorbed by the green plants planted in the projects to reduce our GHG emissions. Environmental protection measures are described in detail in the section headed "Environmental Protection Measures" below.

In response to the national strategic goal of "peaking carbon emissions by 2030 and achieving carbon neutrality by 2060" and the direction of green and low-carbon transformation set out in the "Opinions on Comprehensively Promoting the Building of a Beautiful China", the Group will actively cooperate with the government's emission reduction policy and strictly control GHG emissions. We are committed to promoting the integration of energy saving and emission reduction with urban greening construction. Through optimising project design, introducing green technologies and enhancing energy management, we will gradually reduce the total emission intensity and consolidate the foundation of sustainable operation. In context of the new requirements of ecological civilisation and refined urban management, we will continue to strengthen the concept of natural resources conservation such as mountains, water, forests, fields, lakes, grasses and sands, and contribute to formation of green production and lifestyles, so as to contribute to the realisation of the "Beautiful China" and the dual-carbon target.

Different types of GHG emissions[(Note 2)] during the Reporting Period are as follows:

Scopes of GHG emission	Sources	Unit	2024	2023
Scope 1				
Direct emission	Self-owned vehicles	tonnes CO_2e[(Note 3)]	**10.82**	13.28
Scope 2				
Energy indirect emission	Purchased electricity	tonnes CO_2e	**70.07**	98.55
Total GHG emissions (Scope 1 & Scope 2)			**80.89**	111.83
Total GHG emissions intensity[(Note 4)]		**tonnes CO_2e/employee**	**1.26**	1.43

Note 2: The calculation refers to How to Prepare An ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs issued by the Stock Exchange, 2019 Baseline Emission Factors for Regional Power Grids in People's Republic of China for Emission Reduction Projects issued by the Ministry of Ecology and Environment of the People's Republic of China and Guidelines for Urban GHG Accounting Tools issued by the World Resources Institute.

Note 3: An index based on the greenhouse effect produced by carbon dioxide, so as to compare the greenhouse effect produced by other GHG.

Note 4: Density is calculated by dividing emissions by 64 employees as of 31 December 2024.

Sewage Discharge

Given the nature of the Group's business, there is no industrial wastewater generated from the operation, but only domestic sewage. For details of sewage treatment, please refer to the section headed "Water Management" in this ESG Report.

Waste Management

The Group adheres to the principles of waste management and is dedicated to the reasonable management and disposal of wastes generated from our business activities. The Group maintains high standard in waste reduction and has developed the Ecology and Environmental Protection System, of which the Procedures on Waste Management explicitly defines the principles such as waste classification recycling, venue set-up, and management.

Hazardous wastes

During the Reporting Period, the Group did not generate any hazardous waste in its operation, therefore no related target has been set.

Non-hazardous wastes

Certain amount of construction waste is produced from construction site of landscaping projects and is non-hazardous. On-site construction is subcontracted to professional construction companies, which are responsible for the disposal of construction waste produced during construction, and therefore, the Group has not obtained relevant data and set relevant targets. Broad Greenstate designates on-site administrative staff to take charge of the management and oversight of the actions of construction companies, and require them to conduct classification and management on solid waste produced on site, to recycle the waste to the largest extent and reduce secondary pollution, and preserve environmental hygiene of construction areas and office areas.

In addition, domestic waste is produced during the daily operation of Broad Greenstate and is handled by municipal environmental protection authorities. However, the amount is not included in statistics since it's insignificant. The headquarter of Broad Greenstate classifies domestic waste according to the Shanghai Municipality's Regulations on the Management of Domestic Waste into four categories: recyclable waste, hazardous waste, wet waste and dry waste, and assumes the responsibility of domestic waste producers. Employees at the headquarter and horticultural landscape project sites are encouraged to actively participate in green living actions, reduce the generation of domestic waste, and fulfill the obligation of classified delivery of domestic waste.

During the Reporting Period, the Group did not receive any complaints from individuals or relevant departments, nor have any penalties for violations of relevant environmental regulations. During the Reporting Period, the Group did not have any material non-compliance with environmental laws and regulations. In order to reduce waste, we have taken a series of long-term environmental protection measures in our business operations which are detailed in the section headed "Environmental Protection Measures" below.

A2. Use of Resources

The Group strictly complies with the relevant country environmental laws and regulations and has formulated an internal Ecology and Environmental Protection System, which clearly sets out its corresponding management measures under the sections headed Energy Consumption Policy and Water Conservation Management, including regular reviews on business operations to more efficiently utilize resources such as water and electricity and reduce or even stop the use of materials that cause resource waste or damage to the environment, so as to achieve higher energy efficiency and reduction of unnecessary consumption of resources and strive to achieve energy conservation and consumption reduction, thereby minimising the negative impact of our business operations on the environment.

Energy Management

During the Reporting Period, the per capita electricity consumption of the headquarter of Broad Greenstate and its project offices decreased by approximately 17.7% compared with 2023, which was mainly due to lower relative electricity consumption as there were fewer projects compared with 2023. The Group will continuously review and optimise ESG data collection channels and coverage to provide accurate and comprehensive information to stakeholders. The Group attaches great importance to energy conservation and puts such concept into practice. In addition to requiring employees to make reasonable use of energy in its daily operations, the Group has set targets for energy efficiency. The Group will replace all lighting in its operations with LEDs and is committed to progressively reduce its total energy consumption intensity in the future. Furthermore, the Group will also arrange seminars and other activities on an annual basis to raise awareness of energy conservation among staff with an aim to promote environmental awareness firstly from internal core human resources.

The details on energy efficiency plan of Broad Greenstate are set out in the subsequent section headed "Environmental Protection Measures" below. During the Reporting Period, the Group's energy consumption performance is summarised below:

Energy	Unit(Note 5)	2024 Consumption	2023 Consumption
Direct energy consumption			
Unleaded gasoline(Note 6)	Kilowatt-hour (kWh)	**35,029.86**	42,447.76
LPG(Note 7)	Kilowatt-hour (kWh)	**4,375.97**	10,920.84
Indirect energy consumption			
Purchased electricity	Kilowatt-hour (kWh)	**79,238.98**	122,320.12
Total energy consumption	**Kilowatt-hour (kWh)**	**118,644.81**	175,688.72
Total energy consumption intensity(Note 8)	**Kilowatt-hour (kWh)/employee**	**1,853.83**	2,252.42

Note 5: The calculation of unit conversion refers to the Energy Statistics Manual issued by the International Energy Agency.

Note 6: The consumption of unleaded gasoline during the Reporting Period was approximately 3,625 L.

Note 7: The consumption of LPG during the Reporting Period was approximately 430 L.

Note 8: Intensity is calculated by dividing total consumption by 64 employees as of 31 December 2024.

Water Management

Broad Greenstate consumes a large amount of water in the process of project construction, which mainly incurs in the outsourcing construction on project site and maintenance of green plants. It sources water from groundwater and rivers, etc. In the process of construction, Broad Greenstate advocates reutilisation of domestic water and construction water on construction site. Our employees are also strongly advocated to save water and reduce unnecessary waste. In addition, our offices all have incurred water consumption, but water charges of some division offices are included in the property management fee or exempted, so the ESG report only includes the amount of office water charged separately. As we are not in a region where water is scarce, we have no problem sourcing water that is fit for purpose. The Group will gradually reduce its total water consumption amount in the future and place posters or other promotional materials in highly visible locations in each of its operations to encourage water conservation.

During the Reporting Period, the Group's water consumption performance was as follows:

Resources	Unit	2024 Consumption	2023 Consumption
Total water consumption	Tonnes	**5,509.68**	6,802.08
Total water consumption intensity (Note 9)	Tonnes/employee	**86.09**	87.21

Note 9: Intensity is calculated by dividing total consumption by 64 employees as of 31 December 2024.

During the Reporting Period, the total water consumption intensity decreased by approximately 1.29% compared to 2023, which was mainly attributable to the fewer projects as compared with that of 2023 and the varied water consumption from project to project, resulting in relatively reduced water consumption.

Packaging Materials Consumption

The production and operation of Broad Greenstate did not involve the consumption of packaging materials, so disclosure of packaging materials is not applicable. Broad Greenstate encourages the proper use of resources. If the resources can be reused, we reuse and fully utilize the resources. If the resources can be recycled, they should be properly classified and sent to appropriate recycling sites or recyclers for recycling. The details on resource saving measures of Broad Greenstate are set out in the subsequent paragraphs entitled "Environmental Protection Measures".

A3. Environment and Natural Resources

Our principal business is ecological construction and landscaping. Therefore, except for the use of resources described in the previous section, Broad Greenstate neither causes any significant impact on the ecology nor consumes natural resources from the environment. Broad Greenstate has not only been actively in protecting and improving the environment and ecology, but also adopted the following series of measures and technologies on environmental protection in the daily management to reduce the negative impact on the environment and resources:

Environmental Protection Measures

Our environmental protection measures are taken on two aspects, namely office space and project site.

Office space

1. Posting reminders on the Group's notice board and public areas, such as setting paper-saving reminders in washroom, to raise the environmental awareness of staff and visitors.
2. Installing recycling bins in the offices and reminding staff of strictly separating recyclable and non-recyclable waste.
3. We have adopted electronic office system and reduced unnecessary business trips to the greatest extent. All official flights should be economy class in the case of business trips (if necessary), and the journey within 800 kilometres should be taken mainly by train. It is encouraged to carpool when travelling on business if possible to reduce carbon emissions.
4. Broad Greenstate has, in the course of day-to-day management, required its procurement department to prioritise environment-friendly and energy-saving products, such as energy-saving motors, energy-saving lamps and energy-saving air conditioners, when purchasing electronical appliance. Moreover, the electronical appliance, including computers, printers and electric water heaters, shall be completely turned off when they are not in use for the purpose of energy saving and emission reduction.
5. We encourage our staff to turn off electrical equipment when not in use or out of office to save energy and resources.
6. Adopting environment-friendly and energy-saving LED lamps for all lights within the Group.
7. Regularly arranging technicians to examine our electrical equipment to ensure safety and operational efficiency.

Project site

1. Every project of Broad Greenstate has a designated person responsible for the prevention and control of fugitive dust, noise and water pollution. Appropriate measures have been taken to reduce the impact of emissions, including making reasonable arrangement to clean vehicles and spray water on site, covering bulk materials in fine particle when loading and unloading to prevent strewing along the road and ensure that no silt is carried out from construction site by transportation vehicles.
2. Separating construction areas from non-construction areas via fence to prevent impact on the environment of non-construction areas and discharging the sewage at the construction site only after treatment. Also, reutilisation is required for construction water to the greatest extent.
3. Broad Greenstate has checked the measures on the prevention and control of fugitive dust, noise and water pollution on construction site to make sure that everyone takes his responsibility and to ensure effective operation of the whole process.
4. The sample selection of engineering materials and components will be handled in a centralised manner, the material selection plan will be worked out in advance for each project, and several material samples shall be selected at a time. If small samples and pictures can be used instead of the sample selection, no field investigation shall be organised. If it is necessary to make field investigation, the number of participants will be limited and personnel of the same level will not be duplicated to reduce unnecessary travels.

In addition, Broad Greenstate continuously pushed forward the implementation of the projects, and also carried out the development and research of patent technology for each project in order to achieve environmental protection with the patent technologies as follows:

Soil Remediation

Based on the differences in soil structure and natural environment between various regions, we have developed a number of soil remediation technologies catering to different conditions. Taking the research on key greening technologies for the inland saline-alkali land as an example, we compare and identify the cultivation medium suitable for saline-alkali land by adding organic fertilizer, gypsum, peat and other materials, and develop the remediation technologies for inland saline-alkali greening soil. By a combination of physical improvement methods with chemical improvement methods, we improve the soil structure and increase organic matter with a view to eliminating salt-alkali hazards, completely solving the soil problem faced when constructing wetland parks. The Group has completed the research on key technologies for improving salt prevention and drainage in saline-alkali land areas and the research and development projects for engineering implementation.

Water Ecological Treatment

For the water ecological treatment, we should fundamentally follow the ecological concept and the law of nature. From the perspective of large spatial scale such as city, region and basin, the urban water ecological treatment design based on large basins, the water resource management design using rainwater as resource and the ecological system restoration design with economy as the main spindle reflect the ecological wisdom concerning water resources, water safety and water ecological system, and their blend with urbanology, hydrology, landscape, ecology, arts and other subjects in a scientific manner is an innovative derivative of contemporary scientific wisdom. The Group has completed R&D and demonstration application of key technologies related to the ecological restoration of water environment in constructed wetlands and ecological treatment of polluted water areas and the construction of aquatic plant communities in urban near-natural wetlands, technological research on biological treatment technology of garden organic waste and other research projects.

A4. Climate Change

As a major operator of ecological construction and landscaping, the Group has a relatively low negative impact on the environment. Among them, planting trees could better contribute to absorbing carbon dioxide and greening the environment. However, the escalating risks and challenges of climate change on the global economy may also have a negative impact on the Group's business. Therefore, the Group recognizes the importance of identifying and mitigating the significant impact brought by the climate change. In accordance with the recommendation of the Task Force for Climate related Financial Disclosures ("**TCFD**") established by Financial Stability Board, the management of the Group has assessed and understood the climate related risks and corresponding opportunities that have an impact on Group's business. Based on the findings, the Group has incorporated climate change in ESG risk management to manage and review the climate related risks, as well as capitalize on related opportunities. With reference to the risk categorization by TCFD, the Group has amended the Ecological and Environmental Protection System — Climate Change Policy, and its management measures are as follows:

Physical Risks

The increasing number of extreme weather such as hurricanes, rainstorms and heavy rainfall and natural disaster events may not only cause damage to the Group's projects, but also increase the injury cases, which will have a direct effect on the Group's operational efficiency, revenue and supply chain stability. In order to provide a comfortable working environment and sustainability of the Group, the Group has been mindful of the weather information and suggestion from local government, and responded to government's contingency plans, with an aim to minimize damage and injury arising from any natural disaster. After discussion with the professional team, the Group has specified the following countermeasures:

The Group will conduct periodic review and maintenance on the drainage facilities to ensure their effectiveness. Besides, we also organize safety education activities for our staff on a regular basis, such as emergency evacuation of personnel and daily emergency rescue drills, etc. Accordingly, the capability to cope with natural disasters will be enhanced so as to avoid any chaotic situation caused by accidents. In addition, alternative procurement options have also been prepared to ensure the stability of the supply chain. The Group will continue to regularly identify potential risks arising from climate change and prioritized in accordance with their severity so that appropriate preventive measures can be taken.

Transition Risks

In order to achieve the goals of carbon neutrality and transition to low carbon economy, the ecological construction industry has begun to actively transform to conform to the global vision of decarbonisation. This is mainly reflected in the continuous penetration of green concepts in the market, which allows more enterprises to obtain a higher and deeper level of pursuit and understanding of green buildings. Besides, the Stock Exchange has enhanced the disclosure requirements for listed companies in relation to climate change and environmental resource consumption, which has brought greater challenges to the Group in terms of compliance and production costs. As for potential transition risks, the Group continue to monitor the regulatory environment and product markets to ensure that our products and services meet customer and regulatory needs and expectations.

Potential extreme weather conditions, persistent high temperatures, changes in environment-related regulations and customer preferences are not expected to have a material impact on the Group's operations. Nonetheless, the Group continues to monitor climate-related risks and implement relevant measures to minimise potential physical and transition risks. As the backbone of the construction of an ecological civilisation, the Group will closely monitor the latest changes in the business environment and national policies, so as to follow the trend of national economic development and adjust the Group's business operation models in a timely manner, thereby enhancing its position in the industry. The Group will also enhance its regional core values with a first-class ecological environment, promote the development and transformation of the industry, and focus on the integration of sustainable development and business models to fulfill its corporate social responsibility of "benefiting future generations" through practical actions.

Employment and Labour Practices

B1. Employment

Adhering to its core value of "taking talents as root of presence", Broad Greenstate considers employees as one of its most important assets. As such, it is the priority for the Group to provide a fair, harmonious, comfortable and safe working environment for the staff.

Broad Greenstate is in strict compliance with requirements set out in relevant laws and regulations, including the Labour Law and the Labour Contract Law, to earnestly protect the employees' legitimate rights and interests. Moreover, employees of different nationalities, races, genders and ages are treated on an equal basis. Further, a set of management systems and measures have been in place to strictly prohibit employment discrimination, child labour and forced labour. There were no material non-compliance matters relating to labour practices during the Reporting Period. We have established scientific and effective talents cultivation mechanism and offered our employees with competitive remuneration and benefits packages, as well as organized diversified staff activities to enhance their sense of belonging. The details are provided as below.

Remuneration

In order to improve and standardize the remuneration management of Broad Greenstate, strengthen the incentive and constraint mechanism, and fully mobilize the enthusiasm of employees, we have formulated the Remuneration Management System to enable employees to clearly understand the labour rights and remuneration system and increase transparency and fairness. We adjust the basic salary according to the operating performance and employee performance appraisal results, and then decide the performance bonus as an appropriate incentive based on many factors including the economic situation of the year, the completion of employees' operating objectives and work performance.

Recruitment and Promotion

In order to attract and retain talented employees, Broad Greenstate has actively built career platform enabling fast personal development and formulated the Employment Management System. The recruitment follows the principle of fairness and all personnel shall be treated equally so as to appoint people on their merits. The human resources management department and the employment department must strictly abide by the recruitment system of the Group throughout process of recruitment, strictly check the recruitment process, and resolutely put an end to cronyism and setting up a post for kindred.

The promotion of the Group's staff follows the principles of fairness, impartiality and openness. We have formulated the Performance Appraisal Management System, specifying the appraisal cycle, methods, contents and scoring standards. In addition, Broad Greenstate has the Remuneration Committee of the Group, which is composed of the President Office of the Group and is responsible for reviewing the overall principle and direction of the Group's performance appraisal, examining and approving the management system related to the Group's performance appraisal and the annual objective responsibility letters of various departments and subordinate units of the Group, guiding and supervising the performance appraisal work, coordinating the problems and objections in the performance appraisal, reviewing the performance appraisal results, and accepting and handling complaints related to the performance appraisal.

Welfare

In order to regulate and reinforce the welfare management for the staff of the Group and fully utilise the guarantee and incentive effects of welfare, we have established the Staff Welfare Management System in relation to staff welfare including to statutory welfare and corporate welfare.

In accordance with laws and regulations including the Labour Law and the Social Insurance Law of the People's Republic of China, the Group pays social insurance contributions for all employees and offers heat subsidies. Welfare of the Group are in forms of festival gift, birthday gift, communication subsidy, traffic subsidy, meal subsidy, health examination, group activity and marriage gift, etc.

Working Hours and Leaves

In order to regulate the daily attendance of staff of the Group and maintain effective management of staff, and in accordance with relevant national labor laws and regulations, we have established the Attendance and Leave Management System, which states that staff are entitled to casual leave, sick leave, medical leave, maternity leave, marital leave, funeral leave, home leave and paid annual leave. The Group encourages employees to improve their work efficiency and complete their own work during normal working hours, and does not advocate working overtime to complete corresponding tasks. If overtime is required due to work, the employee shall submit a written overtime application signed and approved by the person in charge of the department or the borrower to the overtime approver in advance and the overtime approver shall sign and approve it. The overtime confirmed in the aforesaid overtime approval procedure is the effective overtime arranged by the Group for employees. For the effective overtime of staff, the Group will arrange for compensatory leave or pay overtime fees to staff in accordance with the law.

Our Workforce

As of 31 December 2024, Broad Greenstate has a total of 64 full-time employees (2023: 78). All employees work in People's Republic of China, the detailed employment information is shown below:

Category	Number of employees	Percentage
By gender		
Male	44	69%
Female	20	31%
By type of employment		
Full-time	64	100%
Part-time	—	0%
By age		
Below 30 years old	7	11%
31–40 years old	26	41%
41–50 years old	18	28%
51 years old or above	13	20%
By region		
China (including Hong Kong)	64	100%

Employee Turnover

During the Reporting Period, Broad Greenstate's total turnover rate(Note 10) of employees is approximately 20.00%. The percentage(Note 11) of employee turnover rate categorized by gender, age and region are shown below:

Category	Percentage
By gender	
Male	20.41%
Female	18.18%
By age	
Below 30 years old	35.29%
31–40 years old	20.69%
41–50 years old	5.71%
51 years old or above	37.5%
By region	
China (including Hong Kong)	20.00%

Note 10: The total turnover rate is calculated by dividing the total number of employees left the Group during the Reporting Period by the average number of employees at the beginning and end of the year.

Note 11: The turnover rate of this category is calculated by dividing the number of employees left the Group in this category during the Reporting Period by the average number of employees in this category at the beginning and end of the year.

B2. Health and Safety

Broad Greenstate highly values the protection of employees' rights and interests, workplace safety and health protection, emphasizes on vocational skills training and safety training, and strives to protect staff from work accidents or occupational hazards, so that we can provide a safe and healthy workplace for staff.

Broad Greenstate is in strict compliance with requirements set out in relevant national laws, including the Labour Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases and Production Safety Law of the People's Republic of China. We make contribution to social security including medical insurance for all staff, and purchase business accident insurance for rehired personnel and trainees who are unable to make contribution to social insurances, in order to make sure that our staff can obtain corresponding safeguard in case of accidents. Meanwhile, the Group organizes annual body check for all employees, enabling them to know their health status in a timely manner.

Workplace Safety

The Trial Measures for Standardized Construction Site issued by Broad Greenstate standardizes and unifies the setting of various signs on construction site, normalizes the layout of safety equipment and safe passage and clarifies the signs that must be available, such as safe production post and civilized construction post, for the purpose of reminding on-site workers of safety.

In order to further implement the production safety approach of "safety first, precaution crucial, comprehensive management", determine the direction of the Group's production safety, and strengthen the standardized management of the production safety approach of the Engineering Project Department, Broad Greenstate has formulated the Production Safety Management Manual, which provides that project manager shall be the first person in-charge for the Engineering Project Department; a production safety management team including members like vice project manager, person in charge of techniques and person in charge of safety will be established for inspecting and monitoring construction sites and the implementation of the shift safety system, maintaining safety inspection records and imposing penalties against anyone breached safety requirements.

The safety leadership group of the Project Department will be headed by the person in charge of production safety, who will be responsible for construction safety management on construction sites. Shift construction management and safety management will be responsible for guiding the production safety work of shifts. The establishment and implementation of the production safety accountability system make project manager the first person-in-charge, vice project manager in charge of construction production will be the direct person in charge of production safety and general project engineer in charge of labour protection and technical works in relation to production safety.

The Engineering Department of the Group, as the regulator for production safety management, will inspect the production safety management works and recommend rectification of the ascertained problems within a prescribed time limit.

Furthermore, in order to minimize the frequency of accidents and the degree of injuries, losses and impacts, and reduce the hazards to the environment and the health and safety of employees, Broad Greenstate has formulated the Emergency Preparedness and Response Management Procedures to establish, implement and maintain emergency plans and measures. For emergency preparedness, the Group set up an emergency preparedness leading group, with a list of the specific personnel and contact details, headed by the deputy general manager in charge of production safety, and composed of personnel from the Administration Department, Engineering Department, Marketing Department, etc.. Each project is also provided with an emergency preparedness and response team to formulate emergency response prevention measures for the project, fill in the Emergency Plan, and train the members of the emergency team. At the same time, it's essential to report it to the Group's Engineering Department for review and filing. According to the needs of the emergency plan, each project team shall be equipped with corresponding emergency equipment, which shall be kept properly and in good condition for emergency needs. The project team shall provide emergency education to the on-site staff and is responsible for special training for the project personnel and labor service personnel. The emergency education for on-site staff aims to make them understand potential dangers, ensure that on-site staff clearly understands how to deal with emergencies, master necessary self-help knowledge, organize emergency drills in due course, and improve emergency plans.

For the sake of the health of our office staffs, the Group specially organized Chinese medical consultations free of charge to relief their shoulder and neck indisposition caused by prolonged desk work, sedentariness and lack of exercise through methods such as massage, cupping therapy and warming moxibustion. In addition, smoking is strictly prohibited in all places of the headquarters of the Group with penalty standards developed against violation, and we toured the offices from time to time to protect the workplace safety and employees' health.

During the past three years (including the Reporting Period), the Group did not have any work-related injury or death, nor had any material non-compliance with health and safety laws and regulations.

B3. Development and Training

In order to standardize and promote the continuous and systematic training of the Group and improve the occupational qualifications and vocational skills of staff through the accumulation, spread, application and innovation of knowledge, experiences and capacities, Broad Greenstate has formulated the Training Management System, under which the Human Resources Department shall be in charge of the establishment and improvement of training management system, regulations and resource platform, the study on training needs and the formation of plans, and the implementation of and conclusions on training. It is also responsible for directing, monitoring, assessing, coordinating and tracking the training work at department level of the Group, providing staff with different functions with corresponding trainings focused on contents designed and arranged in accordance with the regulations of Broad Greenstate, position responsibilities and operational skill requirements.

The training sessions of Broad Greenstate cover aspects of safe and civilised construction, construction techniques, engineering management, operation administration, corporate cultures and etc. Training forms include internal training (by internal lecturer), internal training (by external lecturer) and external training (in other companies). Furthermore, to improve the first aid knowledge of the employees of the Group and cultivate their first aid ability of facing life emergencies, the Group invited representatives of the Shanghai Red Cross Emergency Rescue Team to deliver onsite primary first aid publicity and training.

In December of each year, the Human Resources Department will, based on the study and analysis of the training needs of the Group, formulate the Annual Training Plan for the next year, which will take effect after being approved by the President Office. The training departments of all units formulate their respective Monthly Training Implementation Form at the end of each month by reference to the Annual Training Plan and the temporary training needs and file them to the Human Resources Department for record and implementation thereafter.

For training effect evaluation, the training management department of each unit shall organize training effect evaluation after the training. Training effect evaluation methods include training examination, questionnaire evaluation, job tracking feedback, etc. Training effect evaluation is applied to the follow-up of training work and incentives to scholars, lecturers and organizers, including positive and negative incentives, scoring and rating.

During the Reporting Period, the number of trained employees accounted for 100% of the total number of employees. The total number of trained employees completed approximately 239 training hours, with an average of approximately 3.71 training hours per employee. Details of the training are shown in the following table:

Employee category	Male	Female
Senior management		
Number of employees trained	4	—
Total training hours	23	—
Middle management		
Number of employees trained	10	3
Total training hours	49	11
Other employees		
Number of employees trained	30	17
Total training hours	101	55

In addition, a decrease in number of the Group's employees is one of the reasons for the decrease of trainings compared with 2023.

B4. Labour Standards

Broad Greenstate has systems and recruitment regulations in place to avoid unlawful employment. All recruitments and employments are in strict compliance with the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China.

It is strictly stipulated by Broad Greenstate that the external construction party shall not illegally hire child labour, signing labour contract with the party in violation of genuine intention of the counterparties or forcing its employees to work illegally. During recruitment, the Group shall provide the candidates with truthful information, including the job responsibility, work environment, work location, occupational health and safety, the safety condition at production and labour remuneration. The Human Resources Department of Broad Greenstate is responsible to verify the authenticity of the information (resume, identity card, certificates, photos and bank cards) provided by candidates and make comprehensive background investigation by all kinds of means. At the same time, the employees shall take full responsibility for the authenticity of the information provided and signed by them.

Broad Greenstate arranges the employees' working hours based on the statutory working hour standards and implements an 8-hour working schedule and overtime management according to the Staff Welfare Management System of the Group. For the effective overtime of staff, the Group will arrange for compensatory leave or pay overtime fees to staff.

During the Reporting Period, there was no material non-compliance with the labour requirements set out in relevant laws and regulations by the Group. The Group has been taking precautionary measures at the source and is confident that the above-mentioned illegal employment cases will not occur in the future. If such case happened, it will be reported to the relevant regulatory authority.

Operating Practices

B5. Supply Chain Management

As a diversified investment holding group that focuses on ecological construction and develops whole industry chain, the Group attaches great importance to the quality of projects including different kinds of theme parks construction, scenery enhancement, preservation of ancient towns and cities, construction of featured towns and beautiful villages, sponge cities, environmental protection and ecological restoration, and acknowledges the importance of selecting suppliers with good integrated strengths for guaranteeing the quality of our projects. Therefore, the Broad Greenstate gives priority to suppliers with safe, environment-friendly and high quality products in a responsible manner.

The Group follows the Administrative Measures for Procurement and Bidding, and the Measures for the Implementation of Warehousing of Qualified Suppliers to standardize the bidding management of the Group and all suppliers met the Group's procurement practices during the Reporting Period. For suppliers, suppliers sourced by the Project Department and the Group's Purchasing Department shall be filed by special personnel of the Purchasing Department, which shall be approved by the Purchasing Department and relevant leaders of the Group. Before being permitted into the bidding supplier managing list, one-time evaluation, on-site inspection and qualification document review of suppliers were required. The review of qualification documents included the supplier's business license, qualification certificate and safety production license. The site inspection covered the projects under construction (with site pictures), the office locations of branches and the production bases of enterprises. After the on-site inspection, the Supplier Inspection Report must be provided to and signed and confirmed by the Project Department, and the Purchasing Department and Engineering Department before entering the list of qualified suppliers.

As of 31 December 2024, the Group has a total of 209 qualified suppliers. All suppliers came from People's Republic of China. Supplier categories include civil engineering materials, utility materials, greening materials, seedlings, decoration materials, etc. Before construction of a specific project, each of the project departments, based on the principle of "competing openly and cooperating honestly at reasonably low price", selects subcontractors among the list of qualified suppliers to bid for the project, through which process suitable subcontractor(s) will be determined under the supervision of the engineering department.

The Group continued to adhere to the management philosophy of scientific, rationalization and economization to enhance corporate efficiency through income-generating and cost-saving. In order to achieve more refined cost control, the Group adopted a refined project cost control model and established a group-wide unified supplier database. The Group utilised its self-developed online project management information platform (the "**OA system**") to ensure that all expenses were strictly managed in accordance with the budget. Moreover, the Group also completed the preparation and trial operation on a procurement platform for well-known enterprises in China, expanding supply chain channels.

In respect of the operation and maintenance in the later stage of the project, the Group also fully utilised the cooperation between its operation management companies and prime operation team, and ensured that greenery maintenance was taken into account during construction. At the same time, a great importance was attached to the project redevelopment, thus the Group actively proposed optimisation scheme and developed the place where the project was located and surrounding resources through the well-established friendly cooperative relationship with the parties.

In terms of environmental protection, the Group has always integrated ESG elements into its business operations and gave priority to suppliers that use environmentally preferable products and services. The Group generally selects qualified suppliers on the principle of proximity to achieve the effect of energy saving and emission reduction. Furthermore, in order to conform to the development trend of online procurement, the Group adopted a third-party procurement platform as a designated platform for procurement of engineering goods to improve procurement efficiency and reduce costs.

In order to ensure the working environment and safety of the subcontracting projects, the Group has formulated the Trial Measures for Standardized Construction Site and the Design Subcontracting Management Measures to standardize the safety protection in the living, office and construction areas. In selecting subcontractors, the Group will assess their environmental and social risks and require subcontractors to comply with trade laws, relevant environmental and social regulations and other standards.

Furthermore, Broad Greenstate adopts a zero tolerance policy on corruption, according to which, all suppliers are required to submit a declaration or certification of no commercial bribery before entering into contracts with them. In order to further prevent the occurrence of corruption, the construction unit shall fill in the Letter of Commitment for Integrity in Construction by Construction Units and make a commitment for the construction of the project during the project bidding period and after winning the bid. The contents of the letter include strictly implementing the contract documents, establishing and improving the clean government construction system, strengthening clean government education, setting up a clean government construction publicity board at the construction site of the construction project, and not giving gifts and valuables to the relevant personnel and staff participating in the bidding in any name.

B6. Product Responsibility

Quality Control

Being a firm with landscape construction as its core business, quality control is of the utmost importance for the Group. The Group strictly follows the relevant provisions of the Tendering and Bidding Law of the People's Republic of China and other regulations during the procurement process. During the Reporting Period, the Group was not aware of any material violations of laws and regulations related to the quality of products and services. We have conducted quality control in three aspects, including policy, system and manpower. In respect of the policy and system, Broad Greenstate has formulated the Engineering Quality Control Manual and Management Procedures on Laws and Regulations and other Requirements to establish sound and compliant process system, as well as set up strict quality management system, intensified control of construction quality and procedure, improved and performed accountability system of the quality of projects; as for manpower, well-experienced project managers were employed to control engineering quality on a comprehensive basis in the Group, and a standard quality management system was adopted for construction enterprises which are under cooperation and newly cooperated. During the Reporting Period, the quality management system of the Group has been accredited by ISO9001, ISO14001 and OHSAS18001.

The qualifications and licenses of the Group are as follows:

Issue Authority	Category	Qualification Level
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

In order to conduct effective identification and control of non-conformity occurring in various phases of the landscaping construction and maintenance service, and prevent the unexpected usage, conversion and delivery, Broad Greenstate formulated the Non-Conformity Output Management Procedures and Improvement Management Procedures. The quality specialist of the Engineering Department shall be responsible for the non-conformity identification during the engineering construction and maintenance service, follow-up of non-conformity treatment results, disposal of unqualified purchased materials, adoption of remedial and improvement measures for unqualified products, elimination of its causes to prevent non-conformities from occurring, in order to continuously improve the comprehensive management system and promote continuous improvements.

The Improvement Management Procedures proposes to determine and take appropriate improvement measures on the basis of weighing benefits, risks and costs. For general service problems, the HR Administration Department shall issue the Corrective and Improvement Measures Handling Form to the responsible department, and the responsible department shall be responsible for formulating and implementing improvement measures and recording them. For major and wide-ranging service problems, the HR Administration Department and the relevant department shall jointly formulate improvement measures, specify specific methods, steps, division of responsibilities and completion deadline, etc., and implement those measures upon approval by the General Manager. For environmental or safety problems, the Engineering Department shall organize relevant departments to carry out rectification.

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. The Group has 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 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 regards scientific research as the strategy to achieve sustainable development and provide strong technical support, so as to secure its healthy development.

Broad Greenstate is of the opinion that, technology innovation can promote corporate development and guarantee the project quality enhanced. It invested substantial capital in setting up the technology center by adhering to the guidance of applying high-efficiency, energy-saving and clean green technology and design, and cooperated with state-level academy of sciences such as Tongji University to provide strong technical support for the scientific research projects of multiple cooperators with its patented technologies regarding ecological rehabilitation and construction.

During the Reporting Period, Broad Greenstate had no cases of any rejection of construction projects due to major safety and health reasons.

Complaints Handling

While offering our customers with high-quality projects and products, Broad Greenstate also pays great attention to revisiting and communicating with our customers, to find out their needs in a timely manner, thus improving the construction and service quality. For this end, the Group formulated the Customer Satisfaction Monitoring and Measurement Management Procedures, and carried out regular customer satisfaction surveys on quality of engineering construction and maintenance service provided by the Group, in order to master the market information and trend, measure the quality control performance of the organization, enhance the customer satisfaction, and realize the value appreciation of the Group.

The procedures are applicable to the satisfaction information collection and satisfaction measurement of the landscaping construction service and maintenance service provided by the Group. The procedures specify the responsibilities and permissions of each department. The engineering department is responsible for the collection of customer opinions on the project site service. The marketing department shall conduct the customer satisfaction survey on the delivered engineering and maintenance service and follow-up service by means of fax, home visit or face-to-face interview, arrange customer complaint handling and information collection, organize analysis by relevant departments, determine the department in charge, supervise the implementation of necessary corrective measures, issue letters of notice of rectification to relevant departments, record the results collected in the Customer Feedback Processing Sheet, and notify customers of improvement opinions. Because the Group actively communicated with customers and solved problems, it has not received any complaints that have a significant impact on the Group.

Intellectual Property Protection

Broad Greenstate respects and protects intellectual property rights. We comply with the relevant regulations, including but not limited to the Copyright Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Tort Liability Law of the People's Republic of China and the Patent Law of the People's Republic of China.

Trademarks and patents are important intangible assets of the Group. In order to maintain the security and interests of the Group, and guarantee the smooth operation of various businesses, the Group formulated the Confidentiality System of the Group, which divided the security level into three levels, i.e. strictly confidential, confidential and secret, defined materials of various levels, the access authority, confidentiality management and maintenance of backup. The system also specifies the responsibilities and authorities of the department. The president is responsible for leading the overall work of confidentiality, and the person in charge of each department is the person in charge of confidentiality work of the department. Document personnel and confidential personnel shall handle the handover procedures in time and submit them to the competent leader for signature in case of job changes. If employees find that the Group's secrets have been leaked or may be leaked, they shall immediately take remedial measures and report to the office in time, and the office shall immediately make corresponding treatment.

The Group also entered into the Trade Secret Protection Agreement with employees, in order to guarantee that employees can keep trade secrets of the Group confidential during and after their employment period. The agreement stipulates that when employees leave the Group, they must return all the technical information and business information to the Group; the Group shall reiterate the confidentiality obligation to the employee in written or oral form, and may inform the new unit of the confidentiality obligation undertaken by the employee in the original unit.

The Group focuses on project implementation, the development of patented technologies and project research, and successfully made progress in plant cultivation, soil improvement and water ecological treatment. The Group has owned various patented technologies and patented products with independent intellectual property rights, and acquired core technologies in the field of ecological construction, which contributes to our competitive advantages in the industry.

Consumer Information Protection

The Group's businesses are not directly involved with consumers, so it will neither collect consumer information nor involve any advertisement, labeling or privacy matters, but will collect information from cooperative customers and suppliers. The Group attaches great importance to the confidentiality of the collected information and will not use it for purposes other than business.

B7. Anti-corruption

Broad Greenstate rigorously complies with laws and regulations regarding anti-corruption and anti-money laundering, including but not limited to the Criminal Law of the People's Republic of China and the Anti-Money Laundering Law of the People's Republic of China. We revised the Whistle-blowing Management System, an internal regulation thereunder stipulated the practices regarding anti-corruption and anti-fraud to better acquaint employees with the whistleblowing processes and relevant cautions. The Group will review relevant policies regularly, to ensure its effectiveness. The Group plans to progressively promote anti-corruption related training to directors and employees in order to reinforce the concept of integrity.

In order to further define the responsibilities and authorities of whistle-blowing institutions and whistleblowers, the Group also formulated the Implementation Rules of Whistle-blowing, which clearly discloses the responsibilities and authorities of the departments to handle the whistle-blowing, manage and maintain the whistleblowing channels, and to carry out a series of work on the whistle-blowing issues, including reviewing the filing qualification of the whistle-blowing issues, leading and coordinating the investigation work, drafting the investigation report and handling opinions, reporting to the President Office for approval, and then filing the relevant information on the whistle-blowing issues. The Human Resources Department of the Group is responsible for communicating the decision-making opinions of the President Office with the leaders of the reported persons suspected of serious violations of laws, regulations or disciplines, and taking corresponding measures against the persons, such as terminating the labor contract and handing over the persons who may constitute crimes to judicial organs. The President Office of the Group shall approve the investigation report and handling opinions of the whistle-blowing issues.

The Implementation Rule of Whistle-blowing specifies that a whistleblower may report any misconduct or improper activities he/she detects, such as suspected corruption, commercial bribery, malpractice and fraud, through various ways including letters, emails, messages sent through OA platform, WeCom and on-site whistle-blowing. The notifications or announcements that contain the information of the whistle-blowing channel shall be published and updated on OA platform and WeCom, and on the official website and the official WeChat account of the Group. For whistle-blowing, Broad Greenstate implements the following procedures:

1. Contact the whistleblowers to verify the authenticity, accuracy and completeness of the information and materials provided by the whistleblowers, and record the verified information and materials of the report;
2. Review whether the whistle-blowing issues meet the conditions for carrying out the whistle-blowing investigation;
3. Carry out strict confidential investigation on the relevant information of the whistleblowers and the specific contents of the whistle-blowing issues; and
4. After investigation and verification of the facts, an investigation report and handling opinions shall be issued and submitted to the Group's President Office for approval.

In order to protect the whistleblowers, the investigation should be carried out without revealing the identity of the whistleblower, and the investigators should keep the relevant information of the whistleblowers and the specific contents of the whistle-blowing issues strictly confidential. Moreover, if it is not necessary, investigators should try their best to avoid meeting with the whistleblowers directly, so as to reduce the risks of the whistleblowers being exposed.

During the Reporting Period, Broad Greenstate had no cases of non-compliance with laws and regulations related to bribery, extortion, fraud and money-laundering and no concluded legal case regarding corrupt practices brought against the Group or its employees.

Community

B8. Community Investment

Broad Greenstate's main business spreads all over the country, it gives full play to the respective advantages in each region, and actively explores opportunities for cooperation with the local government and seeks for other potential customers, so as to lay a good foundation for undertaking more projects in the future. In addition, with its comprehensive solution capabilities along the full industry chain and a good track record in previous and ongoing projects, the Group has proved its ability to make full use of its advantages and local potential resources to formulate customized ecological construction plans catering to local development needs for the government, which has helped it gain a foothold in the fierce market competition. It can be seen that, Broad Greenstate is committed to being a socially responsible firm. In addition, the Group not only encourages staff to actively participate in public welfare activities, but also has always committed to investing in community public welfare undertakings and formulated the Social Public Welfare System with details of the community investment strategies as follows:

i. Build the consciousness of community — The relationship between the Group and the community may affect the development of the Group, thus it is crucial for the Group to build its image within the community. The Group's public relationship with the community shall be incorporated into the daily work of our public relations system, with an aim to assume social responsibility and shape our good social image.

ii. Enhance communication with community public — Broad Greenstate proactively communicates with the community. On one hand, we inform the community about all aspects of the Group to express our willingness to contribute to community development and seek support from the community; on the other hand, we often invite the community public to participate in our activities, seek their opinions and recommendations, and understand their needs, so as to lay a solid foundation for the benign interaction between the Group and the community and provide an effective channel for sustained communication.

iii. Proactively participate in community development and take the initiative to support community public welfare undertakings.

As a firm with a high degree of social responsibility, Broad Greenstate actively participates in various social welfare activities. In addition, Broad Greenstate also actively carries out in-depth cooperation with universities and scientific research institutions. Broad Greenstate has also established the "Broad Greenstate — Tongji Joint Technology Innovation Center" jointly with Tongji University. This move is geared to the needs of the major nation strategies, giving full play to the resource advantages of both parties and boosting the expansion and development of the main business of Broad Greenstate. The Group did not arrange any major external charity activities during the Reporting Period, but continued to pay attention to social responsibility in its daily operation and fulfilled its role as a corporate citizen through various forms.

The ESG Reporting Guide Content Index of the Stock Exchange

Mandatory Disclosure Requirements	Section/Declaration
Governance Structure	The ESG Governance Structure
Reporting Principles	About the ESG Reporting — Reporting Framework
Reporting Boundary	About the ESG Reporting — Reporting Scope

Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions — Air Emissions and GHG Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Emissions —GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity. Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	N/A — Explained
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	N/A — Explained
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions — Air Emissions and GHG Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	N/A — Explained

Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources — Energy Management
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources — Water Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources — Energy Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources — Water Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A — Explained
Aspect A3: Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment and Natural Resources — Environmental Protection Measures
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change — Physical Risks and Transition Risks

Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (e.g. full-time or part-time), age group and geographical region.	Employment — Our Workforce
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment — Employee Turnover
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to provision of a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety — Workplace Safety
KPI B2.2	Lost days due to work injury.	Health and Safety — Workplace Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety — Workplace Safety, Response to COVID-19

Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category	Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards

Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	The number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility — Quality Control
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility — Complaints Handling
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility —Intellectual Property Protection

Aspects, General Disclosures and KPIs	Description	Section/Declaration
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility — Quality Control
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility — Consumer Information Protection
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus areas.	Community Investment

Directors and Senior Management

As of the date of this annual report, the Board consists of five Directors including two executive Directors and three independent non-executive Directors. The following sets forth the profile of the Directors and senior management:

Executive Directors

Mr. Pei Gang (裴剛) ("Mr. Pei"), aged 42, has served as an executive Director, chairman of the Board, and a member of both Remuneration and Nomination Committees since 1 September 2023. Mr. Pei currently takes up multiple roles in Greenland Holdings Corporation Limited ("**Greenland Holdings**"), an ultimate substantial shareholder of the Company and its subsidiaries, including the general manager of the M&A center of Greenland Holdings, executive vice president of Greenland Financial Technology Group Co., Ltd, president of Greenland Digital Technology Co., Ltd. Mr. Pei is also the director of Hangzhou Industrial and Commercial Trust Co., Ltd, chairman of the board of Shenzhen Lvxin Technology Group Co., Ltd, chairman of the board of Shanghai Lvyi Keyun City Operation and Management Co., Ltd and vice chairman of Mingyu Business Travel Co., Ltd etc. Mr. Pei has been long engaged in the areas of financial investment and enterprise management, leading numerous iconic major investment and industrial restructuring projects, as well as holding important positions in multiple companies. He has rich experience in strategic planning, organizational management and enterprise operation control. Mr. Pei was previously employed at Ping An Asset Management Co., Ltd., ABC Wuxi Equity Investment Fund, Changjiang Pension Insurance Co., Ltd., and other institutions.

Mr. Pei graduated from Tsinghua University in July 2005 with a bachelor's degree in water resources and hydropower construction engineering.

Mr. Lin Guangqing (林光青) ("Mr. Lin"), aged 50, served as the executive Director and chief executive officer of the Company with effect from 1 September 2023. He is currently the responsible person for the ecology and greenery business of Greenland Holdings and secretary and chairman of the communist party branch of Greenland Group Senmao Garden Co., Ltd, a subsidiary of Greenland Holdings. And he is currently the vice president of Shanghai Landscape Architecture and Gardening Trade Association, a review expert of the Shanghai Municipal Committee for Senior-Level Accreditation in Greening and City Appearance Engineering (上海市工程系列綠化市容專業高級職稱評審委員會), and a member of the party committee of Greenland Financial Technology Group Co., Ltd. From 2019 to 2021, he served as the executive vice general manager of Shanghai Landscape Industry Development Co., Ltd, a subsidiary of Shanghai Construction Group Co., Ltd (stock code: 600170.SH). Mr. Lin graduated from the school of agriculture and biology of Shanghai Jiaotong University in June 1997 majoring in landscape architecture and is a senior engineer. Mr. Lin has over 25 years of large scale state-owned landscape architecture and management experience, excels at operational management, and has a broad vision and holistic approach as well as a proactive business mindset.

Directors and Senior Management (Continued)

Independent Non-Executive Directors

Mr. Dai Guoqiang (戴國強) ("Mr. Dai"), aged 72, is an independent non-executive Director and is the chairman of Nomination Committee, a member of both Audit and Remuneration Committees of the Company. Mr. Dai was appointed as the chairman of Audit Committee for the period from 29 December 2017 to 13 March 2018. Mr. Dai has nearly fifteen years of experience in Finance and Economics. Mr. Dai graduated with a bachelor and a master degree in Economics from Shanghai School of Finance and Economics* (上海財經學院), currently known as Shanghai University of Finance and Economics* (上海財經大學), in January 1983 and July 1987, respectively. Following which Mr. Dai obtained a PH.D. in Economics from Fudan University* (復旦大學) in Shanghai, China in July 1994.

From March 1999 to April 2006, he was the Dean of the School of Finance of Shanghai University of Finance and Economics* (上海財經大學) in Shanghai, China. He was the party secretary* (黨委書記) of the School of Finance of Shanghai University of Finance and Economics* (上海財經大學) from April 2006 to July 2007. From July 2007 to April 2011, he served as the Dean and secretary of the Master of Business Administration School of Shanghai University of Finance and Economics* (上海財經大學). Mr. Dai has served as a finance professor of the School of Finance of Shanghai University of Finance and Economics* (上海財經大學) in Shanghai, China since June 1995, the party branch secretary and vice president* (黨支部書記兼副院長) of the College of Business of Shanghai University of Finance and Economics* (上海財經大學) from April 2011 to March 2016 respectively. Mr. Dai was an independent non-executive director from February 2004 to June 2009 and an external supervisor of Bank of Shanghai Co., Ltd* (上海銀行股份有限公司) from June 2009 to June 2017. He has also been an independent non-executive director of Shanghai Fudan Forward Science and Technology Co., Ltd.* (上海復旦復華科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600624.SH) from March 2008 to June 2014. From May 2012 to April 2015, Mr. Dai was also an arbitrator on the panel of China International Economic and Trade Arbitration Commission. Mr. Dai was a member (委員) of National Economics Universities Teaching Guidance Committee under the Ministry of Education* (教育部高等學校經濟學類學科教學指導委員會) from 2006 to 2010. He also serves as a member of Master of Finance Teaching Guidance under the Ministry of Education (教育部金融專業碩士教學指導委員會) from March 2011 to March 2014. Since September 2018, Mr. Dai has also been appointed as an executive director of Shanghai Niaozhi Literature and Art Creation Company Limited* (上海梟之文學藝術創作有限公司). Mr. Dai has been an independent director of Bank of Guiyang Co., Ltd.* (貴陽銀行股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601997.SH), from 11 February 2018 to 6 February 2024 and an independent director of Liqun Commercial Group Co., Ltd* (利群商業集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601366.SH) since April 2019. Mr. Dai was an independent non-executive director of Bestway Global Holding Inc.* (榮威國際控股有限公司), a company formerly listed on the Stock Exchange (stock code: 3358) from 18 October 2017 to 19 October 2021.

He was awarded with the 3rd Universities Distinguished Teacher Award* (第三屆高等學校教學名師獎) from Ministry of Education of the People's Republic of China in 2007, the Shanghai Universities Distinguished Teacher Award* (上海市高校教學名師獎) in August 2006, and Citigroup Outstanding Teacher Award* (花旗集團優秀教師獎) in December 2005 and Shanghai Teaching Model Nomination Award* (上海市教書育人楷模提名獎) in September 2012.

Dr. Jin Hexian (金荷仙) ("Dr. Jin"), aged 60, has been an independent non-executive Director, the chairman of the Remuneration Committee and a member of both Audit and Nomination Committees. She obtained a bachelor's degree in landscape architecture from Nanjing Forestry University* (南京林業大學), and a master's degree and doctor's degree in landscape architecture from Beijing Forestry University* (北京林業大學). Dr. Jin is currently an instructor to the students of the doctoral program of Zhejiang Agricultural and Forestry University* (浙江農林大學). From 8 April 2016 to 14 March 2022, Dr. Jin is also an independent director of Hui Lyu Ecological Technology Groups Co., Ltd.* (匯綠生態科技集團股份有限公司), a company incorporated in the People's Republic of China and mainly engaging in landscape construction business. She is an independent director of Zhejiang Humanities Landscape Co., Ltd.* (浙江人文園林股份有限公司) from 26 June 2017 to 25 June 2023 and an independent director of Guangzhou S.P.I Design Co., Ltd.* (廣州山水比德設計股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300844) from 8 October 2019 to 13 February 2023.

Dr. Jin held various positions including vice president of Chinese Society of Landscape Architecture* (中國風景園林學會), president and deputy editor of the Journal of Chinese Landscape Architecture* (《中國園林》雜誌社), member of the Landscape Architecture Teaching Guidance Subcommittee of the Architecture Teaching Guidance Committee of Higher Education Institutions under the Ministry of Education, People's Republic of China* (教育部高等學校建築類專業教學指導委員會風景園林專業教學指導分委員會). Dr. Jin has published over 300 articles, edited multiple professional books about landscape architecture and chaired and given speeches at various domestic and international academic conferences including the International Federation of Landscape Architects (IFLA), World Horticultural Conference and Global Botanic Gardens Congress.

Mr. Yang Yuanguang (楊元廣) ("Mr. Yang"), aged 61, is an independent non-executive Director and the chairman of the Audit Committee since 23 May 2020. Mr. Yang has over 20 years of experience in audit assurance, global tax planning, corporate advisory, family business and merger and acquisition business.

Mr. Yang has operated Burney Y.G. Yang & Co. C.P.A., a CPA firm in Hong Kong with business focus in the markets of Hong Kong, People's Republic of China, Australia and New Zealand since February 2005.

Mr. Yang is a member of the Hong Kong Institute of Certified Public Accounts since 2005, and a chartered accountant of the Institute of Chartered Accountants Australia and New Zealand since 2002.

Senior Management

The executive Directors of the Company, namely Mr. Pei Gang (裴剛) and Mr. Lin Guangqing (林光青), concurrently hold senior management positions in the Group. For their biographies, please refer to the subsection headed "Executive Directors" in this section of the annual report.

Joint Company Secretaries

Mr. Wang Zhikai (王智凱) ("Mr. Wang") currently serves as the general manager of the Group's capital market department, and is responsible for overseeing the Group's board affairs, ensuring compliance with applicable rules and regulations for listed companies, as well as managing the Group's external investment, asset restructuring and capital market business. Mr. Wang is also the deputy general manager of Shanghai Green Energy Zhihui Energy Technology Co., Ltd. (上海綠能致輝能源科技有限公司), a Joint Venture of the Group, and a director and member of the audit committee of Shanghai H-Fast Electronic Technology Co., Ltd. (上海賀鴻電子科技股份有限公司), a company listed on the National Equities Exchange and Quotations (stock code: 837506). Mr. Wang holds a master's degree in accounting and finance from Griffith University. Mr. Wang has approximately 10 years of experience in finance, accounting and corporate management, having participated in and led various capital market investments, mergers and acquisitions, and asset restructuring projects of the Group.

Ms. Lee Mei Yi (李美儀) ("Ms. Lee") is an Executive Director of Corporate Services of Tricor Services Limited. She has over 25 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Lee is a Chartered Secretary, a Chartered Governance Professional and a Fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Report of the Directors

The Directors are pleased to present their report together with the audited consolidated financial statements of the Group for the Reporting Period.

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 Shares of the Company were listed on the Main Board of the Stock Exchange on 21 July 2014.

Principal Activities

The Company focuses on municipal and city level landscape projects and offers our customers "one-stop" service solutions, including investment and financing, planning and design, project construction and commercial operation. The Group generally serves as the master contractor responsible for the overall management of landscape projects. We mainly offer our customers landscape design, construction and maintenance service.

Results and Final Dividends

The consolidated results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on pages 87 to 88 of this annual report. The Board does not recommend the payment of any final dividend for the year ended 31 December 2024 (2023: Nil).

Financial Summary

A summary of the Group's results, assets and liabilities for the last five financial years is set out on page 5 of this annual report. That summary does not form part of the audited consolidated financial statements.

Business Review

A fair review of the business of the Company and a discussion and analysis of the Group's performance during the Reporting Period and the material factors underlying its results and financial position are provided in the Management Discussion and Analysis section on pages 11 to 14 of this annual report. Description of the principal risks and uncertainties facing the Company can be found throughout this annual report, particularly in the Major Risk and Uncertainties section on page 78. Particulars of important events affecting the Company that have occurred since the end of the financial year 2024, if any, can also be found in the abovementioned sections and the Notes to the Financial Statements. The outlook of the Company's business is discussed throughout this annual report including in the Chairman's Statement on pages 6 to 10 of this annual report. An account of the Company's relationships with its key stakeholders is included in the Relationship with Employees, Suppliers and Customers section on page 79 of this annual report. Details of the Company's environmental policies and performance can be found in the Environmental, Social and Governance Report on pages 32 to 62 of this annual report.

Share Capital

Details of movements in the share capital of the Company during the Reporting Period are set out in note 31 to the financial statements on page 160 of this annual report.

Purchase, Sale or Redemption of Listed Securities 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.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro rata basis to the existing Shareholders.

Property and Equipment

Details of movements in the property and equipment of the Group during the Reporting Period are set out in note 13 to the financial statements on pages 136 and 137 of this annual report.

Material Acquisitions, Disposals and Significant Investments

During the Reporting Period, the Group had not made any material acquisitions. As at 31 December 2024, the Group did not hold any significant investments.

Reserves

Details of movements in the reserves of the Company and the Group during the Reporting Period are set out in the consolidated statement of changes in equity on page 91 of this annual report.

Contingent Liabilities

Details of contingent liabilities of the Company and the Group as at 31 December 2024 are set out in the note 36 to the financial statements on page 165 of this annual report.

Gearing ratio

As at 31 December 2024, the Group's gearing ratio was 93% (2023: 97%), details of which are set out to note 42 to the financial statements on page 183 of this annual report.

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2024 are set out in the note 29 to the financial statements on pages 154 and 156 of this annual report.

Major Customers and Suppliers

During the Reporting Period, the percentage of turnover attributable to the Group's five largest customers from the sales of projects was approximately 86%, and the percentage of turnover attributable to its largest customer from the sales of projects was approximately 41%.

Purchases from the Group's five largest suppliers accounted for 67% of the total purchase for the Reporting Period and purchase from the Group's largest supplier included therein amounted to 25% of the total purchases for the year.

At all times during the Reporting Period, none of the Directors, their close associates or any Shareholder (who, to the knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any direct interest in any of the Group's five largest customers and suppliers.

Directors

The Directors who hold office during the Reporting Period and up to the date of this annual report are:

Executive Directors

Mr. Pei Gang (裴剛)
Mr. Lin Guangqing (林光青)

Independent Non-executive Directors

Mr. Dai Guoqiang (戴國強)
Dr. Jin Hexian (金荷仙)
Mr. Yang Yuanguang (楊元廣)

The biographical details of the Directors and senior management are set out under the section "Directors and Senior Management" of this annual report.

Each of the executive Directors has entered into a service contract with the Company. The tenure of Mr. Pei Gang and Mr. Lin Guangqing are both three years commencing from 1 September 2023 to 1 September 2026. The above-mentioned service contracts of the executive Directors shall be terminated by not less than six months' notice in writing served by either party to the other.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years commencing from 21 July 2017 to 20 July 2020. The letters of appointment of Mr. Dai Guoqiang and Dr. Jin Hexian were renewed with the same terms and extended to 20 July 2026, except for Mr. Yang Yuanguang, whose term was from 23 May 2020 to 22 May 2023, and his letter of appointment has been renewed with the same terms to 22 May 2026. The above-mentioned letters of appointment of the independent non-executive Directors shall be terminated by not less than three months' written notice served by either part to the other.

In accordance with the Articles of Association, at every annual general meeting of the Company one-third of the Directors for the time being shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. All the directors appointed by Directors during the Reporting Period shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at the annual general meeting. None of the Directors proposed for re-election at the annual general meeting has entered into any service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Confirmation of Independence from Independent Non-Executive Directors

The Company has received annual confirmation of independence from each of the existing independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Company considers that all of the independent non-executive Directors are independent in accordance with the Listing Rules.

Directors' Interests in Transactions, Arrangements or Contracts

No transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of Reporting Period or at any time during the Reporting Period.

Permitted Indemnity

Pursuant to the Articles of Association, subject to the Companies Law, every Director shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he/she may sustain or incur in the execution of his/her office or otherwise in relation thereto. The Company has arranged insurance against the liability and costs associated with defending any proceedings which may be brought against directors of the Group.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Reporting Period.

The independent non-executive Directors have reviewed the status of compliance and confirmed that all of these non-competition undertakings have been complied with by them.

Remuneration of Directors and Five Individuals with Highest Emoluments

Details of the emoluments of the Directors and the five highest paid individuals for the Reporting Period are set out in notes 8 and 9 to the financial statements on pages 130 to 133 of this annual report.

During the Reporting Period, no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived any emoluments during the Reporting Period.

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

As at 31 December 2024, so far as is known to any Director or 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.

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

As at 31 December 2024, 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[3]
Eastern Greenstate International	Beneficial owner	306,313,662	5.26%
Greenland[2]	Interest in a controlled corporation	2,970,321,041	51.02%
Greenland Financial Holdings Company Limited (綠地金融投資控股集團有限公司)[2]	Interest in a controlled corporation	2,970,321,041	51.02%
Greenland Financial[2]	Beneficial owner	2,970,321,041	51.02%
Inscription Capital Holdings Limited	Beneficial owner	300,796,510	5.17%

Notes:

(1) *All the above Shares are held in long position (as defined under Part XV of the SFO).*

(2) *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.*

(3) *As at 31 December 2024, the Company had 5,821,809,957 shares in issue.*

Save as disclosed above, as at 31 December 2024, 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. The Share Option Scheme has expired as at 25 June 2024. No further options have been granted under the Share Option Scheme. From the effective date of the Share Option Scheme and up to the end of the Reporting Period, all options granted have lapsed and no options have been exercised under the Share Option Scheme.

Purpose

The purposes of the Share Option Scheme are to attract and retain the best available personnel, to provide additional incentive 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 annual report, no share options are 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. As at 31 December 2024, the Share Option Scheme has expired.

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. From the effective date of the Share Option Scheme and up to the end of the Reporting Period, all options granted have lapsed and no options have 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 31 December 2024 were as follows:

		Number of Options								
Grantees	Date of grant	Options granted	Held at 1 January 2024	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 31 December 2024	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 Jun 2022–11 Jun 2023
			–	–	–	–	–	–		12 Jun 2023–11 Jun 2024

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.

Directors' and Controlling Shareholders' Interests in Contracts of Significance

Save for the connected transactions of the Group disclosed in this annual report, no contract of significance to which the Company or any of its subsidiaries was a party and in which a Director or a controlling shareholder or any of its subsidiaries had a material interest or contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries subsisted, either directly or indirectly, at the end of the Reporting Period or at any time during the Reporting Period.

Connected Transactions

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.

Connected Transaction in relation to Entering into the Conversion Agreement and Issue of Conversion Shares under Specific Mandate

As at 31 July 2023, the Group has an outstanding debt (including accrued interest) owed to Greenland Financial in the amount of approximately US$39.1 million (equivalent to approximately HK$306.9 million). In order to reduce the overall offshore short-term interest-bearing debt and lower the finance cost of the Group, on 27 September 2023, the Company entered into the Conversion Agreement with Greenland Financial, pursuant to which the Company agreed to allot and issue 1,979,000,000 Conversion Shares to Greenland Financial at the Issue Price of HK$0.1 per Conversion Share in settlement of the amount of HK$197.9 million out of the total outstanding debt (including accrued interest) due to Greenland Financial. 1,979,000,000 Conversion Shares represented, respectively, (i) approximately 59.21% of the issued share capital of the Company as at 27 September 2023; (ii) approximately 37.19% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares solely; and (iii) approximately 33.99% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares and the Settlement Shares. The Issue Price of HK$0.1 per Conversion Share represented a discount of approximately 16.67% to the closing price of HK$0.12 per Share as quoted on the Stock Exchange on 27 September 2023, being the date of the Conversion Agreement.

The debt owed by the Company to Greenland Financial was the accumulated unpaid principal and accrued interest under the 2022 Note issued by the Company to Greenland Financial. 2022 Note was originally due on 5 January 2023 but subsequently extended to 15 January 2024 by Greenland Financial through signing content on 14 January 2023 in considering the tight liquidity of the Group. 2022 Note was issued by the Company according to Rule 14A.90 of the Listing Rules.

The Conversion took place on 3 January 2024. For more details, please see the announcements of the Company dated 27 September 2023, 18 October 2023, 29 November 2023, 5 December 2023, 27 December 2023 and 3 January 2024, and the circular of the Company dated 5 December 2023.

Exempt Continuing Connected Transactions

On 7 January 2014, Mr. Wu Jie (吳傑) (a relative of Mr. Wu Zhengping (the former director of the Company) and a connected person of the Company by virtue of Rule 14A.07(4) of the Listing Rules) and Greenstate Gardening entered into a licence agreement pursuant to which Greenstate Gardening will be able to use an office premises of a gross floor area of 100 sq.m. located at Group 17, Zhangqiao Village, Jinshanwei Town, Jinshan District, Shanghai, People's Republic of China as its registered address in Shanghai. The licence fee payable to Mr. Wu Jie is nil.

As each of the applicable percentage ratios (other than the profit ratio) under Chapter 14A of the Listing Rules for the transaction contemplated under the lease agreement, on annual basis, is less than 0.1%, such continuing connected transaction is a de minimis transaction which is exempt from the reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Related Party Transactions

During the Year ended 31 December 2024, certain Directors and their close family members, and companies controlled by certain Directors and/or their close family members entered into related party transactions with the Group which are disclosed in note 39 to the financial statements on pages 166 to 171 of this annual report. These transactions were not regarded as connected transactions or were exempt from reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules. The Company accordingly complied with the requirements in Chapter 14A of the Listing Rules in respect of the connected transactions and continuing connected transaction as set out in the Annual Report.

Corporate Governance

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

Information on the principal corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 15 to 31 of this annual report.

Major Risk and Uncertainties

Business impacted by the political and economic situation in the People's Republic of China

If there is a further slowdown in the economic growth of the People's Republic of China, or if the People's Republic of China economy experiences a recession, demand for our landscape architecture service may also decrease and our business, financial condition, results of operations and operations may be materially and adversely affected.

Work progress of landscape projects could be affected by adverse weather conditions

Since our projects are mainly located outdoors, any adverse weather condition such as rainstorms, tropical cyclones and continuous rain may interrupt or otherwise affect the progress of our projects.

We are subject to the risks associated with the tendering process

The projects undertaken by us are mainly awarded to us on a case-by-case basis. We have to complete a competitive tendering process to secure new projects. In the event we are unable to maintain business relationship with our existing customers, or we cannot continue to secure new projects from customers, our financial condition and results of operations may be materially and adversely affected.

We do not have long-term commitments with our customers

Our relationships with major customers are contract-based with reference to particular project(s) and our major customers do not have long-term commitments with us. In addition, our relationships with our customers are non-exclusive and largely dependent on goodwill. We cannot assure you that we will be able to maintain or improve business relationships with our customers and any of them may terminate their respective business relationships with us at any time. Any material delay in securing projects from our customers, termination or reduction of the number or contract value of projects obtained from customers could cause our revenue to decrease significantly.

We need to maintain qualifications and licences for the operation of our business

We are required to maintain requisite operating qualifications and licences to conduct our business. If we fail to comply with any of these regulations, our qualifications and licences could be temporarily suspended or even revoked, or the renewal of our qualifications and licences upon expiry may be delayed or rejected. As a result, our business, financial condition and results of operations could be materially and adversely affected.

Environmental policy and performance

With respect to the environmental protection in the process of engineering and construction contracting, according to such laws and regulations as the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》), the Environmental Impact Evaluation Law of the People's Republic of China (《中華人民共和國環境影響評價法》), the Law of the People's Republic of China on the Prevention of the Environmental Pollution of Solid Waste (《中華人民共和國固體廢物污染環境防治法》), the Regulations on the Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) and the Regulations on the Administration of the Completion Check for Acceptance of the Environmental Protection Facilities of Construction Projects (《建設項目環境保護設施竣工驗收管理規定》), the construction of any project that causes pollution to the environment must comply with the People's Republic of China government's regulations on environment protection relating to the construction projects. The People's Republic of China government has implemented a mechanism for the evaluation of environmental impact of construction projects. A construction enterprise shall adopt measures to control environmental pollutions and damages caused by dust, waste gas, sewages, solid waste, noises and vibrations at the construction site in accordance with the environmental protection and work safety laws and regulations.

Relationship with Employees, Suppliers and Customers

The Group believes that the employees of the Group are valuable assets. Competition for excellent employees is fierce in the landscape architecture service industry in China, and the Group offered competitive remuneration to attract and retain the talented employees. Regular review on remuneration of employees is made in order to retain outstanding employees and attract human resources that are valuable to the Group.

Our relationships with major customers are contract-based. The Group cherished the mutually beneficial relationships with our customers. We will provide the best services to our clients to establish and consolidate the Group's reputation in the industry. Also, we believe that maintaining harmonious relationship with the suppliers is essential to the Group's success. The Group will keep strengthening the partnership with clients and suppliers, aiming to realize a triple-win result.

Compliance with Laws and Regulations

During the Reporting Period, the Group has implemented policies and procedures which related to our industry designed to ensure compliance with the most relevant laws and regulations, but there can be no assurance that the Group's employees or agents will not violate such laws and regulations or the Group's policies and procedures.

During the Reporting Period and up to the date of this annual report, we have complied with all the relevant laws and regulations of the People's Republic of China and Hong Kong in all material respects.

Employee and Remuneration Policy

As at 31 December 2024, the Group had 64 full time employees in the People's Republic of China. During the Reporting Period, the staff cost of the Group was approximately RMB6.1 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.

The remuneration of Directors and chief executives has been disclosed in note 8 to the financial statements on pages 130 to 132 in this annual report.

Sufficiency of Public Float

Rule 8.08 of the Listing Rules requires there to be an open market in the securities for which listing is sought and a sufficient public float of an issuer's listed securities to be maintained. This normally means that at least 25% of the issuer's total issued share capital must at all times be held by the public.

Based on the information that is publicly available to the Company and to the knowledge of the Directors as of the latest practicable date prior to the issue of this annual report, the Directors confirm that the Company has maintained a sufficient public float as required under the Listing Rules since the Listing Date.

Events After the Reporting Period

On 31 December 2024, the Company and ZDX Energy Development Co., Ltd (the "Vendor") entered into a sale and purchase agreement (the "Agreement") pursuant to which the acquisition of 51.0% of the total issued shares of ZDX Energy International Co., Ltd (the "Target Company") and its subsidiaries (the "Target Group") at a consideration of RMB20.4 million. The Target Group is principally engaged in providing comprehensive O&M services for hydroelectric power stations. On 26 March 2025, the acquisition was completed. For more details, please refer to the Company's announcements dated on 31 December 2024 and 26 March 2025.

Future Development

For the likely future development in the Company's business, please refer to page 11 of the Management Discussion and Analysis section of this annual report.

Record Date

For the purpose of determining the Shareholders' eligibility to attend and vote at the 2025 annual general meeting, the record date will be on Monday, 26 May 2025. In order to be eligible to attend and vote at the meeting, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Monday, 26 May 2025.

Audit Committee

The Audit Committee has reviewed together with the management and the external auditors of the Company the accounting principles and policies adopted by the Group and the audited annual results for the Reporting Period.

Auditors

During the year, Messrs. Ernst & Young retired as the auditor of the Company and HLB Hodgson Impey Cheng Limited has been appointed as the auditor, which was considered and approved at the extraordinary general meeting held on 18 November 2024. The consolidated financial statements for the Reporting Period have been audited.

On behalf of the Board
China Greenland Broad Greenstate Group Company Limited
Mr. Pei Gang
Chairman

Shanghai, the People's Republic of China
31 March 2025

Independent Auditor's Report

国衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F., Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

To the shareholders of China Greenland Broad Greenstate Group Company Limited
(Incorporated in the Cayman Islands as an exempted company with limited liability)

Opinion

We have audited the consolidated financial statements of China Greenland Broad Greenstate Group Company Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 87 to 185, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to the Note 2 to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately RMB143,699,000 during the year ended 31 December 2024. As at 31 December 2024, the Group's current liabilities exceeded its current assets by approximately RMB778,226,000. The Group had total interest-bearing bank and other borrowings of approximately RMB576,527,000, out of which approximately RMB354,347,000 will be due for repayment within the next twelve months and approximately RMB299,584,000 were defaulted during the year due to overdue payment of principal and/or interest, while the Group had unrestricted cash and cash equivalents of approximately RMB1,801,000 only. These events and conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

To the shareholders of China Greenland Broad Greenstate Group Company Limited
(Incorporated in the Cayman Islands as an exempted company with limited liability)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined that the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment of trade receivables and contract assets At 31 December 2024, the Group had gross trade receivables and contract assets of RMB532.7 million and RMB1,108.7 million, respectively. After netting off the impairment provisions of RMB483.0 million and RMB415.0 million, respectively, net trade receivables and contract assets represented 36.24% of the total assets of the Group. Significant management judgement and estimation are involved in the assessment of impairment, based on the expected credit losses model, by taking into account the ageing of trade receivable balances and contract asset balances, the credit quality and credit loss history of debtors, and different features of specific customers. Both current and future general economic conditions are also taken into consideration by management in the estimation. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade receivables and contract assets and the loss allowance for trade receivables and contract assets in the year in which such estimate has been changed. The accounting judgements and estimates and disclosures for the recognition of impairment for trade receivables and contract assets are included in notes 3, 22 and 23 to the consolidated financial statements.	Understanding the management's process of assessing the recoverability of trade receivables and contract assets; Inquiring of management for the status of each of the material trade receivables and contract assets past due at year end and collaborating explanations from management with supporting evidences, such as, understanding ongoing business relationship with the customers based on trade records, checking historical and subsequent settlement records and other correspondence with the customers; Assessing the reasonableness of impairment recognised by examining the information used by management to form such judgements, such as checking the accuracy of the ageing analysis of trade receivables and contract assets to the payment certificates or completion certificates issued by the customers, respectively, on sampling basis; and For individually assessed expected credit losses, assessing the estimated loss rates with reference to the individual customers' historical observed default rates and checking the settlement history and changes in the forward-looking information; Testing the subsequent settlements of credit impaired trade receivables and contract assets, on a sample basis, to cash receipt and bank remittance. Evaluating the disclosures regarding the impairment assessment of trade receivables and contract assets in Note 42 to the consolidated financial statements.

To the shareholders of China Greenland Broad Greenstate Group Company Limited
(Incorporated in the Cayman Islands as an exempted company with limited liability)

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon (the "**Other information**").

Our opinion on the consolidated financial statements does not cover the Other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other information and, in doing so, consider whether the Other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other information, we are required to report that fact. We have nothing to report in this regard.

Other Matter

The consolidated financial statements for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion with material uncertainty related to going concern on those statements on 31 May 2024.

Responsibilities of the directors and those charged with Governance for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

To the shareholders of China Greenland Broad Greenstate Group Company Limited
(Incorporated in the Cayman Islands as an exempted company with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

To the shareholders of China Greenland Broad Greenstate Group Company Limited
(Incorporated in the Cayman Islands as an exempted company with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditor's report is Kwok Tsz Chun.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Kwok Tsz Chun
Practising Certificate Number: P06901

31 March 2025

Consolidated Statement of Profit or Loss

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5	**18,396**	26,908
Cost of sales	6	**(7,511)**	(14,521)
Gross profit		**10,885**	12,387
Other income and gains	5	**10,148**	72,629
Loss on disposal of joint ventures		**–**	(112,415)
Administrative expenses		**(32,149)**	(80,324)
Impairment losses on financial and contract assets		**(143,943)**	(249,230)
Finance costs	7	**(58,212)**	(63,544)
Share of results of joint ventures	18	**35,970**	(96,203)
LOSS BEFORE TAX	6	**(177,301)**	(516,700)
Income tax credit/(expenses)	10	**33,602**	(24,585)
LOSS FOR THE YEAR		**(143,699)**	(541,285)
Attributable to:			
Owners of the parent		**(145,755)**	(535,918)
Non-controlling interests		**2,056**	(5,367)
		(143,699)	(541,285)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic and diluted	12	**RMB (2.52) cents**	RMB (16.03) cents

Consolidated Statement of Comprehensive Income

Year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
LOSS FOR THE YEAR	**(143,699)**	(541,285)
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that may not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation from functional currency to presentation currency	**(20,174)**	11,360
Net other comprehensive (loss)/income that may not be reclassified to profit or loss in subsequent periods	**(20,174)**	11,360
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	**(20,174)**	11,360
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	**(163,873)**	(529,925)
Attributable to:		
Owners of the parent	**(165,929)**	(524,558)
Non-controlling interests	**2,056**	(5,367)
	(163,873)	(529,925)

Consolidated Statement of Financial Position

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT ASSETS			
Property and equipment	13	**105,648**	110,001
Investment properties	14	**15,708**	18,480
Goodwill	16	**3,060**	3,060
Other intangible assets	17	**14,203**	15,659
Investments in joint ventures	18	**517,872**	483,721
Equity investment at fair value through profit or loss	19	**53,563**	77,225
Financial assets at fair value through profit or loss	20	**25,653**	21,330
Contract assets	23	**233,359**	247,852
Long-term receivables	24	**301,896**	349,766
Other non-current assets		**10,499**	15,238
Deferred tax assets	30	**87,684**	58,640
Total non-current assets		**1,369,145**	1,400,972
CURRENT ASSETS			
Biological assets	21	**30,336**	31,429
Trade receivables	22	**49,797**	156,644
Contract assets	23	**460,355**	445,470
Prepayments, other receivables and other assets	24	**126,897**	59,896
Restricted bank balances	25	**13,250**	25,400
Cash and cash equivalents	25	**1,801**	6,227
Total current assets		**682,436**	725,066
CURRENT LIABILITIES			
Corporate bonds	26	**–**	212,481
Trade and bills payables	27	**574,083**	615,968
Other payables and accruals	28	**357,294**	326,171
Interest-bearing bank and other borrowings	29	**354,347**	240,478
Lease liabilities	15(a)	**9,525**	7,967
Tax payable		**165,413**	167,040
Total current liabilities		**1,460,662**	1,570,105
NET CURRENT LIABILITIES		**(778,226)**	(845,039)
TOTAL ASSETS LESS CURRENT LIABILITIES		**590,919**	555,933

Consolidated Statement of Financial Position (Continued)

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT LIABILITIES			
Corporate bonds	*26*	**113,407**	—
Other non-current liabilities	*28*	**92,526**	92,526
Interest-bearing bank and other borrowings	*29*	**222,180**	354,999
Lease liabilities	*15(a)*	**17,829**	18,576
Deferred tax liabilities	*30*	**3,413**	9,671
Total non-current liabilities		**449,355**	475,772
Net assets		**141,564**	80,161
EQUITY			
Equity attributable to owners of the parent			
Share capital	*31*	**122,715**	66,396
Other reserves	*32*	**(6,075)**	(9,103)
		116,640	57,293
Non-controlling interests	*34*	**24,924**	22,868
Total equity		**141,564**	80,161

Pei Gang
Director

Lin Guangqing
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2024

	Share capital RMB'000 *(note 31)*	Share premium account* RMB'000	Capital reserve* RMB'000 *(note 32)*	Statutory reserve* RMB'000 *(note 32)*	Exchange fluctuation reserve* RMB'000	Retained profits/ accumulated losses* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
	Attributable to owners of the parent								
At 1 January 2024	66,396	151,609	18,733	37,899	(3,482)	(213,862)	57,293	22,868	80,161
Loss for the year	–	–	–	–	–	(145,755)	(145,755)	2,056	(143,699)
Other comprehensive income for the year:									
Exchange differences on translation from functional currency to presentation currency	–	–	–	–	(20,174)	–	(20,174)	–	(20,174)
Total comprehensive income for the year	–	–	–	–	(20,174)	(145,755)	(165,929)	2,056	(163,873)
Issue of shares	56,319	168,957	–	–	–	–	225,276	–	225,276
At 31 December 2024	122,715	320,566	18,733	37,899	(23,656)	(359,617)	116,640	24,924	141,564

* *These reserve accounts comprise the consolidated other reserves of debited RMB6,075,000 (2023: debited RMB9,103,000) in the consolidated statement of financial position.*

	Share capital RMB'000 *(note 31)*	Share premium account* RMB'000	Capital reserve* RMB'000 *(note 32)*	Statutory reserve* RMB'000 *(note 32)*	Exchange fluctuation reserve* RMB'000	Retained profits/ accumulated losses* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
	Attributable to owners of the parent								
At 1 January 2023	66,396	151,609	–	29,699	(14,842)	330,256	563,118	28,235	591,353
Loss for the year	–	–	–	–	–	(535,918)	(535,918)	(5,367)	(541,285)
Other comprehensive income for the year:									
Exchange differences on translation from functional currency to presentation currency	–	–	–	–	11,360	–	11,360	–	11,360
Total comprehensive income for the year	–	–	–	–	11,360	(535,918)	(524,558)	(5,367)	(529,925)
Deemed contribution from a shareholder	–	–	18,733	–	–	–	18,733	–	18,733
Transfer to statutory reserve	–	–	–	8,200	–	(8,200)	–	–	–
At 31 December 2023	66,396	151,609	18,733	37,899	(3,482)	(213,862)	57,293	22,868	80,161

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(177,301)**	(516,700)
Adjustments for:			
Finance costs	7	**58,212**	63,544
Share of results of joint ventures		**(35,970)**	96,203
Loss on disposal of joint ventures		**–**	112,415
Loss on modifications of financial liabilities that do not result in derecognition	6	**4,269**	35,866
Gain on settlement of financial liabilities		**(1,406)**	—
Gains on disposal of items of property and equipment	6	**(191)**	(6,916)
Fair value losses/(gains) on biological assets	5	**1,902**	(905)
Fair value (gains)/losses on financial assets at fair value through profit or loss	6	**(4,323)**	542
Fair value losses on an equity investment at fair value through profit or loss	6	**23,662**	619
Depreciation property and equipment	6, 13	**3,290**	4,218
Amortisation of other intangible assets	6, 17	**1,456**	1,463
Depreciation of investment properties	6, 14	**2,772**	2,772
Impairment of other non-current assets	6	**4,739**	4,211
Impairment of trade receivables, net	6, 22	**112,844**	73,516
Impairment of contract assets, net	6, 23	**22,216**	146,581
Impairment of other receivables, net	6, 24	**8,883**	29,133
Impairment of prepayments, net	6, 24	**(3,493)**	2,400
		21,561	48,962
(Increase)/decrease in trade receivables		**(5,997)**	72,804
Increase in prepayments and other receivables		**(24,521)**	30,754
(Increase)/decrease in contract assets		**(22,608)**	273,964
Increase in biological assets		**(809)**	(112)
Decrease in trade and bills payables		**(41,885)**	(86,859)
Increase/(decrease) in other payables and accruals		**59,465**	(265,672)
Decrease in restricted bank balances and frozen bank balances		**12,150**	10,669
Cash (used in)/generated from operations		**(2,644)**	84,510
Income tax paid		**(1,700)**	—
Net cash flows (used in)/generated from operating activities		**(4,344)**	43,281

Consolidated Statement of Cash Flows (Continued)

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property and equipment		**(282)**	(2)
Proceeds from disposal of property and equipment		**1,536**	—
Capital withdrawal in joint ventures		**1,819**	—
Proceeds from disposal of joint ventures		**—**	11,635
Amounts repaid from related companies		**—**	45,012
Amounts advance to related companies		**—**	(131,016)
Net cash flows generated from/(used in) investing activities		**3,073**	(74,371)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans and other borrowings		**33,414**	34,272
Repayment of bank loans and other borrowings		**(27,762)**	(60,233)
Interest paid for bank loans and other borrowings		**(8,815)**	(25,546)
Loans advance from related companies		**—**	45,380
Repayment of loans to related companies		**—**	(605)
Net cash flows used in financing activities		**(3,163)**	(6,732)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(4,434)**	3,407
Cash and cash equivalents at beginning of year		**6,227**	2,844
Effect of foreign exchange rate changes, net		**8**	(24)
CASH AND CASH EQUIVALENTS AT END OF YEAR	*25*	**1,801**	6,227
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents and restricted bank balances as stated in the statement of financial position	*25*	**15,051**	31,627
Restricted bank balances	*25*	**(4,993)**	(4,919)
Frozen bank balances	*25*	**(8,257)**	(20,481)
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF CASH FLOWS	*25*	**1,801**	6,227

Notes to Financial Statements

Year ended 31 December 2024

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 has changed from PO BOX 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. P. O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands with effect from 20 January 2025.

The Company is an investment holding company. During the year, the Company's subsidiaries were principally engaged in the services of landscape design and gardening and the related services. Details of its principal joint ventures are disclosed in note 18.

In the opinion of the directors, the immediate holding company is Greenland Financial Overseas Investment Group Co., Ltd. ("**Greenland Financial**", a company incorporate in the BVI), and the ultimate holding company is Greenland Holdings Group Corporation Limited, a company incorporated under the laws of the People's Republic of China ("**the PRC**").

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 direct	Percentage of equity attributable to the Company indirect	Principal activities
Greenstate Times International Company Limited ("**Greenstate Times**")	British Virgin Islands	US$50,000	100%	—	Investment holding
Greenstate International Company Limited ("**Greenstate International**")	Hong Kong	HK$10,000	—	100%	Investment holding
Shanghai Qianyi Landscape Engineering Company Limited#	PRC/Chinese Mainland	US$37,000,000	—	100%	Investment holding
Shanghai Qianyi Investing Management Company Limited#	PRC/Chinese Mainland	RMB2,000,000	—	100%	Investment holding
Shanghai Greenstate Business Management Company Limited ("**Greenstate Business**")#	PRC/Chinese Mainland	RMB32,000,000	—	100%	Landscaping
Broad Greenstate Ecological Construction Group Company Limited ("**Broad Greenstate Ecological**")#	PRC/Chinese Mainland	RMB1,050,000,000	—	100%	Landscaping

1. Corporate and Group Information (Continued)

Information about subsidiaries (Continued)

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

Name##	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company direct	indirect	Principal activities
Shanghai Greenstate Gardening Company Limited ("**Greenstate Gardening**")#	PRC/Chinese Mainland	RMB5,000,000	–	100%	Landscaping
Shanghai Dongjiang Building Survey and Design Engineering Co., Ltd. ("**Shanghai Dongjiang**")#	PRC/Chinese Mainland	RMB13,000,000	–	100%	Landscape design
Shanghai Dongjiang Building Landscape Engineering Co., Ltd. ("**Dongjiang Landscape**")#	PRC/Chinese Mainland	RMB10,000,000	–	100%	Landscaping
Shanghai Bifu Investment Center LLP	PRC/Chinese Mainland	RMB190,000,000	–	100%	Investment holding
Shanghai Lvdian Virescence Technology Development Co., Ltd. ("**Shanghai Lvdian**")#	PRC/Chinese Mainland	RMB36,000,000	–	75%	Landscaping
Shanghai Qingfu Business Management Consulting Center LLP ("**Shanghai Qingfu**")	PRC/Chinese Mainland	RMB20,000,000	–	96%	Investment holding
Shanghe Greenland Broad Green Spring Construction Company Limited#	PRC/Chinese Mainland	RMB100,452,400	–	88%	Project management
Kaifeng City Xiangfu District Broad Greenstate Haji River Wetland Park#	PRC/Chinese Mainland	RMB153,034,100	–	95%	Project management
Qishan Lvze Commercial Operation Management Co., Ltd.	PRC/Chinese Mainland	RMB1,000,000	–	100%	Project management

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

\#\# *The companies' English names are for identification purpose only.*

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

2. Accounting Policies

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), in addition, the consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the disclosure requirement of Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for biological assets, equity investment at fair value through profit or loss and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.1 Basis of Preparation (Continued)

Going concern basis

The Group incurred a net loss of approximately RMB143,699,000 during the year ended 31 December 2024. As at 31 December 2024, the Group's current liabilities exceeded its current assets by approximately RMB778,226,000. The Group had total interest-bearing bank and other borrowings of approximately RMB576,527,000, out of which approximately RMB354,347,000 will be due for repayment within the next twelve months and approximately RMB299,584,000 were defaulted during the year due to overdue payment of principal and/or interest, while the Group had unrestricted cash and cash equivalents of approximately RMB1,801,000 only. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have evaluated the sustainable operation ability for not less than 12 months from the end of the reporting period, which is affected by the macroeconomic environment, industry environment and credit environment superimposing the impact of multiple rounds of epidemic and came to an opinion that the liquidity risk of the Company is facing periodic challenges.

Certain plans and measures have been and are being taken to manage its liquidity needs and to improve its financial position which include the following:

(a) The Group will continue to implement measures to speed up the progress of projects and the collection of outstanding trade and other receivables and contract assets;

(b) Subsequent to 31 December 2024, Greenland Digital and Greenland Financial have agreed to provide the Group with sufficient financial support for a period of not less than 12 months from the approval date of the Company's audited consolidated financial statements for the year ended 31 December 2024 so that the Company will be able to meet its financial obligations, and have sufficient working capital to meet its daily operations, and will not result from insufficiency in working capital for viable going concern. The financial support provided by the Greenland Digital and Greenland Financial including the implementation of debt to equity settlement, assets and business injections etc. in order to improve the Group's financial position and performance;

(c) The Group is reviewing the debt structure and looking for external funding opportunities, including equity financing when necessary;

(d) The management of the Group is reviewing the business operation and taking actions to tighten cost controls over various operating expenses and is actively seeking new investments and business opportunities aiming to attain profitable and positive cash flow operations;

(e) The Group has been actively negotiating with various lenders, including renewing the expired undrawn bank facilities and repayment arrangement for outstanding bank and other borrowings; and

2.1 Basis of Preparation (Continued)

Going concern basis (Continued)

(f) The shareholder and related parties have undertaken not to demand repayment for the borrowings and other payables due by the Group as at 31 December 2024, until the Group can meet all the other obligations.

The board of directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 31 December 2024. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2024. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, since the execution of the above plans and measures are in progress, material uncertainties exist as to whether management of the Group will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows in new future, the negotiation with lenders and obtain the continuous financial support from its immediate and intermediate holding company.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts and to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect to these adjustments has not been reflected in the consolidated financial statements.

2.2 Changes in Accounting Policies and Disclosures

The Group has adopted the following new and amended standards for its annual reporting period commencing on 1 January 2024.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The adoption of these amendments or annual improvements did not result in any significant impact on the results and financial position of the Group.

2.3 Issued But Not Yet Effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
Amendments to HKFRS Accounting Standards	*Annual Improvements to HKFRS Accounting Standards — Volume 11*[2]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]

1 *Effective for annual periods beginning on or after 1 January 2025*
2 *Effective for annual periods beginning on or after 1 January 2026*
3 *Effective for annual periods beginning on or after 1 January 2027*
4 *No mandatory effective date yet determined but available for adoption*

The directors of the Company anticipate that the application of the new and amendments to HKFRS will have no material impact on the results and the financial position of the Group.

2.4 Material Accounting Policy Information

Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

2.4 Material Accounting Policy Information (Continued)

Investments in joint ventures (Continued)

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the joint venture's accounting policies to those of the Group. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. Changes in net assets of the joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Group's share of the post-acquisition results and other comprehensive income of joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's investments in the joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of joint ventures is included as part of the Group's investments in joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

The Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group applies HKFRS 9, including the impairment requirements, to long-term interests in joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying HKFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by HKAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with HKAS 28).

2.4 Material Accounting Policy Information (Continued)

Investments in joint ventures (Continued)

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

2.4 Material Accounting Policy Information (Continued)

Business combinations and goodwill (Continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its biological assets, equity investment at fair value through profit or loss and financial assets at fair value through profit or loss at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 Material Accounting Policy Information (Continued)

Fair value measurement (Continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than contract assets, deferred tax assets, investment properties and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2.4 Material Accounting Policy Information (Continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

2.4 Material Accounting Policy Information (Continued)

Property and equipment and depreciation

Property and equipment, are stated at cost less accumulated depreciation and any impairment losses. When an item of property and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2% to 5%
Furniture and fixtures	19% to 32%
Motor vehicles	10% to 32%
Machinery	10% to 32%

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are stated at cost less accumulated depreciation and any impairment losses.

Any gains or losses on the retirement or disposal of investment properties are recognised in the statement of profit or loss in the year of the retirement or disposal.

Depreciation is calculated on the straight-line basis to depreciate the cost of each item of investment properties over the estimated useful life of 9 years.

2.4 Material Accounting Policy Information (Continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Licences and software

Purchased licences and software are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 2 to 20 years.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at revalued amounts, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2.4 Material Accounting Policy Information (Continued)

Leases (Continued)

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows.

Leasehold property	1 to 9 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets that meet the definition of investment property is presented within investment properties.

(b) *Lease liabilities*

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

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

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of properties (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2.4 Material Accounting Policy Information (Continued)

Leases (Continued)

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases. When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

2.4 Material Accounting Policy Information (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 Material Accounting Policy Information (Continued)

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

2.4 Material Accounting Policy Information (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; and

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

2.4 Material Accounting Policy Information (Continued)

Impairment of financial assets (Continued)

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings , or in the case of trade receivables, when the amounts are over 7 years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4 Material Accounting Policy Information (Continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For undrawn loan commitments, the ECL is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitments draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

For ECL on financial guarantee contracts or on loan commitments for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Lifetime ECL for certain trade receivables, contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, contract assets and other receivables where the corresponding adjustment is recognised through a loss allowance account.

2.4 Material Accounting Policy Information (Continued)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item (note 5b) as part of the net foreign exchange gains/(losses);

- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item as part of the gain/(loss) from changes in fair value of financial assets (note 5b);

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)
After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts
Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

2.4 Material Accounting Policy Information (Continued)

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other gains and losses' line item in profit or loss (note 8b) as part of net foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. The above said 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. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 Material Accounting Policy Information (Continued)

Biological assets

Biological assets are measured on initial recognition and at the end of each reporting period at fair value less costs to sell, with any gain or loss change therein recognised in profit or loss for the period in which it arises. Costs to sell are the incremental costs directly attributable to the disposal of an asset, mainly transportation costs and excluding finance costs and income taxes. The fair value is determined based on their present location and condition and is valued independently by professional valuers.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 Material Accounting Policy Information (Continued)

Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

2.4 Material Accounting Policy Information (Continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Construction, design and maintenance services

Revenue from the provision of construction, design and maintenance services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Claims to customers are amounts that the Group seeks to collect from the customers as reimbursement of costs and margins for scope of works not included in the original construction contract. Claims are accounted for as variable consideration and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Group uses the expected value method to estimate the amounts of claims because this method best predicts the amount of variable consideration to which the Group will be entitled.

(b) Provision of management services

Revenue from the provision of management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

2.4 Material Accounting Policy Information (Continued)

Revenue recognition (Continued)

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Rental income is recognised on a time proportion basis over the lease terms.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 33 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

2.4 Material Accounting Policy Information (Continued)

Share-based payments (Continued)

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. The Group contributes on a monthly basis to this pension plan based on percentages of the total salary of employees, subject to a certain ceiling. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid. Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.4 Material Accounting Policy Information (Continued)

Foreign currencies

These financial statements are presented in RMB. The Company's functional currency is HK$. The Group's presentation currency is RMB because the Group's principal operations are principally carried out in Chinese Mainland. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. Significant Accounting Judgements and Estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining the method to estimate variable consideration and assessing the constraint for construction services.

The Group seeks to collect claims from the customers as reimbursement of costs and margins for scope of works not included in the original construction contract, which give rise to variable consideration. The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for claims in construction services, given there is a wide range of possible outcomes which are subject to negotiations with third parties.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are constrained based on its historical experience, current negotiations with customers, profitability of the head contracts of the customers and the current economic conditions.

Property lease classification — Group as lessor

The Group has entered into commercial property leases on its property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

3. Significant Accounting Judgements and Estimates (Continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Variable considerations for claims to customers

The Group has developed a statistical model for estimating expected successful claims. The model uses the historical claims data including the historical experiences with the similar customers, profitability of the head contracts of the customers and economic conditions to estimate expected successful claims percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical successful claims pattern will impact the expected successful claims percentages estimated by the Group.

The Group updates its assessment of expected successful claims annually. Estimates of expected successful claims are sensitive to changes in circumstances and the Group's past experience regarding negotiation of claims may not be representative of the actual outcome in the future.

Percentage of completion of construction contract works

The Group recognises revenue according to the percentage of completion of individual contracts of construction work, which requires estimation to be made by management. The percentage of completion is estimated by reference to the actual costs incurred over the total budgeted costs, which are prepared based on past experience, complexity of the project and the current quotation or market price of materials or services obtained. Due to the nature of the activities undertaken for the construction contracts, the date at which the contract is entered into and the date at which the contract is completed usually fall into different accounting periods. Hence, the Group reviews and revises the estimates of contract costs in the budget prepared for each contract as the contract progresses. Where the actual contract costs are more than expected, the gross profit of the relevant project will be fluctuated and an expected loss may arise. Further details are given in notes 5, 22 and 23 to the financial statements.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2024 was RMB3,060,000 (2023: RMB3,060,000). Further details are given in note 16.

3. Significant Accounting Judgements and Estimates (Continued)

Estimation uncertainty (Continued)

Provision for expected credit losses on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the construction sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 22 and note 23 to the financial statements, respectively.

Fair value of an equity investment and financial asset

The equity investment does not have active quoted market price, and the equity investment has been valued based on a market-based valuation technique as detailed in note 41 to the financial statements. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classified the fair value of these investments as Level 3. The fair value of these investments at 31 December 2024 was RMB53,563,000 and RMB25,653,000 (2023: RMB77,225,000 and RMB21,330,000). Further details are included in note 19 to 20 to the financial statements.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in notes 13, 14, 15 and 17 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are given in note 30 to the financial statements.

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 results were generated from providing the service of landscaping. No operating segments have been aggregated to form the above reportable operating segment.

Geographical information

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

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:

	2024 RMB'000	2023 RMB'000
Customer A	**2,504**	*
Customer B	**3,170**	*
Customer C	**7,476**	*
Customer D	**—***	8,802
Customer E	**—***	8,771
Customer F	**—***	6,213

* *Less than 10% of the total revenue*

5. Revenue, Other Income and Gains

An analysis of revenue is as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers	18,396	26,908

Revenue from contracts with customers

(a) Disaggregated revenue information

	For the year ended 31 December 2024 RMB'000	For the year ended 31 December 2023 RMB'000
Types of services		
Construction services	15,816	24,258
Design and maintenance services	1,581	1,396
Management service	999	1,254
Total	18,396	26,908
Timing of revenue recognition		
Services transferred over time	18,396	26,908

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024 RMB'000	2023 RMB'000
Construction services	1,010	8,802

5. Revenue, Other Income and Gains (Continued)

Revenue from contracts with customers (Continued)

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Construction services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 1 year from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

Design and maintenance services

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. Design and maintenance service contracts are for periods of one year or less, and are billed based on the time incurred.

Management services

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. Management service contracts are for periods of one year to nine years, and are billed based on the time incurred.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2024 and 2023 are as follows:

	2024 **RMB'000**	2023 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	**45,731**	161,307
After one year	**2,158,732**	2,043,156
	2,204,463	2,204,463

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to construction services. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

5. Revenue, Other Income and Gains (Continued)

	2024 RMB'000	2023 RMB'000
Other income		
Government grants*	235	54
Bank interest income	76	139
Other interest income arising from contracts with customers**	30,367	54,081
Rental income	3,782	3,605
Total other income	34,460	57,879
Gains/(Losses)		
Fair value gains/(losses), net:		
Financial assets at fair value through profit or loss	4,323	(542)
An equity investment at fair value through profit or loss	(23,662)	(619)
Fair value (loss)/gains of biological assets	(1,902)	905
Gain on disposal of items of property and equipment***	191	6,916
(Losses)/gain on foreign exchange differences, net	(3,262)	8,090
Total (losses)/gains	(24,312)	14,750
Total other income and gains	10,148	72,629

* *Government grants have been received from the local finance bureau in Chinese Mainland as financial support to the growth of enterprises. There are no unfulfilled conditions or contingencies relating to these grants.*

** *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.*

*** *The Group settled the liabilities with its properties and recognised disposal gain with an amount of RMB6,916,000 with non-cash impact for the year ended 31 December 2023.*

6. Loss Before Tax

The Group's loss before tax is arrived after charging/(crediting):

	Notes	2024 RMB'000	2023 RMB'000
Cost of construction contracts services provided		**5,130**	11,362
Cost of design and maintenance services provided		**1,577**	2,378
Cost of management service		**804**	781
Employee benefit expenses (including directors' and chief executive's remuneration as set out in note 8):			
Wages and salaries		**4,513**	4,970
Pension scheme contributions		**1,629**	2,353
Total		**6,142**	7,323
Depreciation of items of property and equipment	13	**3,290**	4,218
Depreciation of investment properties	14	**2,772**	2,772
Amortisation of other intangible assets	17	**1,456**	1,463
Research and development costs		**2,336**	2,582
Interest income arising from contracts with customers	5	**(30,367)**	(54,081)
Impairment of financial and contract assets, net:			
Impairment of trade receivables, net	22	**112,844**	73,516
Impairment of contract assets, net	23	**22,216**	146,581
Impairment of financial assets included in other receivables and other assets	24	**8,883**	29,133
(Reversal)/Impairment of prepayments	24	**(3,493)**	2,400
Impairment of other non-current assets*		**4,739**	4,211
Loss on disposal of joint ventures		**—**	112,415
Loss on modifications of financial liabilities that do not result in derecognition		**4,269**	35,866
Auditor's remuneration			
Services rendered by HLB			
— Statutory audit services		**1,500**	—
Services rendered by Ernst & Young			
— Statutory audit services		**—**	1,793
— Non-audit services		**900**	200
Gain on disposal of items of property and equipment	5	**(191)**	(6,916)
Fair value losses/(gains), net			
Financial assets at fair value through profit or loss	5	**(4,323)**	542
An equity investment at fair value through profit or loss	5	**23,662**	619
Lease payments not included in the measurement of lease liabilities	15(b)	**102**	465

* *The property acquired by the Group of which the property certificates has not been obtained and was included in other non-current assets as at 31 December 2024. Impairment provision of RMB4,739,000 (2023: RMB4,211,000) was made as at 31 December 2024 according to prevailing fair value less cost of disposal.*

7. Finance Costs

	Note	2024 RMB'000	2023 RMB'000
Interest on bank loans and other borrowings		**44,804**	35,646
Interest on corporate bonds		**12,597**	26,608
Interest on lease liabilities	*15(a)*	**811**	1,290
Total		**58,212**	63,544

8. Directors' and Chief Executive's Remuneration

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Group	
	2024 RMB'000	2023 RMB'000
Fees	**240**	240
Other emoluments:		
Salaries, allowances and benefits in kind	**–**	1,041
Pension scheme contributions	**–**	205
	240	1,486

8. Directors' and Chief Executive's Remuneration (Continued)

(a) Executive directors and independent non-executive directors

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total RMB'000
Year ended 31 December 2024				
Executive directors				
Mr. Pei Gang (i)	–	–	–	–
Mr. Lin Guangqing (ii)	–	–	–	–
Subtotal	–	–	–	–
Independent non-executive directors				
Mr. Dai Guoqiang	80	–	–	80
Dr. Jin Hexian	80	–	–	80
Mr. Yang Yuanguang	80	–	–	80
Subtotal	240	–	–	240
Total	240	–	–	240

(i) Mr. Pei Gang was appointed as the executive director of the Company with effect from 1 September 2023 and he agreed to waive any remuneration from the Company.

(ii) Mr. Lin Guangqing was appointed as an executive director and the chief executive officer of the Company with effect from 1 September 2023 and he agreed to waive any remuneration from the Company.

(iii) Mr. Wu Zhengping resigned from the position of an executive director of the Company and the chief executive officer of the Group with effect on 1 September 2023.

(iv) Ms. Xiao Li resigned from the position of an executive director of the Company and the deputy chief executive officer of the Group with effect on 29 April 2023.

(v) Ms. Chen Min resigned from the position of an executive director of the Company with effect on 1 September 2023.

8. Directors' and Chief Executive's Remuneration (Continued)

(a) Executive directors and independent non-executive directors (Continued)

(vi) Ms. Zhu Wen resigned from the position of an executive director of the Company and the chief financial officer of the Group with effect on 29 April 2023.

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total RMB'000
Year ended 31 December 2023				
Executive directors				
Mr. Pei Gang (i)	—	—	—	—
Mr. Lin Guangqing (ii)	—	—	—	—
Mr. Wu Zhengping (iii)	—	550	92	642
Ms. Xiao Li (iv)	—	153	11	164
Ms. Chen Min (v)	—	150	55	205
Ms. Zhu Wen (vi)	—	188	47	235
Subtotal	—	1,041	205	1,246
Independent non-executive directors				
Mr. Dai Guoqiang	80	—	—	80
Dr. Jin Hexian	80	—	—	80
Mr. Yang Yuanguang	80	—	—	80
Subtotal	240	—	—	240
Total	240	1,041	205	1,486

Except for Mr. Pei Gang and Mr. Lin Guangqing, there was no arrangement under which a director waived or agreed to waive any remuneration during the year ended 31 December 2024 and 2023.

9. Five Highest Paid Employees

The five highest paid employees during the year included no executive directors (2023: four), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining five (2023: one) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	2,796	800
Pension scheme contributions	513	202
Total	3,309	1,002

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024	2023
Nil to HK$1,000,000	5	2

As at 31 December 2024 and 2023, the Group had no forfeited contributions available to reduce the existing level of contribution.

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

	2024 RMB'000	2023 RMB'000
Current — PRC		
Charge for the year	1,700	—
Overprovision in prior years	—	(68)
Deferred *(note 30)*	(35,302)	24,653
Total tax (credit)/expenses for the year	(33,602)	24,585

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

10. Income Tax (Continued)

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

A uniform income tax rate of 25% was imposed on both domestic and foreign-invested enterprises in Chinese Mainland from 1 January 2008.

Broad Greenstate Ecological was qualified as a "High and New Technology Enterprise" and is entitled to a preferential corporate income tax ("**CIT**") rate of 15% from 2020 to 2025.

A reconciliation of the tax (credit)/expense applicable to loss before tax at the statutory rate for the jurisdiction in which the majority of the Company's subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2024 **RMB'000**	2023 RMB'000
Loss before tax	**(177,301)**	(516,700)
Tax at the statutory tax rate (25%)	**(44,325)**	(129,175)
Lower tax rates enacted by local authority	**7,322**	37,748
Adjustments in respect of current tax of previous periods	**—**	(68)
Additional deduction for qualified research and development costs	**(12)**	(45)
Share of results of joint ventures	**(8,992)**	14,430
Income not subject to income tax	**(63)**	—
Unrecognized deductible temporary differences	**10,933**	65,907
Expenses not deductible for tax	**730**	6,412
Tax losses not recognised	**805**	29,376
Tax (credit)/expenses at the effective rate	**(33,602)**	24,585

11. Dividends

No final dividends were paid, declared or proposed for the years ended 31 December 2024 and 2023.

12. Loss Per Share Attributable to Ordinary Equity Holders of the Parent

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 5,794,714,077 (2023: 3,342,536,957) in issue during the year.

The weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted for the shares issued during the year ended 2024. No diluted loss per share for both 2024 and 2023 were presented as there were no potential ordinary shares in issue for both 2024 and 2023.

The calculation of basic and diluted loss per share is based on:

	2024 RMB'000	2023 RMB'000
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation	**(145,755)**	(535,918)

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	**5,794,714,077**	3,342,536,957
Basic and diluted loss per share	**RMB(2.52) cents**	RMB(16.03) cents

13. Property and Equipment

31 December 2024

	Buildings RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Machinery RMB'000	Total RMB'000
At 1 January 2024:					
Cost	130,586	7,346	10,822	200	148,954
Accumulated depreciation	(23,568)	(6,901)	(8,291)	(193)	(38,953)
Net carrying amount	107,018	445	2,531	7	110,001
At 1 January 2024, net of accumulated depreciation	107,018	445	2,531	7	110,001
Additions	—	282	—	—	282
Disposals	—	(7)	(1,338)	—	(1,345)
Depreciation provided during the year *(note 6)*	(2,917)	(20)	(353)	—	(3,290)
At 31 December 2024, net of accumulated depreciation	104,101	700	840	7	105,648
At 31 December 2024:					
Cost	130,586	7,335	4,363	200	142,484
Accumulated depreciation	(26,485)	(6,635)	(3,523)	(193)	(36,836)
Net carrying amount	104,101	700	840	7	105,648

At 31 December 2024, certain of the Group's buildings with a net carrying amount of approximately RMB101,167,000 (2023: RMB106,695,000) were pledged to secure bank loans granted to the Group.

13. Property and Equipment (Continued)

31 December 2023

	Buildings RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Machinery RMB'000	Total RMB'000
At 1 January 2023:					
Cost	140,845	7,384	10,927	200	159,356
Accumulated depreciation	(25,094)	(6,598)	(7,384)	(193)	(39,269)
Net carrying amount	115,751	786	3,543	7	120,087
At 1 January 2023, net of accumulated depreciation	115,751	786	3,543	7	120,087
Additions	—	2	—	—	2
Disposals	(5,825)	(5)	(40)	—	(5,870)
Depreciation provided during the year *(note 6)*	(2,908)	(338)	(972)	—	(4,218)
At 31 December 2023, net of accumulated depreciation	107,018	445	2,531	7	110,001
At 31 December 2023:					
Cost	130,586	7,346	10,822	200	148,954
Accumulated depreciation	(23,568)	(6,901)	(8,291)	(193)	(38,953)
Net carrying amount	107,018	445	2,531	7	110,001

14. Investment Properties

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	**18,480**	21,252
Depreciation *(note 6)*	**(2,772)**	(2,772)
Carrying amount at 31 December	**15,708**	18,480

Investment properties are the right-of-use assets held by the Group for sublease purposes.

The fair value of the Group's investment properties are RMB34,000,000 at 31 December 2024 (2023: RMB36,000,000).

14. Investment Properties (Continued)

The Group subleases the stores in Qishan, Baoji City, PRC, which leased from 陝西岐山縣太平塔旅遊集散服務中心 under an operating contract, to individual tenants under operating lease arrangements. Further summary details of which are included in note 15 to the financial statements.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective presentation currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2024 using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Commercial properties	**—**	**—**	**34,000**	**34,000**

	Fair value measurement as at 31 December 2023 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Commercial properties	—	—	36,000	36,000

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2023: Nil).

14. Investment Properties (Continued)

Fair value hierarchy (Continued)

Below is a summary of the valuation technique used and the key inputs to the valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Weighted average 2024	Weighted average 2023
Commercial properties	Income method	Estimated rental value (RMB/per square meter)	**0.8**	0.8
		Yield rate	**6.5%**	6.5%

A significant increase (decrease) in the estimated rental value would result in a significant increase (decrease) in the fair value of the investment properties.

A significant increase (decrease) in yield rate would result in a significant (decrease) increase in the fair value of the investment properties.

15. Leases

The Group as a lessee

The Group has lease contracts for various items of properties used in its operations. Leases of properties generally have lease terms of 12 months. Other equipment generally has lease terms between 1 and 2 years is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	**26,543**	25,253
Accretion of interest recognised during the year	**811**	1,290
Carrying amount at 31 December	**27,354**	26,543
Analysed into:		
Current portion	**9,525**	7,967
Non-current portion	**17,829**	18,576

The maturity analysis of lease liabilities is disclosed in note 42 to the financial statements.

15. Leases (Continued)

The Group as a lessee (Continued)

(b) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	811	1,290
Expenses relating to short-term leases (included in administrative expenses)	–	303
Expenses relating to leases of low-value assets (included in administrative expenses)	102	162
Total amount recognised in profit or loss	913	1,755

(c) The total cash outflow for leases is disclosed in note 35(b) to the financial statements.

The Group as a lessor

The Group leases its investment properties (note 14) under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB3,782,000 (2023: RMB3,605,000), details of which are included in note 5 to the financial statements.

At 31 December 2024, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	2024 RMB'000	2023 RMB'000
Within one year	3,150	3,398
After one year but within two years	1,578	2,467
After two years but within three years	873	1,256
After three years but within four years	821	976
After four years but within five years	659	782
After five years	303	898
Total	7,384	9,777

16. Goodwill

	RMB'000
Cost and net carrying amount at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	3,060

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the cash-generating unit of the landscape gardening service (the "**Unit**").

The recoverable amount of the Unit has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by management. The discount rate applied to the cash flow projection was 14.8% (2023: 16%) and cash flows beyond the five-year period were extrapolated using a growth rate of 2.0% (2023: 2.3%) which was the same as the China long-term average growth rate.

Assumptions were used in the value-in-use calculation of the Unit for 31 December 2024 and 31 December 2023. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit.

The values assigned to the key assumptions on market development of landscape gardening service, budgeted gross margins, the discount rate and raw materials price inflation are consistent with external information sources.

The recoverable amount is significantly above the carrying amount of landscape gardening service unit. Management believes that any reasonably possible change in any of these assumptions would not result in impairment.

17. Other Intangible Assets

	Licences and software RMB'000
31 December 2024	
Cost at 1 January 2024, net of accumulated amortisation	**15,659**
Amortisation provided during the year *(note 6)*	**(1,456)**
At 31 December 2024	**14,203**
At 31 December 2024:	
Cost	**29,287**
Accumulated amortisation	**(15,084)**
Net carrying amount	**14,203**
31 December 2023	
Cost at 1 January 2023, net of accumulated amortisation	17,122
Amortisation provided during the year *(note 6)*	(1,463)
At 31 December 2023	15,659
At 31 December 2023:	
Cost	29,287
Accumulated amortisation	(13,628)
Net carrying amount	15,659

The licences include the qualification certificate of Grade One for scenery landscape design issued by the Ministry of Housing and Urban-Rural Development of the PRC, the qualification certificate for architectural industry of Grade One issued by the Ministry of Housing and Urban-Rural Development of the PRC, the qualification certificate of Grade One for professional contracting of ancient construction works issued by the Ministry of Housing and Urban-Rural Development of the Shanghai, and the qualification certificate of Grade One for general contracting on municipal public utility construction engineering issued by the Ministry of Housing and Urban-Rural Development of the Shanghai, etc.

18. Investments in Joint Ventures

	2024 RMB'000	2023 RMB'000
Share of net assets	517,872	483,721

The Group's trade receivable balances and contract assets due from the joint ventures are disclosed in note 22 and note 23 to the financial statements.

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

Name	Particulars of issued shares held	Place of registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
泉州海西植物園開發有限公司 ("**Quanzhou Haixi**")	Registered capital of RMB105,000,000	PRC/Chinese Mainland	79.50	40.00	79.50	Project management
岐山縣太平塔文化旅遊開發有限公司 ("**Qishan Taiping**")*	Registered capital of RMB87,900,000	PRC/Chinese Mainland	79.55	57.14	100.00	Project management
肇慶市高新區將軍山體育公園投資發展有限公司 ("**Zhaoqing Park**")	Registered capital of RMB10,000,000	PRC/Chinese Mainland	80.00	40.00	80.00	Project management
禹州市神垕古鎮保護建設有限公司 ("**Yuzhou Shenhou**")	Registered capital of RMB50,000,000	PRC/Chinese Mainland	51.00	33.33	51.00	Project management
廣安博大綠澤官盛湖發展有限公司 ("**Guangan Guanshenghu**")	Registered capital of RMB50,000,000	PRC/Chinese Mainland	70.00	40.00	100.00	Project management

Part of the joint venture is disclosed in the above table.

* *The resolution of the board of directors of Qishan Taiping must be approved by more than 2/3 of the directors. The Group cannot control the shareholders' meeting or the board of directors of the joint venture, and jointly control the joint venture with another shareholder.*

18. Investments in Joint Ventures (Continued)

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2024 RMB'000	2023 RMB'000
Share of the joint ventures' profits/(losses) for the year	**35,970**	(96,203)
Share of the joint ventures' total comprehensive income/loss	**35,970**	(96,203)
Aggregate carrying amount of the Group's investments in the joint ventures	**517,872**	483,721

19. Equity Investment at Fair Value Through Profit or Loss

	2024 RMB'000	2023 RMB'000
Listed equity investment, at fair value		
Shanghai H-fast Electronic Technology Co., Ltd. ("**Shanghai H-fast**")	**53,563**	77,225

As at 31 December 2024, all the 4,300,000 shares of Shanghai H-Fast with a fair value of RMB53,563,000 (31 December 2023: RMB77,225,000) being held by the Group were pledged to secure other borrowings of the Group (note 29).

20. Financial Assets at Fair Value Through Profit or Loss

	2024 RMB'000	2023 RMB'000
Unlisted investments, at fair value		
西安綠地滻河濕地公園開發有限公司 ("**Xi'an Greenland**")	**20,106**	16,464
太原龍城綠地植物園有限公司 ("**Taiyuan Longcheng**")	**5,547**	4,866
Total	**25,653**	21,330

21. Biological Assets

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

The value of plants and saplings was:

	2024	2023
	RMB'000	RMB'000
Plants and saplings	**30,336**	31,429

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. 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 Chinese Mainland.

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 opinion of the Company's directors.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's Biological assets:

	Fair value measurement as at 31 December 2024 using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Biological assets	**—**	**30,336**	**—**	**30,336**

	Fair value measurement as at 31 December 2023 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Biological assets	—	31,429	—	31,429

During the year, 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.

22. Trade Receivables

	2024 RMB'000	2023 RMB'000
Trade receivables	**532,749**	526,752
Impairment	**(482,952)**	(370,108)
Net carrying amount	**49,797**	156,644

As at 1 January 2023, trade receivables amounted to RMB302,964,000.

The Group's trading terms with its customers are mainly on credit. The credit period is usually one year. 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 does not hold any collateral or other credit enhancements over its trade receivable balances.

Included in the Group's gross trade receivables are amounts due from the Group's joint ventures of RMB98,349,000 (2023: RMB85,701,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the past due date and net of loss allowance, is as follows:

	2024 RMB'000	2023 RMB'000
Current	**14,294**	65,710
Past due within 1 year	**23,267**	9,283
Past due 1 to 2 years	**3,363**	27,555
Past due 2 to 3 years	**5,880**	20,090
Past due over 3 years	**2,993**	34,006
Total	**49,797**	156,644

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	**370,108**	317,394
Impairment losses, net *(note 6)*	**112,844**	73,516
Amount written off as uncollectible	**–**	(20,802)
At end of year	**482,952**	370,108

22. Trade Receivables (Continued)

The increase (2023: increase) in the loss allowance of RMB112,844,000 (2023: RMB52,714,000) as result of an increase in historical loss rate (2023: increase in trade receivables which were past due for over three years).

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for various customer segments with similar loss patterns (i.e., by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2024

		Past due				
	Current	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	23.4%	64.7%	71.7%	85.3%	99.2%	
Gross carrying amount (RMB'000)	18,662	65,925	11,867	39,875	396,420	532,749
Expected credit losses (RMB'000)	4,368	42,658	8,504	33,995	393,427	482,952

As at 31 December 2023

		Past due				
	Current	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	5.5%	21.8%	30.9%	56.4%	90.5%	
Gross carrying amount (RMB'000)	69,536	11,867	39,875	46,025	359,449	526,752
Expected credit losses (RMB'000)	3,826	2,584	12,320	25,935	325,443	370,108

Details of impairment assessment of trade receivables are set out in note 42.

23. Contract Assets

	31 December 2024 RMB'000	31 December 2023 RMB'000	1 January 2023 RMB'000
Contract assets arising from:			
Construction services	**1,108,665**	1,086,057	1,360,021
Impairment	**(414,951)**	(392,735)	(246,154)
	693,714	693,322	1,113,867
Less: Non-current portion of contract assets	**233,359**	247,852	271,002
Current portion of contract assets	**460,355**	445,470	842,865

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. Upon completion of construction and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. Contract assets, that are not expected to be settled within the Group's normal operating cycle, are classified as current and non-current based on expected settlement dates.

The Group's construction contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits range from 5% to 10% of total contract sum as part of its credit risk management policies.

The Group also typically agrees to a retention period ranging from 1 year to 3 years for 1% to 5% of the completion of the construction work. This amount is included in non-current portion of contract assets.

The decrease in contract assets in 2023 was the result of the increase provision for the impairment at the end of each of years.

Contract assets of RMB332,710,000 (2023: RMB436,324,000) are pledged to secure a bank loan granted.

During the year ended 31 December 2024, impairment of RMB22,216,000 (2023: RMB146,581,000) was recognised for expected credit losses on contract assets.

23. Contract Assets (Continued)

The expected timing of recovery or settlement for contract assets as at 31 December is as follows:

	2024 RMB'000	2023 RMB'000
Within one year	460,355	445,470
More than one year	233,359	247,852
Total contract assets	693,714	693,322

The movements in the loss allowance for impairment of contract assets are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	392,735	246,154
Impairment losses, net	22,216	146,581
At end of year	414,951	392,735

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on the days past due for various customers with similar loss patterns (i.e., by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

	2024	2023
Expected credit loss rate	37.43%	36.16%
Gross carrying amount (RMB'000)	1,108,665	1,086,057
Expected credit losses (RMB'000)	414,951	392,735

Included in the Group's contract assets are amounts with the Group's joint ventures of RMB274,715,000 as at 31 December 2024 (31 December 2023: RMB286,738,000).

Details of impairment assessment of contract assets are set out in note 42.

24. Prepayments, Other Receivables and Other Assets

	2024 RMB'000	2023 RMB'000
Prepayments	**18,114**	345
Deposits and other receivables	**473,120**	466,368
	491,234	466,713
Impairment allowance	**(62,441)**	(57,051)
	428,793	409,662
Less: Non-current portion disclosed as long-term receivables	**301,896**	349,766
Current portion of prepayments, other receivables and other assets	**126,897**	59,896

Deposits and other receivables mainly represent construction deposits, receivables resulted from the disposal of a subsidiary in previous year and joint ventures. Expected credit losses are estimated by considering the credit risk stage, the payment term arrangement and the collateral provided.

Receivable resulted from the disposal of a subsidiary of RMB20,000,000 in previous year was secured by 35,920,957 shares of the Company held by the debtor. A provision of RMB20,000,000 was made as at 31 December 2024 (31 December 2023: RMB16,419,000).

Amount due from related parties are non-trade related, unsecured interest free and repayable on demand. Further details are set out in note 39(d) to these consolidated financial statements.

The movements in the loss allowance for impairment of other receivables and prepayments are as follows:

	2024 RMB'000	2023 RMB'000
At 1 January	**57,051**	29,411
Impairment losses, net *(note 6)*	**8,883**	29,133
(Reversal of)/impairment of prepayments *(note 6)*	**(3,493)**	2,400
Written off prepayments as uncollectible *(note 6)*	**—**	(3,893)
	62,441	57,051

Details of impairment assessment of prepayments, other receivables and other assets are set out in note 42.

25. Cash and Cash Equivalents and Restricted Bank Balances

	2024 RMB'000	2023 RMB'000
Cash and bank balances	**1,801**	6,227
Restricted bank balances	**13,250**	25,400
Subtotal	**15,051**	31,627
Less: Frozen bank balances	**(8,257)**	(20,481)
Restricted bank balances	**(4,993)**	(4,919)
Cash and cash equivalents	**1,801**	6,227

As at 31 December 2024, certain bank accounts of RMB8,257,000 (31 December 2023: RMB20,481,000) were frozen by certain courts for preservation.

As at 31 December 2024, certain bank accounts of RMB4,993,000 (31 December 2023: RMB4,919,000) were restricted for construction contracts.

At the end of the reporting period, the cash and bank balances of the Group denominated in United States dollars ("**US$**") and HK$ amounted to RMB468,000 and RMB2,000 (2023: RMB468,000 and RMB83,000), respectively. The RMB is not freely convertible into other currencies, however, under Chinese Mainland'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.

Details of impairment assessment of cash and cash equivalents and restricted bank balances are set out in note 42.

26. Corporate Bonds

	2024 RMB'000	2023 RMB'000
Corporate bonds	**113,407**	212,481

The principal amount of the Group's corporate bonds amounting to US$30,000,000 issued to Greenland Financial, bore interest rate of 12% per annum and were secured by 43% equity interests in Greenstate Times International Company Limited and Greenstate International Company Limited (both of foregoing companies are subsidiaries of the Company) with maturity date on 15 January 2024.

On 27 September 2023, the Group and Greenland Financial entered into an agreement, pursuant to which the Group agreed to allot and issue 1,979,000,000 Company's ordinary shares to Greenland Financial at a price of HK$0.1 per ordinary share for settlement of an aggregate amount of HK$197,900,000 (equivalent to RMB179,341,000) out of the total outstanding corporate bonds, including accrued interest, payable to Greenland Financial.

On 5 January 2024, the Group and Greenland Financial entered into a deed of consent, pursuant to which the Group allotted and issued 1,979,000,000 Company's ordinary shares to Greenland Financial at an issue price of HK$0.1 per share on 3 January 2024 for settlement of the principal amount of US$14,708,000 (equivalent to RMB104,172,000), and interest accrued as at 3 January 2024. The remaining amount of corporate bonds of US$15,292,000 (equivalent to RMB108,309,000) bears interest at 12% per annum and the maturity date was extended to 15 January 2027.

During the year, in respect of a corporate bonds with a carrying amount of RMB113,407,000 as at 31 December 2024, the Group breached certain of the terms of the agreement, which are primarily related to the non-payment of interest when due. Since the lender has agreed to waive its right to demand immediate payment as at the end of the reporting period, the Group has the right to defer settlement for at least twelve months after the reporting period and the corporate bonds is classified as non-current.

27. Trade and Bills Payables

An ageing analysis of the trade and bills payables as at the end of reporting period, based on the transaction date, is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	**3,486**	12,115
1 to 2 years	**3,976**	91,054
Over 2 years	**566,621**	512,799
Total	**574,083**	615,968

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.

28. Other Payables and Accruals

	Notes	2024 RMB'000	2023 RMB'000
Contract liabilities	*(a)*	**94,286**	95,039
Other tax payable		**156,190**	148,044
Interest payable		**41,735**	81,667
Other payables	*(b), (c)*	**145,661**	82,838
Deposits from sub-contractors		**3,795**	3,795
Staff payroll and welfare payables		**8,153**	7,314
Subtotal		**449,820**	418,697
Less: Contract liabilities classified as other non-current liabilities		**92,526**	92,526
Current portion of other payables and accruals		**357,294**	326,171

(a) Details of contract liabilities are as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000	1 January 2023 RMB'000
Construction services	**94,286**	95,039	354,263

The decrease in contract liabilities in 2023 was mainly due to the decrease in short-term advances received from customers in relation to the provision of construction services.

(b) Other payables are non-interest-bearing, unsecured, and are repayable on demand.

(c) Amounts due to related parties are non-interest-bearing, unsecured, and are repayable on demand. Further details are set out in note 39(d) to these consolidated financial statements.

29. Interest-Bearing Bank and Other Borrowings

		2024			2023		
	Notes	Weighted effective interest rate (%)	Maturity	RMB'000	Weighted effective interest rate (%)	Maturity	RMB'000
Current							
Other loans — unsecured	*(a)*	—	—	—	12.0	2024	14,803
Other loans — unsecured	*(d)*	12	on demand	15,800	12.0	on demand	15,800
Other loans — unsecured	*(d)*	7.2	on demand	4,620	7.2	on demand	4,620
Other loans — unsecured	*(d)*	8.0	on demand	25,670	8.0	on demand	25,670
Other loans — unsecured	*(d)*	12.0	on demand	10,379	12.0	2024	37,679
Other loans — unsecured	*(c)*	—	2025	8,196	—	2024	5,814
Other loans — unsecured		8	2025	33,414	8.0	2024	15,352
bank loans — secured and guaranteed (2023: current portion)	*(a)(ii), (e)*	7.2	on demand	147,035	7.2	2024	24,500
bank loans — secured and guaranteed	*(b)*	6.0	on demand	63,250	6.0	2024	63,400
bank loans — secured and guaranteed	*(b)*	4.8	on demand	32,830	4.8	2024	32,840
Other loans — secured		8.0	2025	9,960	8.0	—	—
Other loans — secured		8.0	2025	3,193	—	—	—
Total — current				354,347			240,478
Non-current							
Bank loans — secured and guaranteed	*(a)(ii), (e)*	—	—	—	7.2	2025–2030	134,864
Other loans — secured	*(a)(i)*	8.0	2026	66,800	8.0	2026	62,000
Other loans — unsecured		8.0	2026	134,242	8.0	2026	124,596
Other loans — unsecured		—	—	—	8.0	2025	9,240
Other loans — unsecured		—	—	—	8.0	2025	2,962
Other loans — unsecured	*(c)*	—	2038	21,138	—	2038	21,337
Total — non-current				222,180			354,999
Total				576,527			595,477

29. Interest-Bearing Bank and Other Borrowings (Continued)

The carrying amounts of borrowings are denominated in the following currencies:

	2024 RMB'000	2023 RMB'000
RMB	**550,693**	557,023
US$	**25,834**	38,454
Total	**576,527**	595,477

An analysis of the carrying amounts of borrowings by type of interest rate is as follows:

	2024 RMB'000	2023 RMB'000
Fixed interest rate	**480,447**	499,237
Variable interest rate	**96,080**	96,240
Total	**576,527**	595,477

	2024 RMB'000	2023 RMB'000
Analysed into:		
Bank borrowings repayable:		
Within one year or on demand	**243,115**	120,740
In the second year	**–**	24,500
In the third to fifth years, inclusive	**–**	73,500
Beyond five years	**–**	36,864
Subtotal	**243,115**	255,604
Other borrowings repayable:		
Within one year or on demand	**111,232**	119,738
In the second year	**201,042**	12,202
In the third to fifth years, inclusive	**–**	186,596
Beyond five years	**21,138**	21,337
Subtotal	**333,412**	339,873
Total	**576,527**	595,477

29. Interest-Bearing Bank and Other Borrowings (Continued)

(a) Certain of the Group's borrowings were secured and guaranteed by the following:

i. Other borrowing was secured by the Group's interest in 4,300,000 shares of Shanghai H-fast Electronic Technology Co., Ltd. (note 19).

ii. Bank borrowing of the Group was secured by contract assets (note 23) and guaranteed by an independent third party.

(b) Bank borrowing of RMB96,080,000 (2023: RMB96,240,000) was secured by a building of the Group with net book value of RMB101,167,000 (2023: RMB106,695,000). During the year ended 2024, the Group breached certain of the terms of the bank loan, which are primarily related to repayment of loan. The terms of the loan has been renegotiated and concluded under Shanghai Commercial Mediation Centre. Certain terms of the new negotiation that related to the repayment of fees charged paid on behalf by the bank has been breached. Subsequently, the loan has been classified as a current liability as at 31 December 2024. Up to the date of these reports, the fees charged has been settled. Since the lender has not agreed to waive its right to demand immediate payment as at the end of the reporting period, the loan has been classified as a current liability as at 31 December 2024. Up to the date of these reports the negotiations are still in progress.

(c) Other borrowing of RMB29,334,000 is due to a shareholder with unsecured and non-interest-bearing. During the year ended 2024, the Group breached certain of the terms of the other loan, which are primarily related to repayment of loan and the lender has agreed to waive its right to demand immediate payment. Since the lender has agreed to waive its right to demand immediate payment as at the end of the reporting period, the loan has been classified as a current and non-current and liability base on maturity date as at 31 December 2024.

(d) During the year ended 2024, the Group breached certain of the terms of the other loan, which are primarily related to the repayment of loan. On discovery of the breach, the directors of the Company informed the lender and commenced a renegotiation of the terms of the loan with the relevant lender. As at 31 December 2024, those negotiations had not been concluded. Since the lender has not agreed to waive its right to demand immediate payment as at the end of the reporting period, the loan has been classified as a current liability as at 31 December 2024. Up to the date of these reports, the negotiations are still in progress.

(e) During the year ended 2024, the Group breached certain of the terms of the bank loan, which are primarily related to repayment of loan. On discovery of the breach, the directors of the Company informed the lender and commenced a renegotiation of the terms of the loan with the relevant banker. As at 31 December 2024, those negotiations had not been concluded. Since the lender has not agreed to waive its right to demand immediate payment as at the end of the reporting period, the loan has been classified as a current liability as at 31 December 2024. Up to the date of these reports, the negotiations are still in progress.

30. Deferred Tax

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	2024			
	Right-of-use assets RMB'000	Intangible asset RMB'000	Fair value adjustment at fair value through profit or loss RMB'000	Total RMB'000
At 1 January 2024	4,620	3,750	5,921	14,291
Deferred tax credited to the statement of profit or loss during the year *(note 10)*	(693)	(342)	(5,916)	(6,951)
Gross deferred tax liabilities at 31 December 2024	3,927	3,408	5	7,340

Deferred tax assets

	2024		
	Impairment of financial and contract assets RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2024	58,640	4,620	63,260
Deferred tax credited/(charged) to the statement of profit or loss during the year *(note 10)*	29,044	(693)	28,351
Gross deferred tax assets at 31 December 2024	87,684	3,927	91,611

30. Deferred Tax (Continued)

Deferred tax liabilities

	2023			
	Right-of-use assets RMB'000	Intangible asset RMB'000	Fair value adjustment at fair value through profit or loss RMB'000	Total RMB'000
At 1 January 2023	—	4,093	6,076	10,169
Deferred tax charged/(credited) to the statement of profit or loss during the year *(note 10)*	4,620	(343)	(155)	4,122
Gross deferred tax liabilities at 31 December 2023	4,620	3,750	5,921	14,291

Deferred tax assets

	2023			
	Impairment of financial and contract assets RMB'000	Lease liabilities RMB'000	Other temporary differences RMB'000	Total RMB'000
At 1 January 2023	84,019	—	(228)	83,791
Deferred tax (charged)/credited to the statement of profit or loss during the year *(note 10)*	(25,379)	4,620	228	(20,531)
Gross deferred tax assets at 31 December 2023	58,640	4,620	—	63,260

30. Deferred Tax (Continued)

Deferred tax assets (Continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**87,684**	58,640
Net deferred tax liabilities recognised in the consolidated statement of financial position	**3,413**	9,671

Deferred tax assets have not been recognised in respect of the following losses and deductible temporary differences as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Deferred tax assets have not been recognised in respect of the following items:

	2024 RMB'000	2023 RMB'000
Tax losses	**495,164**	468,971
Deductible temporary differences	**359,295**	420,646
Total	**854,459**	889,617

At 31 December 2024, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries and joint ventures established in Chinese Mainland. In the opinion of the directors, it is not probable that these subsidiaries and joint ventures will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries and joint ventures in Chinese Mainland for which deferred tax liabilities have not been recognised totalled approximately RMB161,177,000 (2023: RMB155,402,000).

At the end of the reporting period, the Group has unused tax losses of approximately RMB 41,112,000 (2023: RMB 42,078,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the remaining approximately RMB 41,112,000 (2023: RMB 42,078,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately RMB 41,112,000 (2023: RMB 42,078,000) with expiry dates as disclosed in the following table. Other losses may be carried forward indefinitely.

30. Deferred Tax (Continued)

Deferred tax assets (Continued)

	2024	2023
	RMB'000	RMB'000
2024	**–**	4,186
2025	**1,780**	1,780
2026	**2,298**	2,298
2027	**1,746**	1,746
2028	**32,068**	32,068
2029	**3,220**	–
	41,112	42,078

31. Share Capital

Shares

	2024	2023
	RMB'000	RMB'000
Issued and fully paid:		
5,821,809,957 (2023: 3,342,536,957) ordinary shares of HK$0.025 each	**122,715**	66,396

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

	Number of shares in issue	**Share capital**
		RMB'000
At 1 January 2023, 31 December 2023, 1 January 2024	3,342,536,957	66,396
Issue of shares on settlement of corporate bond *(note 26)*	1,979,000,000	44,955
Issue of shares on settlement of borrowings	500,273,000	11,364
	5,821,809,957	122,715

The condition of Settlement Agreement has been fulfilled on 5 January 2024 and 300,796,510 and 199,476,490 Settlement Shares were duly allotted and issued as fully-paid by the Company to Inscription Capital and Easten Capital respectively at the Issue Price of HK$0.1 per Settlement Share.

32. Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 91 of the financial statements.

(1) Capital reserve

The capital reserve of the Group represents deemed contribution arising from difference between the then fair value and the principal amount of the interest-free borrowing advanced from the shareholder of the Company for the year ended 31 December 2024.

(2) Statutory reserve

(a) Statutory surplus reserve

In accordance with the PRC Company Law and the relevant articles of association, each of the Company and its subsidiaries established in the PRC (the "**PRC Group Entities**") is required to set aside 10% of its profit after tax as determined in accordance with the relevant accounting principles and financial regulations applicable to the PRC companies ("**PRC GAAP**") and regulations applicable to the PRC Group Entities, to the statutory reserve funds until such reserve reaches 50% of the registered capital of the relevant PRC Group Entities. The appropriation to the reserve must be made before any distribution of dividends to the equity holders before reaching 50% threshold mentioned above. The statutory surplus reserve can be used to offset previous years' losses, if any, and part of the statutory surplus reserve can be capitalised as the relevant PRC Group Entities' share capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the share capital of the relevant PRC Group Entities.

(b) Special reserve account

Pursuant to certain regulations issued by the Ministry of Finance and the State Administration of Work Safety of the PRC, the subsidiaries of the Company which are engaged in construction are required to set aside an amount of certain percentage of revenue to a safety fund. The safety fund can be used for safety facilities and environment improvement and is not available for distribution to shareholders. Upon incurring qualifying safety expenditure, an equivalent amount should be transferred from safety fund to retained earnings.

33. Share Option Scheme

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

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

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

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their joint ventures, 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 joint ventures, 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 HK$5 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 HK$1 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.

The Series II has expired as at 25 June 2024. No further options have been granted under the Share Option Schemes and all options granted have lapsed and no options have been exercised under the Share Option Schemes. Both schemes expired as at 31 December 2024.

As at 31 December 2023, there was no shares could be issued in respect of the options granted under the Series I and Series II.

34. Partly-Owned Subsidiaries with Material Non-Controlling Interests

Details of the Group's subsidiary that has material non-controlling interests are set out below:

	2024 RMB'000	2023 RMB'000
Percentage of equity interest held by non-controlling interests:		
商河綠地博大綠泉建設有限公司 ("**Shanghe Greenland**")	**12%**	12%
Profit/(loss) for the year allocated to non-controlling interests:		
Shanghe Greenland	**1,653**	(5,122)
Accumulated balances of non-controlling interests at the reporting date:		
Shanghe Greenland	**10,123**	8,470

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	2024 RMB'000	2023 RMB'000
Total profit/(expense)	**13,772**	(42,682)
Profit/loss for the year	**13,772**	(42,682)
Total comprehensive profit/(loss) for the year	**13,772**	(42,682)
Current assets	**181,367**	135,952
Non-current assets	**11,186**	40,580
Current liabilities	**(108,198)**	(105,949)
Net cash out flows from operating activities	**(2)**	(2)
Net decrease in cash and cash equivalents	**(2)**	(2)

During 2023, a sub-contractor of the Group filed a claim to the People's Court against the Group an additional payment of construction costs and the interest arising from overdue payment of construction costs of approximately RMB1,733,000. The 30% equity interest of the Group in Shanghe Greenland was frozen by the court for the case as at 31 December 2024 and 2023. In the opinion of the directors, the Group has made sufficient provision for the legal case and do not expect it would have significant impact on the Group's financial position.

35. Notes to the Consolidated Statement of Cash Flows

(a) Changes in liabilities arising from financing activities

	Bank and other borrowings RMB'000	Lease liabilities RMB'000	Corporate bonds RMB'000
At 1 January 2024	**595,477**	**26,543**	**212,481**
Changes from financing cash flows	**(3,163)**	**—**	**—**
Foreign exchange difference	**(529)**	**—**	**6,859**
Interest expense	**44,804**	**811**	**12,597**
Settlement by issues of shares	**(42,777)**	**—**	**(101,848)**
Loss on modification of financial liabilities that do not result in derecognition, net	**4,269**	**—**	**—**
Loss/(gain) on settlement of financial liabilities	**2,679**	**—**	**(4,085)**
Interest payable classified as other payables	**(24,233)**	**—**	**(12,597)**
At 31 December 2024	**576,527**	**27,354**	**113,407**

	Bank and other borrowings RMB'000	Lease liabilities RMB'000	Corporate bonds RMB'000
At 1 January 2023	581,216	25,253	207,286
Changes from financing cash flows	(51,507)	—	—
Foreign exchange difference	4,356	—	5,195
Interest expense	35,646	1,290	26,608
Loss arising from debt restructuring	35,866	—	—
Interest payable classified as other payables	(10,100)	—	(26,608)
At 31 December 2023	595,477	26,543	212,481

(b) Total cash outflow for leases

	2024 RMB'000	2023 RMB'000
Within operating activities	**102**	465

36. Contingent Liabilities

(a) Guarantees given to banks in connection with facilities granted to joint ventures

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

	2024 **RMB'000**	2023 RMB'000
Guarantees given to banks in connection with facilities granted to joint ventures *(i)*	**391,186**	412,900
Guarantees given to banks in connection with facilities granted to former joint venture *(ii)*	**99,000**	99,000
	490,186	511,900

(i) The Group's guarantees given to banks in connection with facilities are granted to joint ventures Quanzhou Haixi, Qishan Taiping, and Zhaoqing Park. No provision has been made by the Group in respect of the guarantee granted because the bank borrowings of joint ventures were secured by the contract assets, trade receivables and the rights to payments from their customers.

(ii) The Group's guarantees given to banks in connection with facilities are granted to former joint ventures 固始綠地博大綠澤南湖文化有限公司 ("Gushi Nanhu"), which was disposed during the year ended 2023. No provision has been made by the Group in respect of the guarantee granted because the bank borrowings of former joint ventures were secured by the contract assets, trade receivables and the rights to payments from their customers.

(b) Pending litigation

Up to the date of this report, the Group had pending litigations originated from claims of several subcontractors for settlements of outstanding contract amounts of RMB40,020,000. The Group has made provision for the pending litigations. Having taken into account the legal counsel advices, the directors of the Company consider that no additional provision is required.

37. Pledge of Assets

Details of the Group's assets pledged for the Group's bank loans and other borrowings, for bank loans granted to joint ventures, and as performance bonds for construction contracts are included in notes 13, 19, 23, 25 and 29, respectively, to the financial statements.

38. Commitments

The Group had the following commitments provided to joint ventures (including the Group's share of commitments made jointly with other joint venturers):

	2024 RMB'000	2023 RMB'000
Capital contribution	**107,266**	107,266

39. Related Party Transactions

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	2024 RMB'000	2023 RMB'000
(a) Provision of construction services to joint ventures:		
Guangan Guanshenghu	**–**	262
Qishan Taiping	**–**	8,802
綿竹綠澤文化旅遊發展有限公司 ("**Mianzhu Greenstate**") *(i)*	**566**	4
Zhaoqing Park	**7,476**	—
(b) Services received from a related company:		
上饒市靚秋財務諮詢服務中心(有限合夥) ("**Shangrao Liangqiu**") *(ii)*	**–**	3,370
(c) Other loans repaid to related parties:		
Eastern Greenstate International Company Limited ("**Eastern Greenstate**") *(iii)*	**(14,803)**	(42,955)
(d) Amounts advanced from/(repaid to) related parties:		
(i) Subsidiaries of Greenland Group		
綠地數字科技有限公司	**1,414**	—
綠地金創科技集團有限公司	**1,488**	—
Greenland Financial *(note (a))*	**993**	45,380
(ii) Former ultimate holding company		
Broad Landscape International Company Limited ("**Broad Landscape International**")	**–**	(605)

Notes:

(a) During the year ended 2024, the Group issued 1,979,000,000 shares for the settlement of corporate bonds of RMB101,848,000, which are non-cash transactions.

(b) During the year ended 2024, the Group issued 500,273,000 shares for the settlement of other borrowings of RMB42,777,000, which are non-cash transactions. Inscription Capital and Easten Capital being a shareholder of the Company thereafter.

39. Related Party Transactions (Continued)

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year: (Continued)

	2024 RMB'000	2023 RMB'000
(d) Amounts advanced to/(repaid from) related companies: (Continued)		
Joint ventures:		
Yuzhou Shenhou	–	11,011
Quanzhou Haixi	(22,237)	10,535
Gushi Nanhu *(i)*	–	(39,908)
中博建設工程集團有限公司 *(i)*	–	(62)
Mianzhu Greenstate *(i)*	4	209
Qishan Taiping	174,751	119,481
Zhaoqing Park	–	(4,454)
Guangan Guanshenghu	608	791
上海六鹿管理諮詢有限公司 ("**Shanghai Liulu**")	–	(20)
Former ultimate holding company:		
Broad Landscape International	–	(568)

These transactions were carried out on terms based on those terms in the ordinary course of business as agreed mutually.

(i) Gushi Nanhu, 中博建設工程集團有限公司 and Mianzhu Greenstate are also the joint ventures of the Group, among which, Gushi Nanhu was disposed during the year ended 31 December 2023.

(ii) Shangrao Liangqiu is an entity which Xiao Li and Wu Zhengping, former directors of the Group, have equity interests in for the year ended 2023.

(iii) Eastern Greenstate is a shareholder of the Company.

(b) Other transactions with related parties:

(i) During the year ended 31 December 2023, the Group used office premises at free of charge with a gross floor area of 100 square metres which were owned by Mr. Wu Jie, a close family member of Mr. Wu Zhengping.

(ii) The interest expenses for corporate bonds paid to Greenland Financial for the year ended 31 December 2024 were RMB12,597,000 (2023: RMB26,608,000). Further details are set out in note 26 to these consolidated financial statements.

39. Related Party Transactions (Continued)

(b) Other transactions with related parties: (Continued)

(iii) On 20 July 2023, Eastern Greenstate, Shanghai Qianlu Investment Management Co., Ltd. ("**Shanghai Qianlu**", a fellow subsidiary of the Group), Shanghai Liulu and the Group entered into an agreement, pursuant to which, Shanghai Qianlu and Shanghai Liulu transferred their receivables from the Group of RMB7,399,000 to Eastern Greenstate.

On 20 July 2023, Eastern Greenstate and the Group entered into an agreement relating to the outstanding principal amount of US$5,000,000 and interests accrued of US$982,000 to be settled before 31 August 2023, and the remaining unsettled amount of principal and interest was adjusted to US$6,000,000, among which the principal amount of US$4,900,000 (equivalent to RMB34,705,000) was interest-free and repayable by annual instalments until 19 July 2038, and the principal amount of US$1,100,000 (equivalent to RMB7,791,000) which was also interest-free would be repayable after 31 December 2024. Principal amount of US$5,000,000 and interests accrued of US$982,000 has been settled on 31 August 2023 by the Group. Eastern Greenstate is a shareholder of the Company. As a result of the aforesaid debt restructuring, the amount of principal and interest on loans was reduced from US$6,000,000 (equivalent to RMB42,880,000) to US$3,379,000 (equivalent to RMB24,147,000) and resulted in a deemed contribution from the shareholder with an amount of RMB18,733,000, which was recognised in capital reserve as at 31 December 2023.

(iv) On 31 May 2023, Shanghai Zhubo Enterprise Management Consulting Center (General Partnership) ("**Shanghai Zhubo**"), Shangrao Liangqiu and the Group entered into an agreement that Shanghai Zhubo transferred its receivable from the Group of RMB16,850,000 to Shangrao Lianqiu.

(c) Details of compensation of key management personnel of the Group are set out in note 8.

39. Related Party Transactions (Continued)

(d) Outstanding balances with related parties:

	2024 RMB'000	2023 RMB'000
1.) Due from related companies		
(a) Gross trade receivables with following related companies		
(i) Joint ventures of the Group:		
Mianzhu Greenstate	78,450	77,825
Zhaoqing Park	6,423	6,423
Guangan Guanshenghu *(note)*	13,476	1,453
(ii) Joint ventures of Greedland Group:		
Xi'an Greenland	68,498	—
Taiyuan Longcheng	43,718	43,718
(iii) Subsidiaries of Greenland Group:		
綠地集團成都青羊房地產開發有限公司	967	—
上海眾鼎商業發展有限公司	60	—
山東綠地泉生態產業有限公司	1,879	—
綠地集團都江堰無舍置業有限公司	3,237	—
綠地集團森茂園林有限公司	2,940	—
綠地集團錫林浩特置業有限公司	1,885	1,885
綠地集團滻灞實業有限公司	1,047	1,047
綠地集團自貢置業有限公司	464	464
綠地集團西安雁南置業有限公司	20	20

Note: During the year ended 31 December 2024, contract asset of RMB12,023,000 has been transferred to trade receivable, which are non-cash transaction.

39. Related Party Transactions (Continued)

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

(i) Zhenping Boda was a joint venture of the Group and was disposed of during the year ended 31 December 2023.

	2024 RMB'000	2023 RMB'000
1) Due from related companies (Continued)		
(b) Gross contract assets with following related companies		
(i) Joint ventures of the Group:		
貴定陽寶山文化旅遊發展有限公司 ("**Guiding Yangbaoshan**")	259,556	259,556
Guangan Guansheng	—	12,023
Zhaoqing Park	11,510	11,510
Mianzhu Greenstate	3,649	3,649
(ii) Joint ventures of Greenland Group:		
Xi'an Greenland	49,715	—
Taiyuan Longcheng	10,890	10,890
(c) Other prepayments, deposits and other receivables with following related companies		
(i) Joint ventures of the Group:		
Qishan Taiping	—	166,488
Quanzhou Haixi	50,801	73,128
Guangan Guanshenghu	1,885	1,277
Mianzhu Greenstate	1,200	1,196
(ii) Subsidiaries of Greenland Group:		
綠地地鐵投資發展有限公司	23,765	23,765
綠地城市投資集團有限公司	21,290	21,290
Shanghai Kaitai	—	2,013
山東綠地泉生態產業有限公司	33,784	—
上海愷泰房地產開發有限公司	3,902	—
(d) Joint ventures of Greenland Group	25,653	—

The balances due from related companies are unsecured, interest-free and repayable on demand.

39. Related Party Transactions (Continued)

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

	2024 RMB'000	2023 RMB'000
2) Due to related companies		
(a) Other payables		
(i) Subsidiaries of Greenland Group:		
Greenland Financial	**46,373**	45,380
上海綠地森茂綠化工程有限公司	**25,185**	17,686
Shangrao Liangqiu	**—**	13,480
Greenland Financial Holdings	**324**	317
Qishan Taiping	**8,263**	—
綠地數字科技有限公司	**1,414**	—
綠地金創科技集團有限公司	**1,488**	—
(ii) Joint venture of the Group:		
鎮平縣博大綠澤生態發展有限公司	**1,920**	1,920
(iii) Joint venture of the Greenland Group:		
Xi'an Greenland	**30,000**	—
(b) Interest-bearing bank and other borrowing		
Inscription Capital Holdings Limited *(note)*	**29,334**	—

Note: *Inscription Capital Holding Limited is a shareholder of the Company after issues of shares for settlement of other borrowing during the year end 31 December 2024.*

These balances due to related companies are unsecured, interest-free and repayable on demand.

	2024 RMB'000	2023 RMB'000
Contract liabilities with following related companies		
Joint ventures of the Group:		
Quanzhou Haixi	**68,933**	68,933
Yuzhou Shenhou	**23,594**	23,594

(e) Guarantees with related companies

	2024 RMB'000	2023 RMB'000
Guarantees for borrowing provided to joint ventures:		
Qishan Taiping	**23,460**	33,900
Quanzhou Haixi	**270,926**	277,300
Zhaoqing Park	**96,800**	101,700

The Group guaranteed certain bank loans provided to joint ventures at no consideration at 31 December 2024 and 2023.

40. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2024

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at fair value through profit or loss RMB'000	Equity investment at fair value through profit or loss RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	—	25,653	—	25,653
Equity investment at fair value through profit or loss	—	—	53,563	53,563
Trade receivables	49,797	—	—	49,797
Financial assets included in prepayments, deposits and other receivables	428,793	—	—	428,793
Cash and cash equivalents	1,801	—	—	1,801
Restricted bank balances	13,250	—	—	13,250
Total	493,641	25,653	53,563	572,857

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Corporate bonds	113,407
Trade and bills payables	574,083
Financial liabilities included in other payables and accruals	199,344
Interest-bearing bank and other borrowings	576,527
Total	1,463,361

40. Financial Instruments by Category (Continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (Continued)

2023

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at fair value through profit or loss RMB'000	Equity investment at fair value through profit or loss RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	—	21,330	—	21,330
Equity investment at fair value through profit or loss	—	—	77,225	77,225
Trade receivables	156,644	—	—	156,644
Financial assets included in prepayments, deposits and other receivables	409,292	—	—	409,292
Cash and cash equivalents	6,227	—	—	6,227
Restricted bank balances	25,400	—	—	25,400
Total	597,563	21,330	77,225	696,118

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Corporate bonds	212,481
Trade and bills payables	615,968
Financial liabilities included in other payables and accruals	175,614
Interest-bearing bank and other borrowings	595,477
Total	1,599,540

41. Fair Value and Fair Value Hierarchy of Financial Instruments

Management has assessed that the fair values of cash and cash equivalents, restricted bank balances, trade receivables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in trade and bills payables and other payables and accruals and interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

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.

Due to the fact that there is no active quoted market price, the fair values of listed equity investments and unlisted equity investments have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as price to book ("**P/B**") multiple and price to earnings ("**P/E**") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit and loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

41. Fair Value and Fair Value Hierarchy of Financial Instruments (Continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a sensitivity analysis as at 31 December 2024 and 2023:

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of fair value to the input
Listed equity investment	Valuation multiples	Average P/E multiple of peers	25.1 to 88.9 (2023: 18.6 to 30.3)	5% (2023: 5%) increase/ decrease in multiple would result in increase/ decrease in fair value by RMB2,678,000 (2023: RMB4,185,000)
		Discount for lack of marketability	31.4% (2023: 20%)	5% (2023: 5%) increase/ decrease in discount would result in decrease/ increase in fair value by RMB3,890,000 (2023: RMB1,046,000)
Unlisted equity investments	Valuation multiples	Average P/B multiple of peers	0.7 to 11.8 (2023: 0.9 to 1.8)	5% (2023: 5%) increase/ decrease in multiple would result in increase/ decrease in fair value by RMB1,283,000 (2023: 1,093,000)
		Discount for lack of marketability	31.4% (2023: 20%)	5% (2023: 5%) increase/ decrease in discount would result in decrease/ increase in fair value by RMB1,863,000 (2023: 267,000)

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

41. Fair Value and Fair Value Hierarchy of Financial Instruments (Continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	—	—	25,653	25,653
Equity investment at fair value through profit or loss	—	—	53,563	53,563
Total	—	—	79,216	79,216

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	—	—	21,330	21,330
Equity investment at fair value through profit or loss	—	—	77,225	77,225
Total	—	—	98,555	98,555

The movements in fair value measurements within Level 3 during the year are as follows:

	2024 RMB'000	2023 RMB'000
Financial assets and equity investment at fair value through profit or loss at 1 January	98,555	99,716
Total losses recognised in the statement of profit or loss included in other income	(19,339)	(1,161)
At 31 December	79,216	98,555

42. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, restricted bank balances, interest-bearing bank and other borrowings and corporate bonds. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities, such as trade receivables and trade payables, which arise directly from its operations.

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.

Foreign currency risk

The Group's businesses are located in Chinese Mainland and nearly all transactions are conducted in RMB. As most of the Group's assets and liabilities were denominated in RMB, the Group was not subject to significant foreign currency risk as at 31 December 2024. As at 31 December 2024, the Group's assets and liabilities denominated in US$ and HK$ were mainly held by the Company and a subsidiary incorporated outside Chinese Mainland which had HK$ as their functional currency. The Company and the subsidiary incorporated outside Chinese Mainland also held corporate bonds and other borrowings denominated in US$ and other payables 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 US$ and HK$ exchange rates, with all other variables held constant, of the Group's loss before tax and the Group's equity.

	Increase/ (decrease) in rate %	Increase/ (decrease) in loss before tax RMB'000	Increase/ (decrease) in equity* RMB'000
2024			
If HK$ weakens against US$	1	1,490	–
If HK$ strengthens against US$	(1)	(1,490)	–

42. Financial Risk Management Objectives and Policies (Continued)

Foreign currency risk (Continued)

	Increase/ (decrease) in rate %	Increase/ (decrease) in loss before tax RMB'000	Increase/ (decrease) in equity* RMB'000
2023			
If HK$ weakens against US$	1	3,602	—
If HK$ strengthens against US$	(1)	(3,602)	—
If RMB weakens against HK$	1	(280)	—
If RMB strengthens against HK$	(1)	280	—

* *Excluding retained profits.*

The Group's sensitivity to foreign currency has decreased during the year ended 31 December 2024 mainly due to the repayment of USD corporate bond.

Credit risk

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

42. Financial Risk Management Objectives and Policies (Continued)

Credit risk (Continued)

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Contract assets*	—	—	—	1,108,665	1,108,665
Trade receivables*	—	—	—	532,749	532,749
Financial assets included in prepayments, other receivables and other assets					
— Normal**	385,646	—	—	—	385,646
— Doubtful**	—	51,387	54,201	—	105,588
Restricted bank balances	13,250	—	—	—	13,250
Cash and cash equivalents	1,801	—	—	—	1,801
Guarantees given to banks					
— Facilities drawn by joint ventures	391,186	—	—	—	391,186
— Facilities drawn by former joint venture					
— Not yet past due	99,000	—	—	—	99,000
Total	890,883	51,387	54,201	1,641,414	2,637,885

42. Financial Risk Management Objectives and Policies (Continued)

Credit risk (Continued)

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Contract assets*	—	—	—	1,086,057	1,086,057
Trade receivables*	—	—	—	526,752	526,752
Financial assets included in prepayments, other receivables and other assets					
— Normal**	351,022	—	—	—	351,022
— Doubtful**	—	95,321	20,000	—	115,321
Restricted bank balances	25,400	—	—	—	25,400
Cash and cash equivalents	6,227	—	—	—	6,227
Guarantees given to banks					
— Not yet drawn by joint ventures	89,200	—	—	—	89,200
— Facilities drawn by					
— joint ventures not yet past due	412,900	—	—	—	412,900
— former joint venture not yet past due	99,000	—	—	—	99,000
Total	983,749	95,321	20,000	1,612,809	2,711,879

* *For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 22 and 23 to the financial statements, respectively.*

** *The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".*

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 22 to the financial statements.

42. Financial Risk Management Objectives and Policies (Continued)

Credit risk (Continued)

The Group's concentration of credit risk by geographical locations is mainly in PRC, which accounted for 100% (2023: 100%) of the total trade receivables as at 31 December 2024. The Group has concentration of credit risk as 14% (2023: 16.5%) and 65.0% (2023: 67.24%) of the total gross trade receivables was due from the Group's largest customer and the five largest customers respectively within the construction business segment. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

Credit risk on restricted bank deposits and bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for pledged restricted bank deposits and bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on restricted bank deposits and bank balances is considered to be insignificant and therefore no loss allowance was recognised/to specify the amount of impairment made.

For prepayments, other receivables and other assets, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

For financial guarantee contracts, the aggregate amount of outstanding financial guarantees issued to banks in respect of bank facilities granted to joint ventures and former joint ventures that the Group could be required to pay amounted to RMB490,186,000 as at 31 December 2024 (2023: RMB601,100,000). RMB490,186,000 (2023: RMB511,900,000) of the outstanding financial guarantees has been utilised by the joint ventures and former joint venture. The fair value of these financial guarantee, as at dates of initial recognition, were considered insignificant. At the end of the reporting period, the management has performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12m ECL. No loss allowance was recognised in the profit or loss as the amount of the loss allowance was not significant.

42. Financial Risk Management Objectives and Policies (Continued)

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 Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, corporate bonds, lease liabilities and other interest-bearing loans.

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:

Group			**2024**			
	On demand RMB'000	**Less than 3 months RMB'000**	**3 to 12 months RMB'000**	**1 to 5 years RMB'000**	**Over 5 years RMB'000**	**Total RMB'000**
Corporate bonds	**—**	**—**	**—**	**151,197**	**—**	**151,197**
Interest-bearing bank and other borrowings	**325,561**	**—**	**60,458**	**238,536**	**28,220**	**652,775**
Trade and bills payables	**574,083**	**—**	**—**	**—**	**—**	**574,083**
Other payables	**199,344**	**—**	**—**	**—**	**—**	**199,344**
Total	**1,098,988**	**—**	**60,458**	**389,733**	**28,220**	**1,577,399**

Group			2023			
	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Corporate bonds	—	213,459	—	—	—	213,459
Interest-bearing bank and other borrowings	49,590	62,691	142,374	371,051	71,038	696,744
Lease liabilities	5,632	—	3,520	16,895	4,928	30,975
Trade and bills payables	615,968	—	—	—	—	615,968
Other payables	175,614	—	—	—	—	175,614
Total	846,804	276,150	145,894	387,946	75,966	1,732,760

42. Financial Risk Management Objectives and Policies (Continued)

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 manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 31 December 2023.

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 equity attributable to owners of the parent. The gearing ratios as at the end of the reporting period were as follows:

	2024 **RMB'000**	2023 RMB'000
Interest-bearing bank and other borrowings	**576,527**	595,477
Corporate bonds	**113,407**	212,481
Trade and bills payables	**574,083**	615,968
Other payables and accruals	**199,344**	175,614
Less: cash and cash equivalents	**(1,801)**	(6,227)
Net debt	**1,461,560**	1,593,313
Equity attributable to owners of the parent	**116,640**	57,293
Capital and net debt	**1,578,200**	1,650,606
Gearing ratio	**93%**	97%

43. Events After the Reporting Period

On 31 December 2024, the Company and ZDX Energy Development Co., Ltd (the "Vendor") entered into a sale and purchase agreement (the "Agreement") pursuant to which the acquisition of 51.0% of the total issued shares of ZDX Energy International Co., Ltd (the "Target Company") and its subsidiaries (the "Target Group") at a consideration of RMB20.4 million. The Target Group is principally engaged in providing comprehensive O&M services for hydroelectric power stations. On 26 March 2025, the acquisition was completed.

44. Statement of Financial Position of the Company

	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT ASSETS		
Property and equipment	**3**	3
Investments in subsidiaries	**562,901**	562,901
Total non-current assets	**562,904**	562,904
CURRENT ASSETS		
Cash and cash equivalents	**276**	191
Due from subsidiaries	**2,658**	1,956
Total current assets	**2,934**	2,147
CURRENT LIABILITIES		
Corporate bonds	**—**	212,481
Interest-bearing bank and other borrowings	**4,696**	45,091
Other payables and accruals	**370,762**	406,666
Total current liabilities	**375,458**	664,238
NET CURRENT LIABILITIES	**(372,524)**	(662,091)
TOTAL ASSETS LESS CURRENT LIABILITIES	**190,380**	(99,187)
NON-CURRENT LIABILITIES		
Corporate bonds	**113,407**	—
Interest-bearing bank borrowings	**21,138**	21,337
Total non-current liabilities	**134,545**	21,337
Net assets/(liabilities)	**55,835**	(120,524)
EQUITY		
Share capital	**122,715**	66,396
Other reserves	**(66,880)**	(186,920)
Net assets/(liabilities)	**55,835**	(120,524)

44. Statement of Financial Position of the Company (Continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium account RMB'000	Other reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 31 December 2022 and 1 January 2023	151,609	3,471	(15,020)	(240,891)	(100,831)
Total comprehensive loss for the year	—	—	(11,360)	(74,729)	(86,089)
At 31 December 2023	151,609	3,471	(26,380)	(315,620)	(186,920)
At 31 December 2023 and 1 January 2024	**151,609**	**3,471**	**(26,380)**	**(315,620)**	**(186,920)**
Total comprehensive income/(loss) for the year	**168,957**	**—**	**(20,174)**	**(28,743)**	**120,040**
At 31 December 2024	**320,566**	**3,471**	**(46,554)**	**(344,363)**	**(66,880)**

45. Comparative Figures

Certain other comparative figures have been reclassified to conform with the current year's presentation and disclosures.

46. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 31 March 2025.

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

"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 Charge"	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 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 as amended from time to time contained in Appendix C1 to the Listing Rules
"China" or the "People's Republic of China"	the People's Republic of China excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the People's Republic of China 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

"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 Shareholders"	has the meaning ascribed to it under the Listing Rules
"Conversion"	the subscription of the Conversion Shares by Greenland Financial in settlement of the corresponding amounts of outstanding and overdue indebtedness owed by the Company to Greenland Financial, pursuant to the terms of the Conversion Agreement
"Conversion Agreement"	the conversion agreement entered into between the Company and Greenland Financial in relation to the Conversion
"Conversion Completion"	the completion of the Conversion
"Conversion Shares"	a total of 1,979,000,000 new Shares to be allotted and issued by the Company to Greenland Financial pursuant to the Conversion Agreement
"Creditors"	Inscription Capital and Easten Capital
"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
"Directors"	director(s) of the Company
"Easten Capital"	Easten Capital Holdings Limited, a company incorporated under the laws of the BVI, which is beneficially wholly owned by Mr. Tu Guoqin (屠國勤), an Independent Third Party, not a Shareholder or a party acting in concert with Greenland Financial
"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 People's Republic of China
"Greenland Financial"	Greenland Financial Overseas Investment Group Co., Ltd. (綠地金融海外投資集團有限公司), a company incorporated under the laws of the BVI, an indirectly wholly-owned subsidiary of Greenland

"Greenstate International"	Greenstate International Company Limited (綠澤國際有限公司), a company incorporated in Hong Kong with limited liability on 12 November 2013 and a wholly-owned subsidiary of the Company
"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
"Group"	the Company and its subsidiaries
"HK$" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Parties"	a person(s) or company(ies) who/which is or are independent of and not connected (within the meaning of the Listing Rules) with the Company and our connected persons
"Inscription Capital"	Inscription Capital Holdings Limited, a company incorporated under the laws of the BVI, which is beneficially wholly owned by Mr. Zhu Hanhao (朱晗皓), an Independent Third Party, not a Shareholder or a party acting in concert with Greenland Financial
"Listing"	listing of the Shares on the Main Board of the Stock Exchange
"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 C3 of the Listing Rules
"Nomination Committee"	the nomination committee of the Company
"PPP"	Public-Private Partnership
"Prospectus"	the prospectus of the Company dated 30 June 2014 issued in connection with the initial public offering and listing of shares of the Company on the main board of Stock Exchange on 21 July 2014
"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

Definitions (Continued)

"Renminbi" or "RMB"	the lawful currency of China
"Reporting Period"	for the year ended 31 December 2024
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"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. Such Share Option Scheme has expired on 25 June 2024
"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 annual 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.