



**China Greenland Broad Greenstate Group Company Limited**

**中國綠地博大綠澤集團有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock code : 1253)

*Interim Report*  
**2017**



博

博採眾長  
Eclectic

大

大有作為  
Accomplishment

精

精益求精  
Excelsior

深

深生不息  
Continuous  
Succession





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# Corporate Information

## COMPANY NAME

China Greenland Broad Greenstate Group  
Company Limited

## PLACE OF LISTING OF SHARES

The Stock Exchange of Hong Kong Limited — main board

## STOCK CODE

1253

## STOCK NAME

GREENLAND BROAD

## BOARD OF DIRECTORS

### Executive Directors

Mr. Wu Zhengping (*Chairman and chief executive officer*)  
Ms. Xiao Li (*Deputy general manager*)  
Ms. Zhu Wen (*Administrative manager*)  
Ms. Chen Min (*Deputy financial controller*)  
(*appointed on 13 April 2017*)

### Independent Non-executive Directors

Mr. Dai Guoqiang  
Mr. Zhang Qing  
Dr. Jin Hexian

## COMPANY SECRETARY

Ms. Ho Siu Pik, *FCIS, FCS(PE)*

## AUTHORIZED REPRESENTATIVES

Ms. Zhu Wen  
Ms. Ho Siu Pik

## AUDIT COMMITTEE

Mr. Zhang Qing (*Chairman*)  
Mr. Dai Guoqiang  
Dr. Jin Hexian

## REMUNERATION COMMITTEE

Dr. Jin Hexian (*Chairman*)  
Mr. Dai Guoqiang  
Ms. Zhu Wen

## NOMINATION COMMITTEE

Mr. Dai Guoqiang (*Chairman*)  
Ms. Xiao Li  
Dr. Jin Hexian

## REGISTERED OFFICE

The offices of Maples Corporate Services Limited  
PO Box 309, Uglan House  
Grand Cayman, KY1-1104  
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Floor 8, Hong Quan Building  
No. 1357, Mei Chuan Road  
Putuo District  
Shanghai, PRC

## PLACE OF BUSINESS IN HONG KONG

Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## HONG KONG LEGAL ADVISOR

Morrison & Foerster  
33/F, Edinburgh Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

## AUDITOR

Ernst & Young  
22/F, CITIC Tower  
1 Tim Mei Avenue  
Central  
Hong Kong

## *Corporate Information (Continued)*

### **CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Maples Fund Services (Cayman) Limited  
PO Box 1093  
Boundary Hall  
Cricket Square  
Grand Cayman, KY1-1102  
Cayman Islands

### **HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE**

Tricor Investor Services Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### **PRINCIPAL BANK**

Bank of Shanghai Changning Branch

### **COMPANY WEBSITE**

[www.greenland-broadgreenstate.com.cn](http://www.greenland-broadgreenstate.com.cn)



## Financial Summary

### For the six months ended 30 June

	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)	Change RMB'000	%
Revenue	759,197	430,281	328,916	76.4
Gross profit	213,971	148,523	65,448	44.1
Profit before taxation	142,260	109,373	32,887	30.1
Net profit attributable to owners of the Parent	102,746	79,528	23,218	29.2

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)	Change RMB'000	%
Total assets	3,068,780	1,811,454	1,257,326	69.4
Total equity attribute to owners of the Parent	777,771	651,117	126,654	19.5

### For the six months ended 30 June

	2017 (Unaudited)	2016 (Unaudited)
<b>Profitability ratio (%)</b>		
Gross profit margin	28.2	34.5
Net profit margin	13.3	18.5
Return on assets	3.3	5.1
Return on equity	11.9	13.4

	30 June 2017 (Unaudited)	31 December 2016 (Unaudited)
<b>Working capital data</b>		
Current ratio (time)	1.1	1.1
Gearing ratio (%)	68.2	58.1

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Current ratio (time)	1.1	1.1
Gearing ratio (%)	68.2	58.1

# Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors of China Greenland Broad Greenstate Group Company Limited and its subsidiaries, I am pleased to present to our shareholders the unaudited consolidated interim results of the Group for the six months ended 30 June 2017. After Greenland Group, a Global Fortune 500 Companies, increased their holdings in the Group to 29.66% in 2016 and became the Group's most important strategic shareholder, China Greenland Broad Greenstate Group Company Limited has officially entered into the new development stage.

During the Reporting Period, the Group completed 2 large-scale projects, contracted 2 new large-scale projects and recorded a total revenue of RMB759.2 million, recording a growth of 76.4% over the same period in 2016. The Group recorded a gross profit and a gross profit margin of RMB214.0 million and 28.2% respectively, and a net profit of RMB100.6 million, which satisfied our expectation and was encouraging.

## MARKET REVIEW

China economy is growing steadily, urbanization construction, municipal landscaping and greening industry are all continuously expanding, whereas the real estate landscaping and tourism landscaping are on a rapid rise, indicating China's landscaping industry has entered into a rapid growth period.

Since 2014, the first year of Public-Private Partnership ("PPP") development, more enterprises began to adopt conservative, eco-type and functional development, to divert resources, technology and human resources to large-scale ecological construction PPP projects, in order to consolidate their niche position in the industry. Among which, landscaping PPP projects that are for the benefit of general public, continue to benefit from the development of eco-city, Beautiful China and sponge city, maintain high development speed and busy pipelines, the industry is expected to maintain good development momentum. Against the backdrop of stable growth and local government debt pressures, PPP being the model with strong government support, its regulatory and legislative rhythm is expected to accelerate. With the standardization and operation model gradually matures, the participation eagerness of credible and capable social capitals will be boosted. The Group, being the strategic partner of Greenland Group, will be able to demonstrate greater synergic competitiveness to actively seize the market and promote future development.

## Focusing on the Construction of Ecological Civilization through Strategic Transformation

In recent years, the new development concepts of "Innovation, Coordination, Green, Open, Sharing" being promoted by Chinese government enjoys popular support, the importance of ecological civilization has gradually been reflected. "Seedling cultivation, landscaping design, construction, green conservation" business of traditional landscape greening enterprises has become the downstream industry within ecological construction business chain. "Ecological restoration + Landscaping" has become the main structure of the current industry and is prospering upon the industry growth. Enterprises need to have better research and development abilities, technological capabilities, and the construction skills to stand firm in the industry. By the end of 2016, the Group began to propose a strategic transformation, aiming at the comprehensive adjustment of business, operations and strategic deployment for the transformation of ecological civilization construction industry.



## *Chairman's Statement (Continued)*

### **Established the “Capital + Technology + Industry Chain” new model to achieve win-win situation**

The Group has established a “Capital + Technology + Industry Chain” development model. With regards to the capital market, the Group actively cooperates with Greenland Financial to solve the problem of capital matching such as forming joint ventures with associates of Greenland Financial for the development of PPP projects in 2016. At the same time, the Group is actively looking for high-quality industrial companies in the market for scale expansion. In terms of technology, the Group owns many patents of utility models and inventions in landscaping. After strategic transformation, the Group will strengthen cooperation among industrial, academic and research circle and build itself into a high-tech one by working with renowned universities and national scientific research institutes. The Group has formed a mature operation model of “investment + planning + construction + business operation” for the whole industrial chain. By establishing a steady and long-term cooperation with local government, the Group offers integrated solutions to the government in PPP related businesses regarding eco-construction, environmental protection, and tourism and culture development, so as to realize an all-win situation among corporate, government, and society.

### **Exemplify synergies Reinforce R&D innovation**

When different levels of government are showing increased emphasis and optimistic outlook towards the ecological construction industry, the competition in the industry is becoming more intense, under which technological innovation, resources integration and collaboration for achieving mutual success will become a common trend in the future development.

For innovation development, the Group has been actively exploring “industry and university research” collaboration in ecological environment protection area. Through the establishment of “China Greenland Broad Greenstate Tongji University Joint Technology Innovation Center” (the “**Technology Innovation Center**”), the Group is able to converge the top-notch research and development expertise and talents of Tongji University in ecological environment protection and cultural tourism aspects, in order to strengthen the technological development of the Group and to put the brilliant research success into practice. The Group also aims to align the Technology Innovation Center to participate in the preparation work of “Green Technology Bank” initiated by Ministry of Science and Technology, Tongji University and Shanghai Science and Technology Committee for the planning of building a “Green Technology Bank Europe Center”, through which to develop cooperation with colleges in Germany, France, Netherlands, Italy, etc. to bring in advanced “Green Technology” and research institutions to China to achieve high level scientific technology exchange and technology conversion.





## *Chairman's Statement (Continued)*

### **PROSPECT**

After Greenland Group become the Group's most important strategic substantial shareholder, under the strong support of funding resources, the Group has been strengthening and enhancing its own industry chain by strengthening the "capital + design planning + construction + commercial operation" one-stop operation model with better industry reserve and expansion and upgrade capabilities. Following the successful acquisitions of enterprises such as Jiangnan Garden and Zhongbo Construction Group, the scale and operation of the Group have become even more established.

Looking into future, the Group will adhere to its 5-year strategic plan and follow the innovative transformation rhythm of Greenland Group, through relentless collaboration in developing characteristic town, large area development, town park, etc. Focusing In the rural area and the peripheral area of first and second-tier cities, to facilitate the development of characteristic town under a "Characteristic town + All-for-one tourism + commercial operation" model according to two major development themes namely smart and health and cultural tourism; and to further integrate the advantages and resources with Greenland Group in facilitating the cooperation with local governments. At the same time, the Group will spare no effort to expedite the strategic merger and acquisition process concerning the areas of ecological construction, environmental protection and cultural tourism, perfect the industry chain, actively explore new industry growth driver, highlight the functions of the capital reform of the Group, and accomplish sizable growth. The Group will also place the all-in-one operation model in a key strategic position, by employing our superior advantages in comprehensive management and design of PPP projects to improve the ability of resource acquisition, to gain client recognition with our advantage in contractual capacity, to maintain reasonable cost in achieving healthy profit growth, and to secure capital support to projects with our top-notch operation capabilities.

As a core force in the development of ecological civilization and Beautiful China in the country, the Group has taken on the corporate mission of becoming "a leader in ecological and civilized home and an explorer in environment with sustainable development", and inherited the core values of "Virtue, Tenacity, Cooperation and Dedication". We will dedicate in fulfilling the social responsibility of "Create a beautiful China for the prosperity of our future generations". The Group aims to achieve business diversification and business transformation to become an ecological construction service provider covering six major landscape businesses, including theme park, renovation of ancient town, cultural tourism, upgrade of scenic spot, sponge city and characteristic town. After all, the management wishes to turn the Group to become one of the Top 3 enterprises in China's landscaping industry in the coming five years.

#### **Mr. Wu Zhengping**

*Chairman and Chief Executive Officer*

30 August 2017



# Management Discussion and Analysis

## INDUSTRY REVIEW

Eco-environmental protection has become a hot topic in the China's Two Sessions in recent years. During the 2017 National People's Congress and National Committee of the Chinese People's Political Consultative Conference, 28 provinces and cities including Beijing, Tianjin and Hebei included "environmental pollution, air pollution prevention and control, water environment treatment, polluted water, and soil remediation" into key report themes. The 18th CPC National Congress put forward the construction of ecological civilization at the same time, expanding the overall arrangements for building socialism with Chinese characteristics from the "four in one" concept of economic construction, political construction, cultural construction, social construction to the "five in one" concept which includes ecological civilization construction. With the development of urbanization in recent years, people's environmental awareness and pursuit of quality living is increasing year by year. Government's investment in ecological construction continues to increase as well.

In 2016, China's State Forestry Administration released the outline of China's ecological and cultural development (2016-2020), which envisages the increase of the total number of national forest parks to 4,400 from 3,000 in 2015; 76 national wetland conservation demonstration zones to be constructed; 100 national forest cities and 1,000 eco-cultural village to be created; variety of tourism, health spa, holiday leisure, and other ecological services of distinctive forest park, wetland park, desert park, beautiful country and national ecological cultural native area will be promoted which annual output value up to RMB700 to 800 billion. The outline also points out that in 2020, the green coverage ratio of urban construction areas will increase to 39.5% from 39% in 2015; the green space per capita in the city will increase to 15 square meters from 13 square meters in 2015; while the green coverage ratio of village construction areas will increase to 25% from 23% in 2015.

As of 31 May 2017, the number of PPP projects in progress was 13,132 in the country, with a total value reaching RMB 16.4 trillion, increased by 16.6% and 21.5% respectively from the end of 2016. Both the quantity and quality of projects have significant improvement. The top three gross increase in numbers of projects in progress are municipal projects, transportation projects and ecological construction and environmental protection projects, accounting for 59.6% of the increment; the top three of numbers of projects in operation are municipal projects, transportation projects and ecological construction and environmental protection projects, accounting for 63.9% of the total. As of the end of the first quarter of 2017, the total number of projects that were included in the national demonstration project database was 700, of which 464 projects were put into operation, involving RMB1.19 trillion investment and the percentage of projects in operation was 66.6%. The top three number of projects in operation are municipal projects, transportation projects, ecological construction and environmental protection projects, accounting for 64.7% of the total number of demonstrating projects in operation.

## BUSINESS REVIEW

The Group's major customers remain similar as last year, and are mainly classified into two categories: (i) local governments and state-owned enterprises, who work with the Group on projects including municipal greening, public green space, theme parks, etc. Upon the promotion of PPP project model, these customers will be transformed into PPP project companies which possess special franchise authorized by local government; (ii) real estate developers and property owners in the private market, who work with the Group on residential and auxiliary greening projects. Currently, the Group's customers mainly consist of the local governments and PPP project companies which possess special concession authorized by local government, accounting for approximately 88.5% of the Group's total revenue for the six-month period ended 30 June 2017, as compared with 94.5% in the corresponding period in 2016.

## Management Discussion and Analysis (Continued)

### (1) Acquisition of 60% interest in Hangzhou Xiaoshan Jiangnan Garden Construction Co., Ltd.\* (杭州蕭山江南園林工程有限公司) (“Jiangnan Garden”)

On 30 November 2016, the Group entered into a share purchase agreement, pursuant to which the Group agreed to acquire 100% equity interest of National Landscape Limited (“National Landscape”) from Golden Spring Landscape Limited (“Golden Landscape”) at a price of approximately RMB38,085,836, which shall be satisfied by the allotment and issue of 35,920,957 shares to Golden Landscape. On the same day, the Group’s wholly owned subsidiary, Shanghai Greenstate Business Management Co., Ltd. (“Greenstate Business”) entered into a share purchase agreement, pursuant to which Greenstate Business agreed to acquire 20% equity interest of Jiangnan Garden from Zhejiang Yulin Holding Group Company Limited\* (浙江雨林控股集團有限公司) (“Zhejiang Yulin”) (an independent third party) at a consideration of RMB19,042,918, which shall be satisfied by cash. Both acquisitions were completed in February 2017. After completion of the acquisitions, the Group indirectly holds 60% equity interest in Jiangnan Garden.

Jiangnan Garden is mainly engaged in nurturing, developing, wholesaling and retailing seedlings; selling and planting bonsai; landscaping projects, municipal projects, urban lighting projects, building construction and excavation works, and the design and construction of Chinese-style gardens and ancient architecture. The acquisition of Jiangnan Garden will help strengthen the Group’s large-scale landscaping project undertaking abilities, further boost the Group’s overall competitiveness and drive business diversification.

### (2) Acquisition of 51% interest in Zhongbo Construction Engineering Group Co., Ltd.\* (中博建設工程集團有限公司) (“Zhongbo Construction”)

On 20 October 2016, the Group entered into an investment restructure agreement, to which the Group agreed to acquire 100% equity interest of Zhongbo Construction Group Co., Ltd.\* (中博建設集團有限公司) from Zhongbo Holding Co., Ltd.\* (中博控股集團股份有限公司), Mr. LI Qiongyang (黎瓊陽), Ms. ZHAO Xiaoling (趙小玲), and Mr. ZHAO Bochang (趙伯昌), Mr. CHEN Yuling (陳于玲) at a price of approximately RMB42,000,000. The acquisition was completed on 22 February 2017. On 25 April 2017, the Group entered into a share transfer agreement, to which the Group agreed to sell 49% equity interest of Zhongbo Construction Group Co., Ltd. to Tiansong Construction Group Co., Ltd.\* (天頌建設集團有限公司), Zhongfang Corporation Management (Huai’an) Co., Ltd.\* (中房企業管理(淮安)有限公司) and Wenling Jianfeng Corporation Management Consulting LP\* (溫嶺建豐企業管理諮詢合夥企業(有限合夥)) at a price of approximately RMB20,580,000. The transfer was completed on 27 April 2017. On 15 May 2017, the name of the target company was changed to Zhongbo Construction Engineering Group Co., Ltd.

Zhongbo Construction is mainly engaged in general contracting of construction projects, professional contracting of construction mechanical and electrical installation projects, professional contracting of construction decoration project, general contracting of municipal public works construction, professional contracting of steel structure projects, professional contracting of foundation projects, design and construction of building curtain wall projects, general contracting of mining project construction, general contracting of railway project construction, design, production and installation of aluminum alloy windows, plastic doors and windows, sales of decoration materials and building materials. Zhongbo Construction possesses a number of construction related qualifications. The acquisition of Zhongbo Construction will help to strengthen the comprehensive ability and competitiveness of the Group in the project.



## Management Discussion and Analysis (Continued)

### COOPERATIVE PROJECTS WITH GREENLAND GROUP

With closer collaboration with Greenland Group, both parties are collaborating to strengthen cross industries cooperation. Together we provide the government with a more comprehensive solution to the integration ecological construction by adhering to the developing concept of Greenland Group, as the city operators, and exploiting the advantage in capital and comprehensive development ability.

As of 30 June 2017, the Group and Greenland Group formed project companies to participate in the bidding for large scale domestic urban public greening projects, successful projects include:

- (1) On 22 September 2016, Broad Landscape, together with Shanghai Greenland Construction (Group) Company Limited\* (上海綠地建設(集團)有限公司) and Greenland City Investment Group Company Limited\* (綠地城市投資集團有限公司) (collectively, the “**Private Parties**”), successfully won a bid for PPP project for the construction of Phase One of Taiyuan Botanical Garden\* (太原植物園). Pursuant to the tender, the Private Parties and Taiyuan Botanical Garden\* (太原植物園) will establish a joint venture (“**JV**”) company with a registered capital of RMB100 million, which is owned as to 70% by the Private Parties and 30% by Taiyuan Botanical Garden\* (太原植物園). Estimated amount of investment was approximately RMB2.355 billion and total land area is around 1,828.89 mu. Upon completion of construction, the PPP project will be operated in Build-Operate-Transfer model with concessionary period of 14 years.
- (2) On 1 November 2016, Broad Landscape, together with Greenland Metro Investment & Development Company Limited\* (綠地地鐵投資發展有限公司) (collectively, the “**Private Parties**”), successfully won a bid for the PPP project for the construction of Jue River Wetland Park in Changning New District, Xi'an\* (西安市常寧新區灤河濕地公園) and construction of other ancillary facilities. Pursuant to the tender, the Private Parties and Xi'an Changning Development and Construction Company Limited\* (西安市常寧開發建設有限公司) will establish a JV company to develop the PPP Project. The total land area is 2,634 mu and the estimated amount of investment is approximately RMB1,175.61 million.

There is no new cooperative project during the first half of 2017 while those in 2016 have been launched.

### Major Large Projects

#### Completed Major Ecological Construction Projects

During the Reporting Period, the Group has completed 2 major projects with the details set out in the following table.

Project	Customer type	Initial contract value RMB'000	Contract value after renewed RMB'000	Date of commencing construction	Completion year
Project A	State-invested enterprise	360,000	360,000	November 2014	2017
Project B	State-invested enterprise	166,352	172,082	December 2012	2017

## Management Discussion and Analysis (Continued)

### Major Ecological Construction Projects in Progress

The following table sets out our major ecological construction projects which commenced by were not completed during the Reporting Period. These ecological construction projects in progress contributed 87.6% of the total revenue recognized for the same period.

Project	Customer type	Contract value RMB'000	Date of commencing construction	Expected completion year	Revenue recognized during the Reporting Period RMB'000
Project C	State-invested enterprise	1,097,697	February 2017	2018	358,643
Project D	Government	513,200	March 2017	2019	181,476
Project E	Government	214,561	July 2016	2017	56,823
Project F	State-invested enterprise	1,484,504	April 2017	2019	55,505
Project G	Government	500,000	April 2016	2018	12,698
Project H	Government	42,189	January 2016	2017	—
Project I	Public institution	34,979	January 2016	2017	—

### New Major Ecological Construction Projects Awarded but Construction Not Yet Commenced

The following table sets out our new major ecological construction projects which were awarded to us but were not commenced, or no relevant revenue was recognized during the Reporting Period.

Project	Customer type	Contract value RMB'000	Expected date of commencing construction	Expected completion year
Project J	Government	241,300	August 2017	2018
Project K	Government	227,000	August 2017	2019

### Qualifications and Licenses

The Group currently possesses Grade One qualification for scenery landscape design, Grade One qualification for urban landscape construction enterprises and Grade One urban landscape construction enterprises qualification etc. which enable the Group to proceed with the design of landscape projects of any scales. This strengthens the Group's capability of undertaking large-scale municipal and city level public section projects.





## Management Discussion and Analysis (Continued)

The Group currently possesses the following major qualifications/licenses in China:

Issue authority	Category	License category
Ministry of Housing and Urban-Rural Development of the PRC	Urban landscape construction enterprises qualification certificate	Grade One
Ministry of Housing and Urban-Rural Development of the PRC	General contracting of housing construction works	Special Grade
Ministry of Housing and Urban-Rural Development of the PRC	General contracting of municipal public works construction	Grade One
Ministry of Housing and Urban-Rural Development of the PRC	Professional contracting of steel structure projects	Grade One
Zhejiang Housing and Urban & Rural Construction Department	Professional contracting of mechanical and electrical equipment installation projects	Grade One
Zhejiang Housing and Urban & Rural Construction Department	Professional contracting of construction decoration project	Grade One
Zhejiang Housing and Urban & Rural Construction Department	Professional contracting of foundation projects	Grade One
Ministry of Housing and Urban-Rural Development of the PRC	Scenery landscape design	Grade One
Ministry of Housing and Urban-Rural Development of the PRC	Design qualification for construction engineering professional design	Grade One

As the Group continues to expand in urban-rural planning, a whole industry chain has been fully-established. During recent years, the Group has acquired more qualifications and licenses through active mergers and acquisitions to strengthen its project undertaking capability. Among them, Jiangnan Garden, an indirectly-owned subsidiary of the Group, obtained the Grade One qualification for general contracting of housing construction works on 1 April 2017. Zhongbo Construction possesses Special Grade qualification for general contracting of housing construction works, Grade One qualification for general contracting of municipal public works construction, professional contracting of mechanical and electrical equipment installation projects, professional contracting of construction decoration project, professional contracting of steel structure projects, and professional contracting of foundation projects. In the future, the Group will continue to strive for more industry qualifications to consolidate and enhance project execution capacity.

### Design and Construction Ability

In terms of design, through the upgrade of qualification and industry mergers and acquisitions, the Group has obtained Grade One qualification for scenery landscape design, Grade One qualification for design qualification for construction engineering professional design issued by Ministry of Housing and Urban-Rural Development of the PRC and Grade Two qualification for urban-rural planning issued by Shanghai Municipal Administration of Planning and Land Resources. In terms of construction, based on the "Notice concerning the cancellation of the approval of the administrative licensing of the city landscaping enterprises" issued by Ministry of Housing and Urban-Rural Development of the PRC on 13 April 2017, the qualification of urban landscaping enterprise is no longer the condition for the construction business of contracting landscaping project. In order to maintain our competitive advantage, through the upgrade of qualification and industry mergers and acquisitions, the Group has obtained Grade One qualification for general contracting of municipal public works construction, Special Grade qualification for general contracting of housing construction works, and the other four special Grade One qualifications.

## *Management Discussion and Analysis (Continued)*

### **Cost Control**

The Group has always adhered to reasonable operation policy to execute cost control in three different aspects which include policy, system and manpower. In respect of policy, the Group carried out comprehensive budget management covering budget, control, supervision, analysis and appraisal in order to increase the efficiency of funds application; in respect of system, the Group independently invested and researched a new project information management system to conduct comprehensive supervision and control of projects at different stages comprising design in the early stage, procurement in the middle stage and construction in the final stage; as for manpower, the Group employed a group of management personnel with rich experiences in procurement and engineering management last year to strengthen process management and cost supervision. The adoption of above cost control measures during the Reporting Period was proved to be effective.

### **Quality Control**

As a company with landscape construction as the core business, quality control is of the utmost importance for the Group. The Group conducted quality control in three aspects, which include policy, system and manpower similar to that of cost control. As for the system and policy, sound and comprehensive processes were established, coupled with optimized systems for quality control. As for manpower, a well-experienced project manager was employed to control engineering quality on a comprehensive basis. Quality management system of the Group has already passed the certification of ISO9001, ISO14001 and OHSAS18001.

### **Research and Development**

To enhance its competitive advantage and complete the transformation into ecological construction, the Group has invested abundant resources in research and development. The Group makes full use of the Technology Innovation Center which was jointly established with Tongji University, integrating disciplines, international cooperation and expert technical advantages of Tongji University; achieving seamless docking in constructing ecological town and beautiful countryside, theme parks, scenic spots and repair of ancient town, sponge urban city, environmental protection and ecological restoration, and other areas of the main business; deepening the manufacture-learning-research cooperation, realize the commercialization and industrialization of scientific research achievement transfer.

In the first half of 2017, the Technology Innovation Center reports a total of 12 technical research projects to Science and Technology Commission of Shanghai Municipality, covering soil management and improvement, sewage treatment, organic waste treatment, introduction and domestication of foreign plant varieties, ecological environment building and construction, and other fields, having invested research and development funds for total RMB51.9 million. As of 30 June 2017, the Technology Innovation Center has independently applied for and obtained 2 invention patents, 12 utility new models and 3 software copyrights; acquired 1 invention patent and 8 utility new models by external purchase; obtained 3 invention patents and 10 utility new models through industrial acquisition.

### **Prospect**

The steady development of economy is the fundamental driving force for the rapid development of China's landscaping industry. During the past 30 years, China has become one of the countries with the fastest economic growth in the world. China's GDP reached RMB74.4 trillion in 2016, with year-on-year growth of 6.7%, according to the statistics of National Bureau of Statistics. The sustainable and steady growth of China's economy creates huge market demand for China's landscaping industry, ensuring the sustainable and rapid growth of the landscaping industry and promising prospects for the industry.



## *Management Discussion and Analysis (Continued)*

At the same time, China's urbanization process has injected another impetus into the development of the landscaping industry. By the end of 2016, China's urbanization rate was 57.35%, and there was large room for further development compared with the average urbanization rate of 80% in developed countries. With the high-speed of urbanization process, urban population and urban land scale expand rapidly. New urban and urban construction area will drive up large scale landscape construction. The market scale of municipal landscaping will be further expanded.

With the support of government policies in the development of landscaping industry, and the government promotion of urban ecological environment construction in encouraging the creation of a desirable living environment for citizens and a sustainable urban development. The environmental protection consciousness of people are constantly improved, which helps to create new opportunities for the design and construction industry related to ecological construction.

As a long-established landscaping enterprise, the Group has become the industry leader owing to its rich experience accumulated in China's landscaping architecture and construction, its prominent industry position, mature management style as well as high recognition gained from projects completed and delivered. The Group hopes to continue strengthening our business diversification, and making a transition to the eco-construction service provider to cover the six major landscaping businesses, namely theme parks, restoration of ancient towns, cultural tourism, upgrade of scenic spots, sponge cities, and characteristic towns. The management aims at developing the Group into one of the top 3 enterprises within China's landscaping industry in the coming five years.

## **FINANCE REVIEW**

### **Revenue**

During the Reporting Period, the Group actively took part in undertaking various domestic large-scale municipal and city level ecological construction projects and recorded remarkable results in the Reporting Period with a total of 2 completed projects and coupled with contracting of 2 new projects.

For the six months ended 30 June 2017, the Group's total income increased 76.4% from RMB430.3 million in the corresponding period of 2016 to RMB759.2 million. There were 65 projects in total which made a contribution to the revenue, 7 of which with initial contract value of RMB30 million or above, contributing nearly 87.6% of revenue for the Group. The net profit attributable to owners of the Parent was RMB102.7 million, increased by 29.2% as compared to RMB79.5 million in the corresponding period of 2016.

### **Gross profit and gross profit margin**

For the six months ended 30 June 2017, the Group's gross profit was RMB214.0 million as compared to RMB148.5 million in the comparable period in 2016, representing an increase of 44.1%. The gross profit margin for the six months ended 30 June 2017 was 28.2%, representing a decrease of 6.3 percentage points as compared to 34.5% for the comparable period in 2016, which was mainly due to the increase in revenue contributed from the real-estate related projects which have lower gross profit margin as the competition of these projects is more intense. The acquisition of Jiangnan Garden brought 54 real-estate related projects. Each of them had an initial contract value less than RMB25.0 million and a gross margin around 10.0%. The revenue contribution from the real-estate related projects will be decreased as the integration within the Group in the future.

## Management Discussion and Analysis (Continued)

### Administrative expenses

The administrative expenses principally consist of salaries and benefits of administrative staff, consultation fees, depreciation and amortization, travelling and business meeting expenses, equipment expenses, impairment of trade receivables and other expenses. During the Reporting Period, the Group's administrative expenses amounted to RMB61.2 million as compared to RMB33.8 million for the comparable period in 2016, representing an increase of RMB27.4 million, which was mainly attributable to; (1) the increase in the scale of the entire business in the Reporting Period; (2) due to the extension of the credit period, the management provided a provision amounted to RMB18.4 million for impairment conservatively in the Reporting Period.

### Financial cost

For the six months ended 30 June 2017, the Group's financial cost was RMB21.9 million as compared to RMB9.4 million in the comparable period in 2016. The increase was attributable to the provision of capital for existing and potential projects, distribution of final dividend and replenishing general work capital with increase on various interest-bearing borrowings including the short-term finance notes issued to Greenland Financial.

### Income tax

The income tax of the Group increased from RMB29.8 million of the comparative period in 2016 to RMB41.7 million for the six months ended 30 June 2017, mainly due to the increased assessable profit of the Group. During the Reporting Period, the effective tax rate of the Group was 29.3% as compared to 27.3% for the comparative period in 2016.

### Net profit and net profit margin

During the Reporting Period, the net profit attributable to the owners of the Parent increased by RMB23.2 million from RMB79.5 million of the same period last year to RMB102.7 million, representing an increase of 29.2%. The net profit margin was 13.3% as compared to 18.5% for the comparative period in 2016.

## LIQUIDITY AND CAPITAL RESOURCES

In general, we have historically met our liquidity requirements through cash flows from operations, bank borrowings and obtaining the credit term from suppliers. Our primary liquidity requirements are to finance working capital, fund the payments of interests and principal due on our indebtedness and capital expenditure, and provide funds for the expansion of our facilities and operations. In future, we expect those sources will still continue to be our principal sources of liquidity.

As at 30 June 2017, cash and cash equivalents of the Group was RMB 154.7 million as compared to RMB127.9 million as at 31 December 2016, and the interest-bearing bank borrowings of the Group amounted to RMB235.9 million as compared to RMB127.8 million as at 31 December 2016. As at 30 June 2017, we had RMB434.0 million of unrestricted banking facilities available but not yet utilised.

Details of our bank borrowings are set out in note 23 to the condensed consolidated interim financial statement on page 49 of this interim report.



## *Management Discussion and Analysis (Continued)*

### **GEARING RATIO**

As at 30 June 2017, the Group's gearing ratio was 68.2% compared to 58.1% as at 31 December 2016, which was calculated at the net debt divided by the equity plus net debt.

### **CAPITAL EXPENDITURE AND CAPITAL COMMITMENT**

Save as disclosed under the section "Material Acquisitions, Disposals and Significant Investments" of this interim report, the Group had no other material capital expenditure nor material capital commitment during the Reporting Period.

### **PLEDGE OF ASSETS**

As at 30 June 2017, the entire issued shares of Greenstate Times and Greenstate International, both of which were subsidiaries wholly owned by the Company, were pledged to secure the issuance of a redeemable fixed coupon promissory note with a principal amount of US\$40,000,000 to Greenland Financial.

### **MARKET RISKS**

We are exposed to various types of market risks in the ordinary course of business, including fluctuations in interest rates, credit risk and liquidity risk. We manage our exposure to such risks and other market risks through regular operation and financial activities.

#### **Interest rate risk**

We are exposed to the risk of changes in market interest rates which primarily due to our interest-bearing bank borrowings with a floating interest rate. We currently do not have any interest rate hedging policy. However, we will monitor interest rate exposure and consider other necessary action when significant interest rate exposure is anticipated.

#### **Credit risk**

For the six months ended 30 June 2017, our maximum exposure to credit risk due to the counterparties' failure to perform their obligations in relation to each class of recognized financial assets is the carrying amount of those assets as set forth in the statement of financial position. In order to minimize the credit risk, we will review recoverable amount of each individual trade and other receivables regularly at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. As at the balance sheet date, our cash and cash equivalents were deposited in high quality financial institutions without significant credit risk accordingly.

#### **Liquidity risk**

We make use of a recurring liquidity planning tool to monitor our risk to shortage of funds. Such tool considers the maturity of both of our financial instruments and financial assets (such as trade receivables) and projected cash flows from operations. We also manage our capital structure and make 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, we may adjust the dividend payment to shareholders, return the capital to shareholders or issue new shares. We are not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital for the six months ended 30 June 2017.



## *Management Discussion and Analysis (Continued)*

### **Foreign exchange risk**

The Group's businesses are located in China and substantially all of its transactions are denominated in Renminbi. The Group reviews its foreign currency exposures regularly and considers no significant exposure on its foreign exchange risk. The Group has not made use of hedging to manage its foreign exchange risk.



## Other Information and Corporate Governance Highlights

### CORPORATE INFORMATION AND GLOBAL OFFERING

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

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2017, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were (i) recorded in the register required to be kept under section 352 of the SFO, or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director/ Chief Executive	Nature and Number of Shares/underlying Shares held <sup>(1)</sup>				Approximate Percentage of Issued Share Capital
	Personal interest	Corporate interest	Spouse interest	Total interest	
Mr. Wu Zhengping <sup>(2)(3)(4)</sup>	24,000,000	991,321,041	18,000,000	1,033,321,041	30.91%
Ms. Xiao Li <sup>(2)(3)(4)</sup>	18,000,000	—	1,015,321,041	1,033,321,041	30.91%
Ms. Zhu Wen <sup>(4)</sup>	4,000,000	—	—	4,000,000	0.11%
Mr. Zhang Yihua <sup>(4)</sup>	10,800,000	—	—	10,800,000	0.32%

Notes:

- (1) All the above Shares are held in long position (as defined under Part XV of the SFO).
- (2) Broad Landscape International is owned as to 86.92% and 13.08% by Mr. Wu Zhengping and Ms. Xiao Li and under the SFO, Mr. Wu Zhengping is deemed to be interested in the 991,321,041 Shares by Broad Landscape International.
- (3) Mr. Wu Zhengping is the spouse of Ms. Xiao Li. Under the SFO, Mr. Wu Zhengping is deemed to be interested in the same number of Shares in which Ms. Xiao Li is interested and Ms. Xiao Li is deemed to be interested in the same number of Shares in which Mr. Wu Zhengping is interested.
- (4) The number of underlying Shares in which the Directors and chief executives hold under the Share Option Scheme are detailed in "Share Option Scheme" section of this interim report.

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

## Other Information and Corporate Governance Highlights (Continued)

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2017, so far as the Directors are aware, the following persons (not being a Director or chief executives of the Company) had 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 <sup>(1)</sup>	Approximate Percentage of Issued Shares
Broad Landscape International <sup>(2)(4)</sup>	Beneficial owner	991,321,041	29.66%
Eastern Greenstate International <sup>(2)(4)</sup>	Beneficial owner	306,313,662	9.16%
Greenland Group <sup>(3)(4)</sup>	Interest in a controlled corporation	991,321,041	29.66%
Greenland Financial Holdings Company Limited (綠地金融投資控股集團有限公司) <sup>(3)(4)</sup>	Interest in a controlled corporation	991,321,041	29.66%
Greenland Financial <sup>(3)(4)</sup>	Beneficial owner	991,321,041	29.66%

Notes:

- (1) All the above Shares are held in long position (as defined under Part XV of the SFO).
- (2) Broad Landscape International is owned as to 86.92% and 13.08% by Mr. Wu Zhengping and Ms. Xiao Li and its interest duplicate certain interests of Mr. Wu Zhengping disclosed under the section "Directors' and Chief Executive's Interest and Short Positions in Shares, Underlying Shares and Debentures".
- (3) Greenland Group wholly owns Greenland Financial Holdings Company Limited which in turn wholly owns Greenland Financial so that Greenland Group and Greenland Financial Holdings Company Limited are deemed to be interested in the Shares in which Greenland Financial is interested for the purpose of Part XV of the SFO.
- (4) During the Reporting Period, the Company has issued and allotted 35,920,957 new Shares of HK\$0.025 each in the share capital of the Company to a third party on 15 February 2017. The Company's issued capital has therefore increased to 3,342,536,957 Shares from 3,306,616,000 Shares on 15 February 2017. In addition, the transaction under the share purchase agreement and the subsequent supplement agreement entered between Broad Landscape International and Greenland Financial on 30 December 2016 and 13 February 2017 respectively (the "Transaction") was completed on 27 February 2017 and Broad Landscape International's short position in 162,000,000 shares therefore no longer existed on the same day. Subsequent to the increase of issued Shares of the Company and the completion of the Transaction, the percentage of Shares held by Broad Landscape International, Eastern Greenstate International, Greenland Group, Greenland Financial Holdings Company Limited and Greenland Financial were reduced to 29.66%, 9.16%, 29.66% and 29.66% respectively as at 30 June 2017.

Save as disclosed above, as of the date of this interim report, the Directors have not been notified by any person (not being the Directors or chief executives 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.



## *Other Information and Corporate Governance Highlights (Continued)*

### **SHARE OPTION SCHEME**

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

#### **Purpose**

The purposes of the Share Option Scheme are to attract and retain the best available personnel, to provide additional 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 interim report, a total of 193,970,000 share options, representing 5.80% of the issued share capital of the Company as at the same date, is available for issue under the Share Option Scheme.

#### **Maximum entitlement of each participant**

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

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

## *Other Information and Corporate Governance Highlights (Continued)*

### **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 opened 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 not be less than the greater of:

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

### **Life of the Share Option Scheme**

The Share Option Scheme will remain in force for a period to be notified by the Board, such period shall not exceed the period of ten (10) years commencing from 25 June 2014. Unless otherwise terminated earlier by the Company by resolution in general meeting or the Board, as at 30 June 2017, the Share Option Scheme has a remaining life of approximately seven (7) years.

No share options were granted during the Reporting Period.





## Other Information and Corporate Governance Highlights (Continued)

Particulars of the movement of the options held by each of the Directors, chief executive or substantial shareholders of the listed issuer, or their respective associates under the Share Option Scheme during the Reporting Period, were as follows:

Grantees	Date of grant	Number of Options					Held at 30 June 2017	Exercise price per Share (HK\$)	Vesting and Exercise period
		Held at 1 January 2017	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ Forfeited <sup>(1)</sup> during the Reporting Period	Lapsed during the Reporting Period			
Wu Zhengping	1 Sept 2015	6,000,000	—	—	—	6,000,000	—	1.24	1 Sept 2017–31 Aug 2018
		6,000,000	—	—	—	—	6,000,000		1 Sept 2018–31 Aug 2019
		9,000,000	—	—	—	—	9,000,000		1 Sept 2019–31 Aug 2020
		9,000,000	—	—	—	—	9,000,000		1 Sept 2020–31 Aug 2021
Xiao Li	1 Sept 2015	4,500,000	—	—	—	4,500,000	—	1.24	1 Sept 2017–31 Aug 2018
		4,500,000	—	—	—	—	4,500,000		1 Sept 2018–31 Aug 2019
		6,750,000	—	—	—	—	6,750,000		1 Sept 2019–31 Aug 2020
		6,750,000	—	—	—	—	6,750,000		1 Sept 2020–31 Aug 2021
Zhu Wen	1 Sept 2015	1,000,000	—	—	—	1,000,000	—	1.24	1 Sept 2017–31 Aug 2018
		1,000,000	—	—	—	—	1,000,000		1 Sept 2018–31 Aug 2019
		1,500,000	—	—	—	—	1,500,000		1 Sept 2019–31 Aug 2020
		1,500,000	—	—	—	—	1,500,000		1 Sept 2020–31 Aug 2021
Zhang Yihua	1 Sept 2015	2,700,000	—	—	—	2,700,000	—	1.24	1 Sept 2017–31 Aug 2018
		2,700,000	—	—	—	—	2,700,000		1 Sept 2018–31 Aug 2019
		4,050,000	—	—	—	—	4,050,000		1 Sept 2019–31 Aug 2020
		4,050,000	—	—	—	—	4,050,000		1 Sept 2020–31 Aug 2021
Other grantees (in aggregate)	1 Sept 2015	6,550,000	—	—	—	6,550,000	—	1.24	1 Sept 2017–31 Aug 2018
		6,550,000	—	—	1,850,000	—	4,700,000		1 Sept 2018–31 Aug 2019
		9,825,000	—	—	2,775,000	—	7,050,000		1 Sept 2019–31 Aug 2020
		9,825,000	—	—	2,775,000	—	7,050,000		1 Sept 2020–31 Aug 2021

Notes:

(1) 7,400,000 share options were forfeited during the Reporting Period.

(2) 20,750,000 share options were lapsed during the Reporting Period.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

## *Other Information and Corporate Governance Highlights (Continued)*

### **PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER**

As disclosed in the announcement of the Company dated 25 April 2017, the 2016 Facility with Bank of Shanghai (Hong Kong) Limited (the “**Lender**”) has been renewed, pursuant to which the maturity date of the facility of up to HK\$47,800,000 has been extended to 14 August 2017 and the facility of up to RMB100,000,000 shall have a maturity date of 17 May 2018 (the “**2017 Facility**”), such facility had been entered into between the Company and the Lender for the purpose of financing existing and potential projects, paying final dividend and general working capital of the Company. The 2017 Facility will continue to be secured by the Share Charge and the Account Charge.

The total number of Shares charged by Broad Landscape International in favour of the Lender to secure the 2017 Facility amounts to 330,000,000 Shares, representing approximately 9.87% of the total issued share capital of the Company as at 30 June 2017. As at the date of this interim report, the Share Charge and the Account Charge have not been released.

As disclosed in the announcement of the Company dated 25 July 2017, the Company obtained a one-year loan facility of HK\$40,120,000 (the “**Facility**”) from Bank of Shanghai Co., Ltd. Changning Branch on 25 July 2017 for the purpose of financing general working capital of the Company.

As a security for the Facility, Broad Landscape International has entered into a share charge with Bank of Shanghai Co., Ltd. Changning Branch on 25 July 2017, pursuant to which Broad Landscape International agreed to charge by way of first mortgage all the right, title and interest in and to 90,850,000 ordinary shares in the issued share capital of the Company. As at the date of this interim report, the above share charges has not been released.

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

On 15 February 2017, 35,920,957 Shares have been allotted and issued to Golden Landscape as consideration for the acquisition of National Landscape.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s securities listed on the Stock Exchange throughout the Reporting Period.

### **MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS**

On 30 November 2016, the Company, Golden Landscape, Zhejiang Yulin and Mr. Ling Jijiang (凌紀江) entered into a share purchase agreement, pursuant to which the Company has conditionally agreed to acquire 100% share capital in the National Landscape at the consideration of RMB38,085,836, which shall be satisfied by the allotment and issue of 35,920,957 new Shares to Golden Landscape which is 100% owned by Mr. Ling Jiayuan (凌佳淵) who is the son of Mr. Ling Jijiang. On the same day, Greenstate Business and Zhejiang Yulin entered into the onshore share purchase agreement, pursuant to which Greenstate Business has conditionally agreed to acquire 20% equity interest in Jiangnan Garden at the consideration of RMB19,042,918, which shall be satisfied by cash. The acquisitions were completed on 15 February 2017. Upon completion of the acquisitions, Jiangnan Garden is indirectly owned as to 60% equity interest by the Company.

Save as disclosed above, during the Reporting Period, the Group had not made any material acquisitions and disposal of subsidiaries and associated companies. As at 30 June 2017, the Group did not hold any significant investments.



## *Other Information and Corporate Governance Highlights (Continued)*

### **CORPORATE GOVERNANCE HIGHLIGHTS**

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

The Company has adopted the principles and code provisions of the CG Code as the basis of the Company's corporate governance practices since the Listing Date. Throughout the Reporting Period, the Company has been in compliance with all the applicable code provisions of the CG Code with the exception of code provision A.2.1 and A.7.1.

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and the chief executive should be segregated and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing. However, the Company does not have a separate chairman and chief executive officer and Mr. Wu Zhengping currently performs these two roles and accordingly, there is no written terms setting out the division of responsibilities between the chairman and chief executive. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority will not be impaired by the present arrangement and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will review the management structure regularly and consider separating the roles of the chairman and chief executive officer if and when appropriate.

Pursuant to code provision A.7.1 of the CG Code, agenda and full Board papers should be sent to all Directors at least 3 days (or other agreed period) before a regular Board or Board committee meeting. The board papers for the first quarter board meeting of the Company and meetings of the audit, remuneration and nomination committees approving final results were, however, sent to the Directors less than 3 days before the aforementioned meetings pending the confirmation of some relevant information. Going forward, the Company would arrange to collect the relevant information earlier and ensure that board papers could be dispatched to the Directors in a timely manner.

### **UPDATE ON DIRECTORS' INFORMATION**

#### **Director's positions held**

Mr. Wang Lei ceased to act as an executive Director of the Company with effect from 13 April 2017.

Ms. Chen Min was appointed as an executive Director of the Company with effect from 13 April 2017.

#### **Other major appointments**

Mr. Dai Guoqiang, an independent non-executive Director of the Company ceased to act as an external supervisor (外部監事) of Bank of Shanghai Co., Ltd\* (上海銀行股份有限公司), a company listed on the Shanghai Stock Exchange, stock code: 601229, in April 2017.

Dr. Jin Hexian, an independent non-executive Director of the Company was appointed as an independent director of Zhejiang Humanities Landscape Corporation Limited\* (浙江人文園林股份有限公司) on 26 June 2017.

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

## *Other Information and Corporate Governance Highlights (Continued)*

### **EMPLOYEE AND REMUNERATION POLICY**

As at 30 June 2017, the Group had 546 full time employees (as at 31 December 2016: 254) in the PRC. During the Reporting Period, the staff cost of the Group was approximately RMB13.7 million (six months ended 30 June 2016: RMB11.8 million).

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

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

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

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

The Audit Committee was established with terms of reference in compliance with the CG Code, and comprises three members, namely Mr. Zhang Qing, Mr. Dai Guoqiang and Dr. Jin Hexian.

The Audit Committee has reviewed together with the management the accounting principles and policies adopted by the Group and the unaudited interim results for the Reporting Period and was of the opinion that the preparation of such interim results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

### **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding the Directors' dealings in the securities of the Company. The provisions under the Listing Rules in relation to compliance with the Model Code by the Directors regarding securities transactions have been applicable to the Company throughout the Reporting Period.

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

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



## Other Information and Corporate Governance Highlights *(Continued)*

### INTERIM DIVIDEND

The Board does not recommend the distribution of any interim dividend for the Reporting Period (for the six months ended 30 June 2016: nil).

### USE OF PROCEEDS FROM LISTING

The aggregate net proceeds of the Group from Listing (after deducting underwriting commission, the Stock Exchange trading fee and SFC transaction levy, and road show expenses) was approximately HK\$211.9 million (approximately RMB168.3 million). The net proceeds are used for the following purposes:

Purposes	Proportion	Proceeds RMB'000	Utilized amount RMB'000
Offering to finance the completion of Chenzhou Project	20%	33,659	33,659
For our potential future projects	30%	50,488	50,488
For the potential acquisition of landscape architecture service companies or design companies	20%	33,659	33,659
For the expansion of our geographical coverage in China by establishing more subsidiaries and branches	10%	16,829	16,829
For our research & development activities	10%	16,829	16,829
Used as general working capital of the Group	10%	16,829	16,829
<b>Total:</b>		<b>168,293</b>	<b>168,293</b>





# Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

Six-month period ended 30 June 2017

	Notes	Six-month period ended 30 June	
		2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
<b>REVENUE</b>	5(a)	<b>759,197</b>	430,281
Cost of sales		<b>(545,226)</b>	(281,758)
Gross profit		<b>213,971</b>	148,523
Other income and gains	5(b)	<b>11,797</b>	4,327
Administrative expenses		<b>(61,190)</b>	(33,841)
Finance costs	7	<b>(21,884)</b>	(9,391)
Share of profits and losses of: A joint venture		<b>(434)</b>	(245)
<b>Profit before tax</b>		<b>142,260</b>	109,373
Income tax expense	8	<b>(41,656)</b>	(29,848)
<b>Profit for the period</b>		<b>100,604</b>	79,525
Attributable to:			
Owners of the Parent		<b>102,746</b>	79,528
Non-controlling interests		<b>(2,142)</b>	(3)
<b>Other comprehensive income</b>		<b>100,604</b>	79,525
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<b>11,112</b>	(5,787)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		<b>11,112</b>	(5,787)
<b>Other comprehensive income for the period, net of tax</b>		<b>11,112</b>	(5,787)
<b>Total comprehensive income for the period</b>		<b>111,716</b>	73,738
Total comprehensive income attributable to:			
Owners of the parent		<b>113,858</b>	73,741
Non-controlling interests		<b>(2,142)</b>	(3)
Earnings per share attributable to ordinary equity holders of the Parent:			
Basic and diluted			
— For profit for the period	10	<b>RMB0.03</b>	RMB0.02

The notes on pages 33 to 61 are an integral part of the interim condensed consolidated financial statements.

# Condensed Consolidated Interim Statement of Financial Position

30 June 2017

	<i>Notes</i>	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	23,525	20,443
Investment properties	12	8,070	—
Goodwill		1,916	1,916
Other intangible assets	13	66,291	24,646
Investment in a joint venture		5,022	5,456
Available-for-sale investments	14	4,017	—
Construction contracts	15	538,164	486,921
Deferred tax assets		15,805	6,948
<b>Total non-current assets</b>		<b>662,810</b>	546,330
<b>CURRENT ASSETS</b>			
Biological assets	16	52,909	—
Construction contracts	15	955,657	377,984
Trade receivables	17	1,006,554	691,464
Prepayments, deposits and other receivables	18	236,194	67,816
Cash and cash equivalents	19	154,656	127,860
<b>Total current assets</b>		<b>2,405,970</b>	1,265,124
<b>CURRENT LIABILITIES</b>			
Corporate bonds	20	270,917	277,422
Trade and bills payables	21	1,310,416	520,018
Other payables and accruals	22	222,708	106,793
Interest-bearing bank borrowings	23	235,853	127,758
Tax payable		175,181	121,301
<b>Total current liabilities</b>		<b>2,215,075</b>	1,153,292
<b>NET CURRENT ASSETS</b>		<b>190,895</b>	111,832
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>853,705</b>	658,162
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		6,657	6,145
<b>Total non-current liabilities</b>		<b>6,657</b>	6,145
<b>NET ASSETS</b>		<b>847,048</b>	652,017

## Condensed Consolidated Interim Statement of Financial Position (Continued)

30 June 2017

	<i>Notes</i>	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
<b>EQUITY</b>			
<b>Equity attributable to owners of the Parent</b>			
Share capital	24	<b>66,396</b>	65,602
Other reserves	26	<b>711,375</b>	585,515
		<b>777,771</b>	651,117
<b>Non-controlling interests</b>		<b>69,277</b>	900
<b>Total equity</b>		<b>847,048</b>	652,017

**Mr. Wu Zheng Ping**  
*Director*

**Ms. Xiao Li**  
*Director*

The notes on pages 33 to 61 are an integral part of the interim condensed consolidated financial statements.

# Condensed Consolidated Interim Statement of Changes in Equity

Six-month period ended 30 June 2017

Notes	Attributable to owners of the parent							Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium account RMB'000	Share option reserve RMB'000	Other reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000		
<b>At 1 January 2017</b>	65,602	180,536	9,528	3,471	(27,241)	419,221	651,117	900	652,017
Profit for the period	—	—	—	—	—	102,746	102,746	(2,142)	100,604
Other comprehensive income for the period:									
Exchange differences related to foreign operations	—	—	—	—	11,112	—	11,112	—	11,112
<b>Total comprehensive income for the period</b>	—	—	—	—	11,112	102,746	113,858	(2,142)	111,716
Acquisition of a subsidiary	27	794	44,604	—	—	—	45,398	49,939	95,337
Equity-settled share option arrangements	25	—	—	2,429	—	—	2,429	—	2,429
Dividend declared	9	—	(35,031)	—	—	—	(35,031)	—	(35,031)
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	20,580	20,580
<b>At 30 June 2017 (Unaudited)</b>	66,396	190,109*	11,957*	3,471*	(16,129)*	521,967*	777,771	69,277	847,048

\* These reserve accounts comprise the consolidated other reserves of RMB711,375,000 (2016: RMB585,515,000) in the consolidated statement of financial position.

Notes	Attributable to owners of the parent							Non-controlling interests RMB'000	Total equity RMB'000
	Nominal value of shares RMB'000	Share premium account RMB'000	Share option reserve RMB'000	Other reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000		
<b>At 1 January 2016</b>	65,602	219,710	3,229*	3,471*	(6,078)*	267,514*	553,448	900	554,348
Profit for the period	—	—	—	—	—	79,528	79,528	(3)	79,525
Exchange differences on translation of foreign operations	—	—	—	—	(5,787)	—	(5,787)	—	(5,787)
<b>Total comprehensive income for the period</b>	—	—	—	—	(5,787)	79,528	73,741	(3)	73,738
Equity-settled share option arrangements	25	—	—	4,929	—	—	4,929	—	4,929
Dividends declared	9	—	(39,175)	—	—	—	(39,175)	—	(39,175)
Capital contribution from non-controlling interests	—	—	—	—	—	1,670	1,670	(370)	1,300
<b>At 30 June 2016 (Unaudited)</b>	65,602	180,535*	8,158*	3,471*	(11,865)*	348,712*	594,613	527	595,140

\* These reserve accounts comprise the consolidated other reserves of RMB529,011,000 (31 December 2015: RMB487,846,000) in the consolidated statement of financial position.

The notes on pages 33 to 61 are an integral part of the interim condensed consolidated financial statements.

# Condensed Consolidated Interim Statement of Cash Flows

Six-month period ended 30 June 2017

	Notes	Six-month period ended 30 June	
		2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		142,260	109,373
Adjustments for:			
Share of profits and losses of a joint venture		434	245
Gain on acquisition of a subsidiary	5(b)	(9,924)	—
Depreciation of items of property, plant and equipment	6,11	1,116	415
Amortisation of other intangible assets	6,13	961	687
Impairment for trade receivables	17	18,359	5,976
Loss on disposal of items of property, plant and equipment	6	—	400
Finance costs	7	21,884	9,391
Equity-settled share option expense	6,22	2,429	4,929
		177,519	131,416
Decrease/(increase) in trade receivables		215,989	(38,515)
Decrease/(increase) in prepayments, deposits and other receivables		59,629	(8,086)
Decrease in biological assets		395	—
Increase in construction contracts		(627,025)	(228,096)
Increase in trade payables and bills payables		198,408	86,028
Increase/(decrease) in other payables and accruals		88,509	(5,038)
		113,424	(62,291)
<b>Cash generated from/(used in) operations</b>		<b>113,424</b>	<b>(62,291)</b>
PRC tax paid		(5,018)	(17,382)
		108,406	(79,673)
<b>Net cash flows from/(used in) operating activities</b>		<b>108,406</b>	<b>(79,673)</b>

## Condensed Consolidated Interim Statement of Cash Flows (Continued)

Six-month period ended 30 June 2017

	Notes	Six-month period ended 30 June	
		2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of items of property, plant and equipment	11	(4,497)	(1,006)
Purchases of available-for-sale investments	14	(4,017)	(60,000)
Proceeds from disposal of items of property, plant and equipment		3,315	—
Acquisition of subsidiaries	27	(35,878)	—
<b>Net cash flows used in investing activities</b>		<b>(41,077)</b>	(61,006)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New bank loans		335,553	213,658
Repayments of bank loans		(344,358)	(169,459)
Capital contribution from non-controlling interests	27	20,580	1,300
Dividends paid	9	(35,031)	(39,175)
Interest paid		(17,277)	(1,490)
<b>Net cash flows (used in)/from financing activities</b>		<b>(40,533)</b>	4,834
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>26,796</b>	(135,845)
Cash and cash equivalents at beginning of the period		127,860	257,367
Effect of foreign exchange rate changes, net		—	—
<b>Cash and cash equivalents at end of the period</b>		<b>154,656</b>	121,522

The notes on pages 33 to 61 are an integral part of the interim condensed consolidated financial statements.



# Notes to the Condensed Consolidated Interim Financial Information

Six-month period ended 30 June 2017

## 1. CORPORATE AND GROUP INFORMATION

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

The Company is an investing holding company. During the Reporting Period, the Company's subsidiaries were principally engaged in the services of landscape design and gardening and the related services.

In the opinion of the Directors, the holding companies and the ultimate holding companies of the Company is Broad Landscape International Company Limited ("**Broad Landscape International**"), which is incorporated in British Virgin Islands, at the end of the Reporting Period.

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

Name	Place of incorporation/ registration and business	Date of incorporation	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
				2016		2017		
				direct	indirect	direct	indirect	
Greenstate Times International Company Limited	British Virgin Islands	30 October 2013	USD50,000	100%	—	100%	—	Investment holding
Greenstate International Company Limited	Hong Kong	12 November 2013	HK\$10,000	—	100%	—	100%	Investment holding
Shanghai Qianyi Landscape Engineering Company Limited <sup>#</sup>	People's Republic of China (The "PRC")/ Mainland China	26 December 2013	USD37,000,000	—	100%	—	100%	Investment holding
Shanghai Qianyi Investing and Management Company Limited <sup>#</sup>	PRC/Mainland China	20 May 2015	RMB2,000,000	—	100%	—	100%	Investment holding
Shanghai Greenstate Business Management Company Limited	PRC/Mainland China	15 June 2004	RMB32,000,000	—	100%	—	100%	Landscaping
Shanghai Broad Landscape Construction and Development Company Limited	PRC/Mainland China	1 July 1999	RMB462,520,000	—	100%	—	100%	Landscaping
Shanghai Greenstate Gardening Company Limited (" <b>Greenstate Gardening</b> ") <sup>#</sup>	PRC/Mainland China	17 September 2004	RMB5,000,000	—	100%	—	100%	Landscaping

# Notes to the Condensed Consolidated Interim Financial Information (Continued)

Six-month period ended 30 June 2017

## 1. CORPORATE AND GROUP INFORMATION (Continued)

Name	Place of incorporation/ registration and business	Date of incorporation	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
				2016		2017		
				direct	indirect	direct	indirect	
Shanxi Broad Weiye Landscape Engineering Company Limited ("Shanxi Broad")*#	PRC/Mainland China	11 September 2013	RMB2,000,000	—	55%	—	55%	Landscaping
Zhejiang Greenstate Ecological Gardening Company Limited	PRC/Mainland China	14 April 2015	RMB30,000,000	—	100%	—	100%	Landscaping
Shanghai Dongjiang Building Survey and Design Engineering Co., Ltd.	PRC/Mainland China	26 March 2010	RMB13,000,000	—	100%	—	100%	Design
Shanghai Dongjiang Building Landscape Engineering Co., Ltd.	PRC/Mainland China	25 May 2010	RMB10,000,000	—	100%	—	100%	Landscaping
Shanghai Bifu Investment Center LLP#	PRC/Mainland China	31 December 2015	RMB190,000,001	—	100%	—	100%	Investment holding
Yuzhou Shenhou Old Town Protection Construction Co., Ltd.#	PRC/Mainland China	12 May 2016	RMB50,000,000	—	90%	—	90%	Project management
National Landscape Limited	British Virgin Islands	27 September 2016	USD1	—	—	100%	—	Investment holding
Hongkong Winston Industrial Co., Ltd	Hong Kong	12 October 2016	HK\$1	—	—	—	100%	Investment holding
Hangzhou Beifeng Gardenview Design Co., Ltd#	PRC/Mainland China	3 November 2016	USD1,000,000	—	—	—	100%	Investment holding
Hangzhou Zhongling Gardenview Design Co., Ltd#	PRC/Mainland China	14 November 2016	RMB10,000,000	—	—	—	100%	Investment holding
Hangzhou Xiaoshan Jiangnan Garden Construction Co., Ltd	PRC/Mainland China	11 January 1996	RMB100,000,000	—	—	—	60%	Landscaping
Hefei Jingyuan Garden Engineering Co., Ltd*#	PRC/Mainland China	25 August 2010	RMB30,000	—	—	—	31%	Landscaping
Zhongbo Construction Engineering Group Co., Ltd	PRC/Mainland China	16 January 2002	RMB321,000,000	—	—	—	51%	Landscaping

# Notes to the Condensed Consolidated Interim Financial Information (Continued)

Six-month period ended 30 June 2017

## 1. CORPORATE AND GROUP INFORMATION (Continued)

\* Shanxi Broad, Zhongbo Construction were incorporated as non-wholly-owned subsidiaries of Broad Landscape and accordingly, were accounted for as subsidiaries by virtue of Broad Landscape's control over them.

Jiangnan Garden was incorporated as non-wholly-owned subsidiaries of Hangzhou Zhongling Gardenview Design Co., Ltd. and accordingly, were accounted for as subsidiaries by virtue of Hangzhou Zhongling Gardenview Design Co., Ltd.'s control over it.

Hefei Jingyuan Garden Engineering Co., Ltd. was incorporated as non-wholly-owned subsidiaries of Jiangnan Garden and accordingly, were accounted for as subsidiaries by virtue of Jiangnan Garden's control over it.

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

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the 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.

## 2.1 BASIS OF PRESENTATION

These interim condensed consolidated financial statements for the six months ended 30 June 2017 have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim financial reporting* and the disclosure requirements of the Rules Governing the listing of securities on the Stock Exchange. They have been prepared under the historical cost convention, except for the valuation of biological assets which have been measured at fair value.

The interim condensed consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated. These interim condensed consolidated financial statements have not been audited. These interim condensed consolidated financial statements were approved and authorized for issue by the Board on 30 August 2017.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

## 2.2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those in the Group's annual financial statements for the year ended 31 December 2016, except for the adoption of the revised standards effective on 1 January 2017, set out below:

Amendments to HKAS 7

*Disclosure Initiative*

Amendments to HKAS 12

*Recognition of Deferred Tax Assets for Unrealised Losses*

Amendments to HKFRS 12 included in *Annual Improvements 2014–2016 Cycle*

*Disclosure of Interests in Other Entities*

The adoption of these revised HKFRSs had no significant financial effect on these financial statements.

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

Six-month period ended 30 June 2017

### 2.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions<sup>1</sup></i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts<sup>1</sup></i>
HKFRS 9	<i>Financial Instruments<sup>1</sup></i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3</sup></i>
HKFRS 15	<i>Revenue from Contracts with Customers<sup>1</sup></i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers<sup>1</sup></i>
HKFRS 16	<i>Leases<sup>2</sup></i>
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration<sup>1</sup></i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments<sup>2</sup></i>
Amendments to HKAS 40	<i>Transfers of Investment Property<sup>1</sup></i>
Amendments to HKAS 28 included in <i>Annual Improvements 2014–2016 Cycle</i>	<i>Investments in Associates and Joint Ventures<sup>1</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>3</sup> No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

# Notes to the Condensed Consolidated Interim Financial Information (Continued)

Six-month period ended 30 June 2017

## 4. OPERATING SEGMENT INFORMATION

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

### Information about geographical area

Since over 90% of the Group's revenue and operating profit were generated from Mainland China and over 90% of the Group's identifiable assets and liabilities were located in Mainland China, no geographical information is presented in accordance with HKFRS 8 *Operating Segments*.

### Information about major customers

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

	Six-month period ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Customer A	358,643	—
Customer B	181,476	—
Customer C	*	297,768
Customer D	*	40,960

\* Less than 10% of the total revenue.

## 5. REVENUE, OTHER INCOME AND GAINS

Revenue represents an appropriate proportion of contract revenue of construction contracts and the value of services rendered during the Reporting Period.

An analysis of revenue, other income and gains is as follows:

### (a) Revenue:

	Six-month period ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Construction contracts	758,667	428,087
Rendering of services	530	2,194
	<b>759,197</b>	<b>430,281</b>

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

Six-month period ended 30 June 2017

### 5. REVENUE, OTHER INCOME AND GAINS (Continued)

#### (b) Other income and gains:

	Note	Six-month period ended 30 June	
		2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Bank interest income		748	907
Other interest income*		4,069	1,353
Government grants**		885	1,724
Gain on acquisition of a subsidiary	27	9,924	—
Foreign exchange difference, net		(4,022)	—
Others		193	343
		<b>11,797</b>	<b>4,327</b>

\* The construction revenue is measured at the fair value of the consideration received or receivable which is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised as other interest income.

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



## Notes to the Condensed Consolidated Interim Financial Information (Continued)

Six-month period ended 30 June 2017

### 6. PROFIT BEFORE TAX

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

	Notes	Six-month period ended 30 June	
		2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Cost of construction contracts		540,673	277,381
Cost of services provided		507	2,336
Employee benefit expenses			
Wages and salaries		8,354	5,372
Pension scheme contribution		2,879	1,523
Share option contributions	25	2,429	4,929
		<b>13,662</b>	11,824
Depreciation	11	1,116	415
Amortisation of other intangible assets*	13	961	687
Impairment of trade receivables	17	18,359	5,976
Consulting fees		1,048	4,832
Auditor's remuneration		852	850
Loss on disposal of items of property, plant and equipment	11	—	400
Minimum lease payments under operating lease:			
Land and buildings		2,313	366

\* The amortisation of other intangible assets for the Reporting Period is included in "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

### 7. FINANCE COSTS

	Six-month period ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Interest on bank loans	9,543	1,490
Interest on corporate bonds	12,341	7,901
	<b>21,884</b>	9,391

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

Six-month period ended 30 June 2017

### 8. INCOME TAX EXPENSE

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

	Six-month period ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Current — PRC		
Charge for the period	46,441	31,518
Deferred tax	(4,785)	(1,670)
<b>Total tax charge for the period</b>	<b>41,656</b>	<b>29,848</b>

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.

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 only) or carry on any business in the BVI.

On 16 March 2007, the National People's Congress promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New EIT Law") by order No. 63 of the President of the PRC which became effective from 1 January 2008. On 6 December 2007, the State Council issued the Implementation Regulation of the New EIT Law. Pursuant to the New EIT Law and Implementation Regulation, a uniform income tax rate of 25% was imposed on both domestic and foreign-invested enterprises from 1 January 2008.

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Six-month period ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Profit before tax	142,260	109,373
Tax at the statutory tax rate (25%)	35,565	27,343
Profits and losses attributable to a joint venture	109	(62)
Lower tax rate enacted by local authority	4,760	—
Tax losses not recognised	938	2,221
Expenses not deductible for tax	284	346
<b>Tax charge at the Group's effective rate</b>	<b>41,656</b>	<b>29,848</b>

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

Six-month period ended 30 June 2017

### 9. DIVIDENDS

	Six-month period ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Proposed and paid final — HK1.2 cents (for the six months ended 30 June 2016: HK1.4 cents) per ordinary share	<b>35,031</b>	39,175

The proposed and paid final dividend for the year ended 31 December 2016 was approved by the Company's shareholders at the annual general meeting.

### 10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share amounts for the Reporting Period is based on the profit attributable to ordinary equity holders of the Parent, and the weighted average number of ordinary shares of 3,333,556,718 (30 June 2016: 3,306,616,000) in issue during the Reporting Period.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Parent, adjusted to reflect the interest of equity-settled share options, where applicable. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all diluted potential ordinary shares into ordinary shares.

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

	Six-month period ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the Parent, used in the basic earnings per share calculation	<b>102,746</b>	79,528

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

Six-month period ended 30 June 2017

### 10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (Continued)

	Number of shares	
	Six-month period ended 30 June	
	2017	2016
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<b>3,333,556,718</b>	3,306,616,000
Effect of dilution — weighted average number of ordinary shares:		
Share options	<b>13,213,992</b>	20,206,556
Basic earnings per share (RMB)	<b>0.03</b>	0.02
Diluted earnings per share (RMB)	<b>0.03</b>	0.02

### 11. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Machinery RMB'000	Total RMB'000
<b>Six months ended 30 June 2017 (Unaudited)</b>					
At 1 January 2017, net of accumulated depreciation and impairment	12,135	1,600	6,701	7	20,443
Acquisition of a subsidiary (note 27)	10,486	79	498	23	11,086
Additions	482	425	3,590	—	4,497
Transfer to investment properties	(8,070)	—	—	—	(8,070)
Disposals	(3,315)	—	—	—	(3,315)
Depreciation provided for the period (note 6)	(390)	(249)	(476)	(1)	(1,116)
At 30 June 2017, net of accumulated depreciation and impairment	11,328	1,855	10,313	29	23,525
<b>Six months ended 30 June 2016 (Unaudited)</b>					
At 1 January 2016, net of accumulated depreciation and impairment	12,377	1,213	7,143	18	20,751
Additions	—	908	98	—	1,006
Disposals	—	—	(400)	—	(400)
Depreciation provided for the period (note 6)	(304)	(45)	(60)	(6)	(415)
At 30 June 2016, net of accumulated depreciation and impairment	12,073	2,076	6,781	12	20,942

At 30 June 2017, certain of the Group's building with a net carrying amount of approximately RMB7,471,000 (31 December 2016: RMB7,684,000) was pledged to secure bank loans granted to the Group (note 23).

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

Six-month period ended 30 June 2017

### 12. INVESTMENT PROPERTIES

	30 June 2017 RMB'000 (Unaudited)
Carrying amount at 1 January 2017	—
Transfer from property, plant and equipment	8,070
At 30 June 2017	8,070

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 29 to the financial statements.

At 30 June 2017, certain investment property of the Group with a net carrying amount of approximately RMB8,070,000 (31 December 2016: nil) was pledged to secure bank loans granted to the Group (note 23).

### 13. OTHER INTANGIBLE ASSETS

	Licenses RMB'000
<b>Six months ended 30 June 2017 (Unaudited)</b>	
Cost at 1 January 2017, net of accumulated amortisation	24,646
Acquisition of subsidiaries (note 27)	42,606
Amortisation provided during the period (note 6)	(961)
At 30 June 2017	66,291
<b>Six months ended 30 June 2016 (Unaudited)</b>	
Cost at 1 January 2015, net of accumulated amortisation	25,960
Amortisation provided during the period (note 6)	(687)
At 30 June 2016	25,273

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

Six-month period ended 30 June 2017

### 14. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Unlisted equity investments, at cost	4,017	—

The above investments consist of investments in an equity investment partnership, representing 5% equity interest in Xi'an Greenland Jue River Wetland Park Development Company Limited and 0.57% equity interest in Taiyuan Longcheng Greenland Botanical Garden Company Limited, which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

The Group's investment in the unlisted equity investments is held by Broad Landscape, which is a wholly-owned subsidiary of the Company.

### 15. CONSTRUCTION CONTRACTS

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Current	955,657	377,984
Non-current	538,164	486,921
Gross amount due from contract customers	1,493,821	864,905
Contract costs incurred plus recognised profits less recognised losses to date	1,962,143	1,443,330
Less: Progress billings	(468,322)	(578,425)
	1,493,821	864,905

### 16. BIOLOGICAL ASSETS

#### A. Nature of activities

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



## Notes to the Condensed Consolidated Interim Financial Information (Continued)

Six-month period ended 30 June 2017

### 16. BIOLOGICAL ASSETS (Continued)

#### B. Value of plants and saplings

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Plants and saplings	52,909	—

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

The principal valuation assumption adopted in measuring fair value of trees is as follows.

The valuation of the fair value of biological assets has taken into consideration the transportation costs following HKFRS 13 "Fair value measurement". The transportation costs for the sales of plants and saplings are not material in the view of the Group's directors.

#### C. Value hierarchy

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

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

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

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 30 June 2017	—	—	52,909	52,909

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

Six-month period ended 30 June 2017

### 17. TRADE RECEIVABLES

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Trade receivables	1,061,853	704,345
Impairment	(55,299)	(12,881)
	<b>1,006,554</b>	691,464

The Group's trading terms with its customers are mainly on credit. The credit period is based on actual projects, ranging from 7 to 42 days (excluding retention money receivable). The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the Reporting Period, based on the transaction date and net of provision, is as follows:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Within one year	503,350	625,356
Over one year but within two years	475,772	45,878
Over two years	27,432	20,230
	<b>1,006,554</b>	691,464

The movements in provision for impairment of trade receivables are as follows:

	Notes	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
At 1 January		12,881	8,821
Acquisition of a subsidiary	27	24,059	—
Impairment losses recognised	6	18,359	4,060
		<b>55,299</b>	12,881

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

Six-month period ended 30 June 2017

### 17. TRADE RECEIVABLES (Continued)

Included in the provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB55,299,000 (31 December 2016: RMB12,881,000) with a carrying amount before provision of RMB802,570,000 at 30 June 2017 (31 December 2016: RMB301,918,000).

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in interest and/or principal payments and only a portion of the receivables is expected to be recovered.

For retention money receivables in respect of construction works carried out by the Group, the respective due dates usually range from one to three years after the completion of the relevant construction work. At 30 June 2017, retention money held by customers included in trade receivables amounted to approximately RMB35,933,000 (31 December 2016: RMB37,234,000) expected to be recovered after more than twelve months

Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Based on past experience, the Directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

### 18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Prepayments	13,479	8,101
Deposits and other receivables	222,716	59,715
	<b>236,194</b>	67,816

Net of prepayments, deposits and other receivables is a provision of RMB1,874,000 (31 December 2016: RMB36,000).

The provision for impairment of prepayments, deposits and other receivables is as follows:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
	1,874	36

Included in the provision for impairment of prepayments, deposits and other receivables is a provision for individually impaired receivables of RMB1,874,000 (31 December 2016: RMB36,000) with a carrying amount before provision of RMB1,874,000 (31 December 2016: RMB36,000). The individually impaired receivables relate to a portion of receivables that were not expected to be recovered.

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

Six-month period ended 30 June 2017

### 19. CASH AND CASH EQUIVALENTS

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
RMB	152,099	125,499
USD	2,376	2,185
HK\$	181	176
	<b>154,656</b>	127,860

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

### 20. CORPORATE BONDS

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Current corporate bonds	<b>270,917</b>	277,422

The estimated fair value of the bonds was approximately RMB287,175,070 (31 December 2016: RMB281,581,000). The fair value is calculated based on discounted cash flows using applicable discount rates from the prevailing market interest rates offered to the Group for debts with substantially the same characteristics and maturity dates. The discount rate used was approximately 4.42% per annum (2016: 4.35%).

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

Six-month period ended 30 June 2017

### 21. TRADE AND BILLS PAYABLES

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

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Within one year	719,464	300,267
Over one year but within two years	498,719	120,110
Over two years	92,233	99,641
	<b>1,310,416</b>	520,018

### 22. OTHER PAYABLES AND ACCRUALS

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Other tax payable	66,014	53,238
Other payables	131,726	38,785
Deposits from sub-contractors	2,629	5,886
Staff payroll and welfare payables	2,436	4,231
Interest payable	19,903	4,653
	<b>222,708</b>	106,793

Other payables are non-interest-bearing and are normally settled on terms of three months.

### 23. INTEREST-BEARING BANK BORROWINGS

	30 June 2017 (Unaudited)			31 December 2016 (Audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans — secured	3.25–7.20	2017	235,853	3.25–4.57	2017	127,758
			<b>235,853</b>			127,758

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

Six-month period ended 30 June 2017

### 23. INTEREST-BEARING BANK BORROWINGS (Continued)

(i) As at 30 June 2017, bank loans secured were as follows:

	Notes	As at 30 June 2017 RMB'000
Share charge over the 330,000,000 shares	<i>(a)</i>	111,153
Pledged by properties	<i>(b)</i>	19,000
Guaranteed by Mr. Wu Zhengping		15,000
Guaranteed by Hangzhou Xiaoshan Yonghe Landscaping Engineering Co., Ltd. ("Xiaoshan Yonghe") and Mr. Ling Jijiang	<i>(c)</i>	27,700
Guaranteed by Xiaoshan Yonghe, Mr. Ling Jijiang and Ms. Chen Jianfen	<i>(c)</i>	10,000
Guaranteed by Xiaoshan Yonghe, Mr. Ling Jijiang and Ms. Chen Jianfen, Zhejiang Yulin Holding Group Co., Ltd. ("Zhejiang Yulin")	<i>(c)</i>	16,000
Guaranteed by Xiaoshan Yonghe, Mr. Ling Jijiang and Ms. Chen Jianfen, Yonghe Holding Group Co., Ltd.	<i>(c)</i>	25,000
Guaranteed by Zhejiang Yulin		12,000

(a) The share charge over the 330,000,000 shares of the Company held by the holding companies and the ultimate holding companies;

(b) Mortgage over the Group's building situated in Shanghai, which had an aggregate carrying value at the end of the Reporting Period of RMB7,471,000 was pledged to secure bank loans of RMB10,000,000 (note 11);

Mortgage over the Group's investment property situated in Hangzhou, which had an aggregate carrying value at the end of the Reporting Period of RMB8,070,000 was pledged to secure bank loans of RMB9,000,000 (note 12); and

(c) Except for Xiaoshan Yonghe and Yonghe Holding Group Co., Ltd. are third parties to the Group, all sponsors are related parties.

(ii) Except for the secured bank loan amount of HK\$40,110,000, which is denominated in HK\$, all borrowings are in RMB.

### 24. SHARE CAPITAL

#### Shares

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Issued and fully paid: 3,342,536,957 (31 December 2016: 3,306,616,000) ordinary shares of HK\$0.025 each	<b>66,396</b>	65,602



## Notes to the Condensed Consolidated Interim Financial Information (Continued)

Six-month period ended 30 June 2017

### 24. SHARE CAPITAL (Continued)

#### Shares (Continued)

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

	Number of shares in issue	Share capital RMB'000
At 31 December 2016 and 1 January 2017	3,306,616,000	65,602
Issue of shares	35,920,957	794
At 30 June 2017	3,342,536,957	66,396

On 15 February 2017, the Company issued 35,920,957 ordinary shares with a par value of HK\$0.025 each. The issue price was HK\$1.43 per share.

### 25. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors and other employees of the Group. The Scheme became effective on 1 September 2015 and, unless otherwise cancelled or amended, will remain in force for 6 years from that date.

	Weighted average exercise price HK\$	Number of options 000
At 1 January 2017	1.24	103,750
Lapsed during the period	1.24	(20,750)
Forfeited during the period	1.24	(7,400)
At 30 June 2017	1.24	75,600

The Group recognised a share option expense of RMB2,429,000 (for the six months ended 30 June 2016: RMB4,929,000) during the Reporting Period.

### 26. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the condensed consolidated interim statement of changes in equity on page 30 of the financial statements.

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

Six-month period ended 30 June 2017

### 27. BUSINESS COMBINATION

#### (1) Acquisition of Jiangnan Garden

On 1 January 2017, the Group acquired a 60% interest in Jiangnan Garden. It is engaged in the landscape gardening. The acquisition was made as part of the Group's strategy to expand its business scope. The purchase consideration for the acquisition was in the form of cash, with RMB19,042,000 paid at the acquisition date and issuance of 35,920,957 of shares on 15 February 2017 with the issue price of HK\$1.43 which was the stock closing price at the acquisition date.

The Group has elected to measure the non-controlling interest in Jiangnan Garden at the non-controlling interest's proportionate share of Jiangnan Garden's identifiable net assets.

The fair values of the identifiable assets and liabilities of Jiangnan Garden as at the date of acquisition were as follows:

	<i>Notes</i>	Fair value recognized on acquisition RMB'000 (Unaudited)
Property, plant and equipment	11	11,086
Other intangible assets	13	606
Deferred tax assets		4,279
Construction contracts		1,891
Biological assets		53,304
Trade receivables		549,438
Prepayments, deposits and other receivables		228,007
Cash and cash equivalents		25,164
Trade and bills payables		(591,990)
Other payables and accruals		(27,406)
Interest-bearing bank borrowings		(116,900)
Tax payable		(12,457)
Deferred tax liabilities		(719)
<b>Total identifiable net assets at fair value</b>		<b>124,303</b>
<b>Non-controlling interests</b>		<b>(49,939)</b>
<b>Gain on bargain purchase recognised in other income and gains in the consolidated statement of profit or loss</b>	<b>5(b)</b>	<b>(9,924)</b>
<b>Acquisition amount</b>		<b>64,440</b>
<b>Issue of shares</b>		<b>45,398</b>
<b>Satisfied by cash</b>		<b>19,042</b>

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB549,438,000 and RMB224,069,000 respectively. The gross contractual amounts of trade receivables and other receivables were RMB573,497,000 and RMB224,069,000 respectively, of which trade receivables of RMB24,059,000 are expected to be uncollectible.

# Notes to the Condensed Consolidated Interim Financial Information (Continued)

Six-month period ended 30 June 2017

## 27. BUSINESS COMBINATION (Continued)

### (1) Acquisition of Jiangnan Garden (Continued)

The transaction costs have been expensed and are included in other expenses in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	(19,042)
Cash and bank balances acquired	25,164
<hr/>	
Net inflow of cash and cash equivalents included in cash flows from investing activities	6,122

Since the acquisition, Jiangnan Garden contributed RMB84,171,000 to the Group's revenue and a loss of RMB4,084,000 to the consolidated net profit for the six-month period ended 30 June 2017.

### (2) Acquisition of Zhongbo Construction

On 22 February 2017, the Group acquired 100% interest in Zhongbo Construction Group Co., Ltd.\* (中博建設集團有限公司). Zhongbo Construction Group Co., Ltd. is principally engaged in EPC projects including (i) architectural engineering, contracting of mechanical and electrical installation engineering, contracting of renovation and decoration project, (ii) municipal public utilities construction, (iii) steel structure engineering, contracting of building foundation construction, design and construction of curtain wall engineering, (iv) mine engineering, (v) railway engineering, (vi) design, production and installation of aluminum alloy windows and plastic windows, and (vii) sales of decoration and building materials. The acquisition was made as part of the Group's strategy to expand its business scope. The purchase consideration for the acquisition was in the form of cash, with RMB42,000,000 paid at the acquisition date.

The Group has elected to measure the non-controlling interest in Zhongbo Construction at the non-controlling interest's proportionate share of Zhongbo Construction's identifiable net assets.

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

Six-month period ended 30 June 2017

### 27. BUSINESS COMBINATION (Continued)

#### (2) Acquisition of Zhongbo Construction (Continued)

The fair values of the identifiable assets and liabilities of Zhongbo Construction as at the date of acquisition were as follows:

	Note	Fair value recognized on acquisition RMB'000 (Unaudited)
Other intangible assets	13	42,000
Total identifiable net assets at fair value		42,000
Satisfied by cash		42,000

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	(42,000)
Net outflow of cash and cash equivalents included in cash flows from investing activities	(42,000)

On 25 April 2017, the Group disposed 49% interest in Zhongbo Construction Group Co., Ltd to independent third-parties. On 15 May, 2017, the name of Zhongbo Construction Group Co., Ltd was changed to Zhongbo Construction Engineering Group Co., Ltd.

Since the acquisition, Zhongbo Construction contributed nil to the Group's revenue and a loss of RMB123,000 to the consolidated net profit for the six-month period ended 30 June 2017.

### 28. CONTINGENT LIABILITIES

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

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Guarantees given to banks in connection with facilities granted to third parties	129,800	—

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

Six-month period ended 30 June 2017

### 29. OPERATING LEASE ARRANGEMENTS

#### As lessor

The Group leases its investment property under operating lease arrangements, with leases negotiated for four-year terms. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Within one year	175	—
In the second to fourth years, inclusive	496	—
	<b>671</b>	<b>—</b>

#### As lessee

The Group leases its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging between one and twenty years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating lease payables as follows:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Within one year	6,792	1,258
In the second to fifth years, inclusive	9,629	2,612
After five years	3,235	3,466
	<b>19,656</b>	<b>7,336</b>

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

Six-month period ended 30 June 2017

### 30. COMMITMENTS

In addition to the operating lease commitments detailed in note 29 above, the Group had the following capital commitments at the end of the reporting period:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Contracted, but not provided for	15,706	—

### 31. 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 reporting period:

	Six-month period ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Provide construction services to the related parties (note i)	414,148	—
Lease of office from Mr. Wu Zhengping and Ms. Xiao Li	400	400
Lease of office from the minority shareholders of a subsidiary	141	—

(i) The above construction services consist of services provided for Xi'an Greenland Jue River Wetland Park Development Company Limited and Taiyuan Longcheng Greenland Botanical Garden Company Limited, with amount of RMB358,643,238 and RMB55,505,044 respectively.

#### (b) Other transactions with related parties:

- (i) During the reporting period, Greenstate Gardening used office premises free of charge with a gross floor area of 100 sq. m. located at Group 17, Zhangqiao Village, Jinshanwei Town, Jinshan District, Shanghai, the PRC, which were owned by Mr. Wu Jie, a close family member of Mr. Wu Zhengping's family.
- (ii) On 11 October 2016, the Company extended the term of the corporate bonds issued to Greenland Financial. The interest on corporate bonds to Greenland Financial for the reporting period is RMB12,341,000.
- (iii) For guarantees in relation to interest-bearing bank borrowings provided by related parties and shareholders at the end of 30 June 2017, please refer to note 23 for details.

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

Six-month period ended 30 June 2017

### 31. RELATED PARTY TRANSACTIONS (Continued)

#### (c) Compensation of key management personnel of the Group

	Six-month period ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Salaries	1,748	1,961
Pension Scheme contribution	225	145
Equity-settled share option expense	1,825	3,354
	<b>3,798</b>	5,460

#### (d) Outstanding balances with related parties:

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

##### (i) Due from related parties:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
<b>Trade receivables</b>		
Xi'an Greenland Jue River Wetland Park Development Company Limited	398,094	—
Taiyuan Longcheng Greenland Botanical Garden Company Limited	61,611	—
<b>Prepayments, deposits and other receivables</b>		
Hangzhou Xiaoshan Lingyun Garden Spot	52,259	—
Hangzhou Yuncheng Gardening Co., Ltd.	27,162	—
Mr. Ling Jijiang	4,788	—

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



## Notes to the Condensed Consolidated Interim Financial Information (Continued)

Six-month period ended 30 June 2017

### 31. RELATED PARTY TRANSACTIONS (Continued)

#### (d) Outstanding balances with related parties: (Continued)

(ii) Due to related parties:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
<b>Other payables and accruals</b>		
Zhejiang Yulin	19,036	—
Ms. Chen Jianfen	9,119	—
Hangzhou Baolin Technology Co., Ltd.	1,990	—
Mr. Ling Jiayuan	1,137	—
Lengshuijiang Jiangnan Real Estate Development Co., Ltd	1,000	—

Amounts due to related parties and shareholders above are non-interest-bearing and are normally settled on terms of six months. The carrying amounts of the above balances approximate to their fair values.

### 32. 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:

#### 30 June 2017 (Unaudited)

##### Financial assets

	Loans and receivables RMB'000
Available-for-sale investments	4,017
Trade receivables	1,006,554
Financial assets included in prepayments, deposits and receivables	222,716
Cash and cash equivalents	154,656
	<b>1,387,943</b>

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

Six-month period ended 30 June 2017

### 32. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

#### 30 June 2017 (Unaudited) (Continued)

##### Financial liabilities

	Financial liabilities at amortised cost RMB'000
Corporate bonds	270,917
Trade and bills payables	1,310,416
Financial liabilities included in other payables and accruals	151,629
Interest-bearing bank borrowings	235,853
	<b>1,968,815</b>

#### 30 June 2016 (Unaudited)

##### Financial assets

	Loans and receivables RMB'000
Trade receivables	313,809
Financial assets included in prepayments, deposits and other receivables	33,617
Cash and cash equivalents	121,522
	<b>468,948</b>

##### Financial liabilities

	Financial liabilities at amortised cost RMB'000
Corporate bonds	261,989
Trade and bills payables	441,518
Financial liabilities included in other payables and accruals	43,881
Interest-bearing bank borrowings	73,124
	<b>820,512</b>

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

Six-month period ended 30 June 2017

### 33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

Management has assessed that the values of cash and cash equivalents, biological assets, trade receivables, financial assets included in prepayments, deposits and other receivables, trade and bills payables, interest-bearing bank borrowings and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

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

### 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2016.

There have been no changes in the risk management department since the year end or in any risk management policies.

#### Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest bearing bank borrowing with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowing).

	Increase/ (decrease) in basic points	(Decrease) / increase in profit before tax RMB'000	(Decrease) / increase in equity RMB'000
<b>30 June 2017</b>			
RMB	15	(1,735)	(1,301)
RMB	(15)	1,735	1,301
<b>30 June 2016</b>			
RMB	15	(60)	(45)
RMB	(15)	60	45

## *Notes to the Condensed Consolidated Interim Financial Information (Continued)*

Six-month period ended 30 June 2017

### **34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

#### **Credit risk**

The Group's trade receivables are concentrated to government authorities. The carrying amounts of cash and cash equivalents, and trade and other receivables included in the consolidated financial statements represent the Group's maximum exposure to credit risk in relation to its financial assets.

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

#### **Liquidity risk**

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.

### **35. EVENTS AFTER THE REPORTING PERIOD**

The Group had no material events after the reporting period.

### **36. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the Board of Directors on 30 August 2017.



## Definitions

“2016 Facility”	the one year loan facility of up to RMB138,800,000 granted by Bank of Shanghai (Hong Kong) Limited in favour of the Company
“2017 Facility”	the renewed loan facility of up to HK\$47,800,000 with maturity date of 14 August 2017 and up to RMB100,000,000 with maturity date of 17 May 2018 granted by Bank of Shanghai (Hong Kong) Limited on 25 April 2017
“Account Charge”	On 9 May 2016, Broad Landscape International entered into a charge with Bank of Shanghai (Hong Kong) Limited, pursuant to which Broad Landscape International agreed to charge by way of first fixed charge a bank account of Broad Landscape International with Bank of Shanghai (Hong Kong) Limited, all its present and future rights, title and interest in or to the Account and all moneys (including interest standing to the credit of the Account as security for the 2016 Facility, which subsequently has been renewed with the 2017 Facility) belong to Bank of Shanghai (Hong Kong) Limited
“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”	Shanghai Broad Landscape Construction and Development Company Limited* (上海博大園林建設發展有限公司), a company established in the PRC with limited liability on 1 July 1999, which is a wholly-owned subsidiary of Shanghai Qianyi and an indirect wholly-owned subsidiary of our Company
“Broad Landscape International”	Broad Landscape International Company Limited (博大國際有限公司), a company incorporated in BVI on 8 October 2013 and is owned as to 86.92% by Mr. Wu Zhengping (吳正平) and 13.08% by Ms. Xiao Li (肖莉)
“BVI”	the British Virgin Islands
“CG Code”	Corporate Governance Code as amended from time to time contained in Appendix 14 to the Listing Rules
“China” or the “PRC”	the People’s Republic of China excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”, “Parent”, “we”, “us” or “our”	China Greenland Broad Greenstate Group Company Limited (中國綠地博大綠澤集團有限公司), a company incorporated in the Cayman Islands on 22 October 2013
“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
“Directors”	director(s) of the Company

## Definitions (Continued)

“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 Group”	Greenland Holding Group Corporation Limited (綠地控股集團有限公司), a company incorporated under the laws of the PRC
“Greenland Financial”	Greenland Financial Overseas Investment Group Cp., Ltd. (綠地金融海外投資集團有限公司), a company incorporated under the laws of BVI, an indirectly wholly-owned subsidiary of Greenland Group
“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 PRC
“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
“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 10 of the Listing Rules
“Nomination Committee”	the nomination committee of the Company
“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
“Remuneration Committee”	the remuneration committee of the Company



## Definitions (Continued)

“Renminbi” or “RMB”	the lawful currency of China
“Reporting Period”	the 6-month period from 1 January 2017 to 30 June 2017
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Qianyi”	Shanghai Qianyi Landscape Engineering Company Limited* (上海千頤景觀工程有限公司), a wholly foreign owned enterprise established in the PRC with limited liability on 26 December 2013, and an indirect wholly-owned subsidiary of the Company
“Share Charge”	Broad Landscape International entered into a share charge with Bank of Shanghai (Hong Kong) Limited on 6 May 2016 pursuant to which Broad Landscape International agreed to charge by way of first mortgage all the rights, title and interest in and to 330,000,000 ordinary shares in the Shares of the Company in favour of the Lender as security for the 2016 Facility, which subsequently has been renewed with the 2017 Facility
“Share Option Scheme”	the share option scheme conditionally approved and adopted by the Company on 25 June 2014 which became unconditionally effective on the Listing Date, the principal terms of which are summarised in the subsection headed “Share Option Scheme — Summary of terms” in Appendix V to the Prospectus
“Shareholders”	holder(s) of our Share(s) from time to time
“Shares”	ordinary shares of HK\$0.025 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Supplemental Prospectus”	the supplemental prospectus of the Company dated 14 July 2014

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

