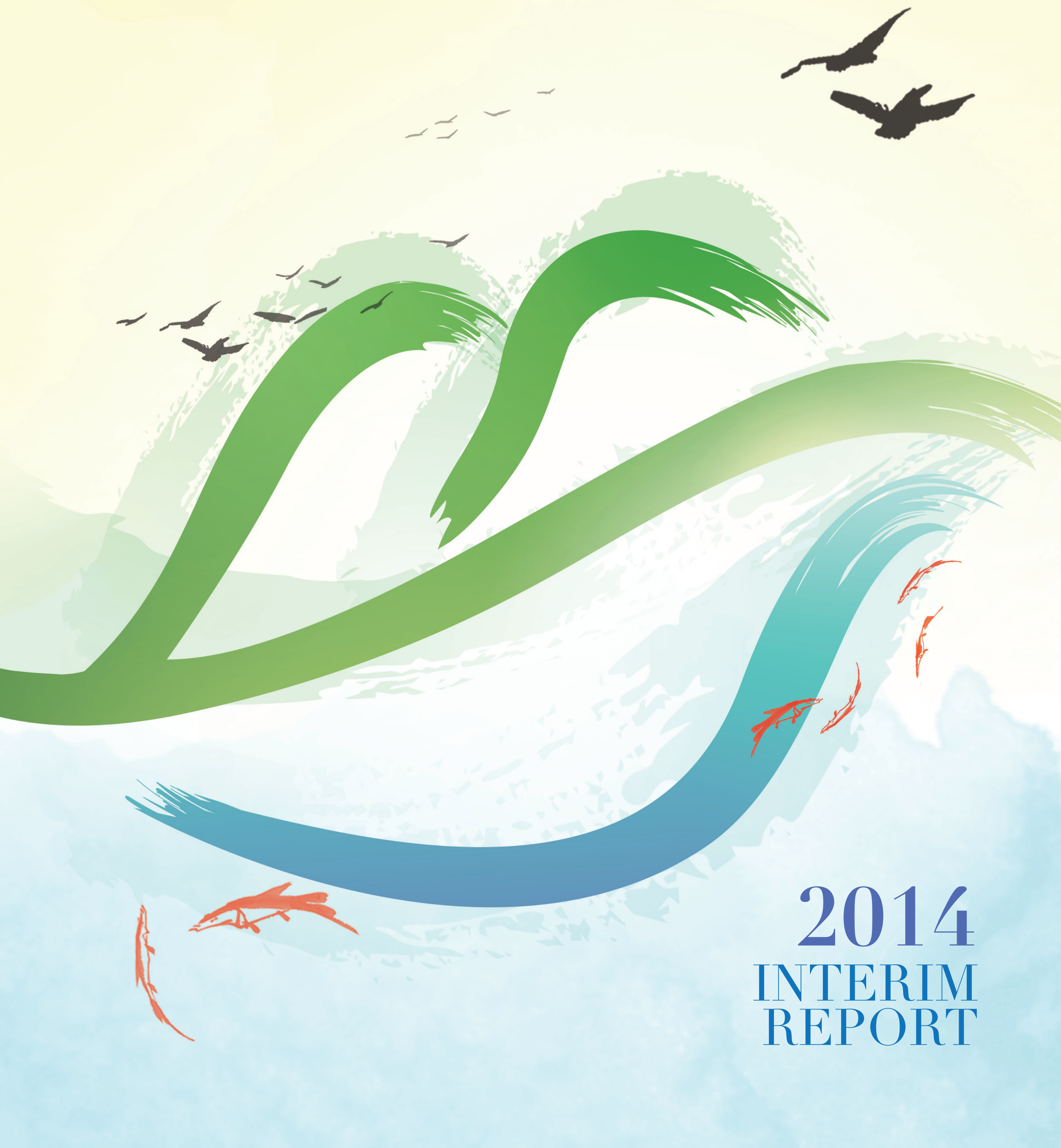
博大绿泽
BROAD GREENSTATE

Broad Greenstate International Company Limited
博大綠澤國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1253)



2014 INTERIM REPORT

博大精深

採眾長 ECLECTIC

有作為 ACCOMPLISHMENT

益求精 EXCELSIOR

生不息 CONTINUOUS SUCCESSION

CONTENTS

CORPORATE INFORMATION

COMPANY NAME

Broad Greenstate International Company Limited

PLACE OF LISTING OF SHARES

The Stock Exchange of Hong Kong Limited — main board

STOCK CODE

1253

STOCK NAME

BROADGREENSTATE

BOARD OF DIRECTORS

Executive Directors
Mr. Wu Zhengping *(Chairman and chief executive officer)*
Ms. Xiao Li *(Deputy general manager)*
Ms. Zhu Wen *(Administrative manager)*
Mr. Wang Lei *(Head of engineering department)*

Independent Non-executive Directors
Mr. Dai Guoqiang
Mr. Zhang Qing
Mr. Wang Xiaohong (resigned on 29 August 2014)
Dr. Jin Hexian (appointed on 29 August 2014)

COMPANY SECRETARY

Mr. Wong Wai Ming *(Chief financial officer)*

AUTHORIZED REPRESENTATIVES

Ms. Zhu Wen
Mr. Wong Wai Ming

AUDIT COMMITTEE

Mr. Zhang Qing *(Chairman)*
Mr. Dai Guoqiang
Mr. Wang Xiaohong (resigned on 29 August 2014)
Dr. Jin Hexian (appointed on 29 August 2014)

REMUNERATION COMMITTEE

Mr. Wang Xiaohong *(Chairman)*
(resigned on 29 August 2014)
Mr. Dai Guoqiang
Ms. Zhu Wen
Dr. Jin Hexian *(Chairman)* (appointed on 29 August 2014)

NOMINATION COMMITTEE

Mr. Dai Guoqiang *(Chairman)*
Mr. Wang Xiaohong (resigned on 29 August 2014)
Ms. Xiao Li
Dr. Jin Hexian (appointed on 29 August 2014)

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

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

COMPLIANCE ADVISOR

Kim Eng Securities (Hong Kong) Limited
Level 30, Three Pacific Place
1 Queen's Road East
Hong Kong

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

Shanghai Bank Changning Branch

COMPANY WEBSITE

www.broad-greenstate.com.cn

FINANCIAL SUMMARY

	For the six months ended 30 June			
	2014 RMB'000 (Audited)	2013 RMB'000 (Unaudited)	Change RMB'000	%
Revenue	**273,239**	174,509	98,730	56.6%
Gross profit	**98,840**	52,619	46,221	87.8%
Profit before taxation	**74,655**	47,801	26,854	56.2%
Net profit attributable to owners of the Parent	**55,859**	35,824	20,035	55.9%

	30 June 2014 RMB'000 (Audited)	31 December 2013 RMB'000 (Audited)	Change RMB'000	%
Total assets	**407,477**	281,487	125,990	44.8%
Total equity attribute to owners of the Parent	**64,724**	8,871	55,853	629.6%

	For the six months ended 30 June	
	2014 (Audited)	2013 (Unaudited)
Profitability ratio (%)		
Gross profit margin	**36.2%**	30.2%
Net profit margin	**20.4%**	20.5%
Return on assets	**13.7%**	12.7%
Return on equity	**86.3%**	403.8%

	30 June 2014 (Audited)	31 December 2013 (Audited)
Working Capital data		
Current ratio (time)	**1.7**	0.9
Gearing ratio (%)	**80.4%**	96.4%

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present to our shareholders the first audited consolidated interim results of the Group for the six months ended 30 June 2014 upon its listing on the Stock Exchange.

For the six months ended 30 June 2014, the Group's income was RMB273.2 million, representing a growth of 56.6% compared with RMB174.5 million of the same period of 2013. Gross profit margin increased by 6 percentage points to 36.2% as compared to 30.2% for the comparable period in 2013. During the Reporting Period, the net profit attributable to owners of the Company increased by RMB20.1 million to RMB55.9 million as compared to RMB35.8 million of the corresponding period of last year, representing a growth of 55.9%. Our customers mainly include state and local governments and state-invested enterprises. For the six months ended 30 June 2014, projects granted by these customers contributed approximately 98.6% of the Group's total revenue as compared to 96.4% for the comparable period in 2013[(1)].

STRONG OPERATING AND MANAGEMENT BASE AND SUCCESS IN LISTING ACCELERATE OUR DEVELOPMENT

2014 was a landmark year for the Group. Since the commencement of our business in 2004, we have focused on delivering "one stop" service of consistent, high-quality and customized integrated urban landscape design and construction. After years of effort, we have made a strong operational and management base and established a superior position in the industry, gaining the conditions for rapid development. Marked by the success in listing in July 2014, the Company has stepped into the stage of rapid development. The success also reinforced our capital strength and provided the Group with opportunities to undertake more high-quality large urban landscape projects.

As at 30 June 2014, we had accumulatively completed over 50 large landscape projects including 18 major landscape projects[(2)] in 5 provinces and municipalities of China. Over the years, our landscape projects also won a number of honors and industry awards, including the "Gold Award for Outstanding Landscape Project of China Landscaping Award (中國園藝杯優秀景觀金獎工程)", the "Outstanding Landscape Project Award in Shanghai (上海傑出園林項目)" and the "Gold Award for Outstanding Landscape Project (優秀園林綠化工程獎金獎)", which are the highest recognition for our performance.

We now hold a Grade One qualification in urban landscape construction and a Grade Two qualification in scenery landscape design. The multiple industry qualifications not only represent our ability of undertaking projects highly recognized by government, but also become an important mark of our competitive advantage in the industry. Meanwhile, we own a strong and well-established customer base, many of which are state and local governments and state-invested enterprises. Relationship with state and local governments makes us benefit from the increasing public demand on the urban community parks and gardens with proper design and abundant landscapes. Furthermore, we offer a broad range of customized, integrated landscape architecture service with a proven track record of completed quality projects and effective project management.

FURTHER EXPAND OUR BUSINESS AND GEOGRAPHICAL COVERAGE IN CHINA

Basing on our existing customers, we endeavor to solidify the leading position in our business areas. We also intend to leverage our strong brand awareness and project management strength to further expand our business to the provincial capital and prefecture-level cities throughout the country. We now have business in Shanghai, Zhejiang, Liaoning, Shanxi, Henan, Hunan, Jiangxi, Fujian, Jiangsu, Shandong, Xinjiang, etc., and also have established branches respectively in Taiyuan of Shanxi and Qingdao of Shandong. We plan to strengthen the market base of the above areas at first, and then extend our business to all parts of the country, so as to further raise the broad brand awareness of our brand.

Notes:

(1) The customers were categorized based on the information available from their respective corporate website.

(2) Major landscape projects refer to projects with an initial contract value of RMB5.0 million or more.

REINFORCE OUR BUSINESS DESIGN AND RESEARCH AND DEVELOPMENT CAPABILITIES

As a multi-qualified integrated landscape architecture design and construction "one stop" service provider in China, we believe that strong project design capability is critical to our sustainable growth and further development in the future. We intend to invest more resources to further strengthen our design capability. We plan to recruit more designers to expand our project design team. We intend to apply for a Grade One qualification in scenery landscape design by the end of September 2014 and expect to obtain this qualification in the first half of 2015. Meanwhile, we always emphasize maintaining our competitive advantage through research and development. The Group also intends to take advantage of new planting technologies by entering into strategic alliances with other biotechnology companies. We have acquired a 15% equity interest in City Investment Virescience, a biotechnology company focusing on rare plants and new breeds nursery and breeding. We joined in this company in order to diversify the breeds of plants in our future projects operation, add project features by new and rare breeds to reach a differentiated competition and find better profit source.

APPLY ADVANCED INFORMATION MANAGEMENT SYSTEM TO MANAGE NATIONAL DEVELOPMENT

We believe our efficiency and service quality are crucial to the success of our business. We intend to further improve our construction procedures and utilize advanced technologies and equipment in our business, such as using Global Positioning Systems ("GPS") measuring instruments and the network system to monitor the quality, cost and progress of the project. It will further improve the efficiency of our construction work and overall project management, and enable us to complete our landscape projects more efficiently and with better quality control. We also intend to further develop our information management system and to enhance its functions for our project operation (such as an online contract approval process, financial analysis, supplier and payment management and raw material price monitoring). We believe that our enhanced information management system will allow us to better monitor the key stages of our landscape projects to ensure quality and strengthen our control over costs and expenses so as to further increase our profit margin.

PROSPECT AND ACKNOWLEDGEMENT

Report to the Eighteenth National Congress (十八大) in 2013 vigorously advocated the "Beautiful China" (美麗中國) and "ecological civilization" (生態文明) development policies, which demonstrates an unprecedented attention to the ecological protection from the Chinese government. As the development of "Beautiful China" progresses, most of national cities will inject more resources on landscape, create better low-carbon residential environment and comprehensively provide greening coverage. As an industry leading enterprise with solid strength, the Company surely will focus on current business and grasp market opportunities with the purpose of becoming one of the top ten enterprises of landscape sector in China within five years.

Finally, on behalf of the Board I would like to thank all the investors, business partners and customers of the Company for their constant belief and support. Meanwhile, I also take this chance to thank the Board members for highly effective work and our staff for their long-lasting efforts.

Mr. Wu Zhengping
Chairman and Chief Executive Officer

28 August 2014

MANAGEMENT DISCUSSION AND ANALYSIS

As a fast-growing integrated landscape architecture design service provider in China, the Company always focuses on major urban landscape projects across China and offers our customers "one stop" project-based landscape architecture design and construction service solutions, including design and planning, design refinement, construction, seedlings cultivation and maintenance. During previous years, our landscape projects won a number of honors and industry awards, including the "Gold Award for Outstanding Landscape Project of China Landscaping Award (中國園藝杯優秀景觀金獎工程)", the "Outstanding Landscape Project Award in Shanghai (上海傑出園林項目)" and the "Gold Award for Outstanding Landscape Project (優秀園林綠化工程獎金獎)", which are the highest recognition for our performance. The Company was successfully listed on the Stock Exchange on 21 July 2014 (stock code: 1253). The success of listing not only marked a key milestone to the Group, but also laid an important foundation for the Group's further development enriching our capital strength and providing the Group with better capabilities and advantages to undertake large-scale governmental projects.

INDUSTRY REVIEW

The PRC landscape architecture service market is a fast-growing industry. The growth is attributable to the continuing steady growth of the PRC economy, and increasing urbanization and public demand for high quality landscape projects like public parks and private gardens.

According to IPSOS, the total revenue of the landscape architecture service industry in China increased from approximately RMB160.4 billion in 2008 to approximately RMB417.5 billion in 2012, representing a CAGR of approximately 27.0%. According to IPSOS, the investment of government on environmental construction and landscape construction experienced a year-by-year increase in recent years, growing significantly from approximately RMB145.1 billion of 2008 to approximately RMB296.3 billion of 2012. In addition, Chinese government carried out a number of policies including the "Beautiful China" (美麗中國) and "ecological civilization" (生態文明) construction and accelerating urbanization construction during the period of Eighteenth National Congress (十八大). Under the promotion of relevant policies, the landscape architecture design and construction industry is expected to enter into a new stage of rapid development.

Meanwhile, compared with developed countries, urban per capita green area in China in 2013 remained at a considerable low level. According to information provided by the State Forestry Administration, PRC, at the end of 2013, the per capita green area in China is 12.26 square meters with a target of reaching 15 square meters in 2020. While the per capita green area in lots of cities in Europe and America reached over 70 square meters. Thus, although China has become a world power in terms of economy, the per capita green area of China is still far from that of developed countries, which brings a broad development potential for the market.

Therefore, urban greening industry is one of the few high growth industries which are not affected by the slower pace of economic development and governmental macro-adjustment. As the urbanization speeds up, demand of the state on urban greening will absolutely be on a steady increase.

BUSINESS REVIEW

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

Major projects

During the Reporting Period, the Group conducted 9 major landscape projects(1) with a total initial contract value of RMB816.3 million, and the revenue recognised during the Reporting Period was RMB257.7 million. As at 30 June 2014, the net value of backlog of all landscape projects awarded was RMB547.7 million.

Completed major landscape projects

During the Reporting Period, all of the major landscape projects were in progress and there were no completed project.

Major landscape projects in progress

The following table sets out our major landscape projects(1) with which commenced, but were not completed during the Reporting Period. These landscape projects in progress contributed approximately 94.3% of the total revenue recognized for the same period.

Item	Project name	Customer type	Site address	Initial contract value (RMB'000)	Commencement	Expected completion year	The amount of revenue recognized during the Reporting Period (RMB'000)
1	Quanzhou Taiwanese Merchants Investment Zone (泉州台商投資區)	State-invested enterprise	Quanzhou Taiwanese Merchants Investment Zone Baiqi East Lake Area Hui'an County, Quanzhou City, Fujian Province (福建省泉州市惠安縣泉州台商投資區百崎湖東片區)	350,000	March 2014	2015	132,357
2	Chenzhou Project (郴州項目)	State-invested enterprise	Chenzhou New and High Technology Industrial Park Chenzhou City, Hunan Province (湖南省郴州市郴州高新技術產業園區)	166,352	December 2012	2015	33,015
3	Taiyuan Bei Zhonghuan (太原北中環)	Government	Bei Zhonghuan Taiyuan City, Shanxi Province (山西省太原市北中環)	101,690	December 2013	2015	59,312
4	Bonan Lake System, Bole City (博樂市博南湖水系)	Private enterprise	Bole City, Xinjiang (新疆省博樂市)	50,000	April 2013	2015	17
5	Changping Garden, Shandong Province (山東昌平花園)	State-invested enterprise	Chang Ping Hill Road, Zou City, Shandong Province (山東省鄒城市昌平山路)	40,374	May 2011	2014	13,262
6	Beidaihe government office (北戴河政府辦公室)	Government	Courtyard of Beidaihe Front Office Hebei Province (河北省北戴河接待辦公室的庭院)	39,860	December 2010	2015	0
7	Artificial lake in Guoxin Suburban Forest Park, Shanxi (山西國信城郊森林公園人工湖)	State-invested enterprise	Shanxi Guoxin Suburban Forest Park Taiyuan City, Shanxi Province (山西省太原市山西國信城郊森林公園)	39,300	May 2013	2015	10,281
8	The first tender of Jiading ecological special construction project (嘉定生態專項建設項目工程第一次投標)	State-invested enterprise	Outer ring of Jiangqiao Town Jiading District, Shanghai (上海市嘉定區江橋鎮外環綫)	15,764	January 2008	2015	1,745
9	Jiading Yuanxiang Lake (嘉定遠香湖)	State-invested enterprise	Jiading District, Shanghai (上海市嘉定區)	13,000	June 2014	2014	7,736
	Total			**816,340**			**257,725**

New major landscape projects awarded but not yet commenced

The following table sets out our new major landscape projects[1] which were awarded to us in 2013 and 2014 but did not commence, or no relevant revenue was recognized during the Reporting Period.

Item	Project name	Customer type	Site address	Initial contract value (RMB'000)	Commencement	Expected completion year	The amount of revenue recognized during the Reporting Period (RMB'000)
1	Third tender of Jiading ecological special construction project (嘉定生態專項建設項目第三次招標)	State-invested enterprise	Jiading District, Shanghai (上海市嘉定區)	26,397	July 2014	2015	0
2	Fourth tender of Jiading ecological special construction project (嘉定生態專項建設項目第四次招標)	Private enterprise	Jiading District, Shanghai (上海市嘉定區)	17,095	July 2014	2015	0

Summary of net value of backlog as at 30 June 2014

The table below sets out the initial contract value, recognized revenue and net value of the backlog of all of our landscape projects which were awarded to us as at 30 June 2014:

	As at 30 June 2014 (RMB'000)
The initial contract value of landscape projects awarded but not completed as at 30 June 2014	889,760
Revenue recognition	342,108
Net value of backlog	547,652

The Group will continue to actively identify new projects through various channels to achieve our sustainable growth. Management regularly monitors the public tender invitations published in newspapers and relevant websites of local governments and closely follows up with our clients for new project opportunities.

Major customers

Our customers currently are classified into two categories: (1) the public sector, including urban public green areas and various theme parks; and (2) the private sector, including residential and resort landscape. We have a strong and well-established customer base. Our customers mainly consist of state and local government and state-invested enterprises, and the projects awarded by these customers have contributed approximately 98.6% of our total revenue for the six months ended 30 June 2014 as compared to 96.4% for the comparable period in 2013[2].

Notes:

(1) Major landscape projects refer to projects with an initial contract value of RMB5.0 million or more.

(2) The customers were categorized based on the information available from their respective corporate website.

Qualifications and licenses

Landscape industry has a diversified market, and in order to ensure the product and service quality, Chinese government has carried out market access regulation for landscape construction. Regardless of design or construction, there are tailored requirements and restrictions for different scales of projects. As a provider that can offer customers "one stop" project-based landscape architecture design and construction service solutions, the Group's qualifications and licenses absolutely show our strong technicality, specialty and flexibility on specific environmental and resource conditions. The Group holds multiple qualifications including a Grade One qualification in urban landscape construction and a Grade Two qualification in scenery landscape design, which allow us to undertake the landscape design and construction work of any medium to large-scale landscape projects, including but not limited to comprehensive parks, community parks, theme parks and gardens. Multiple industry qualifications give us a competitive advantage in our ability to undertake large-scale municipal and city level public sector landscape projects across China. In addition, our outstanding track record of completing 18 major landscape projects in five provinces and municipalities of China allows us to obtain a more stable position in landscape architecture design and construction market.

We currently hold the following major licenses/qualifications in the PRC:

Issue authority	Category	Licence class
Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部)	Urban landscape construction enterprises qualification certificate (城市園林綠化企業資質證書)	Grade One
Shanghai Urban Construction and Communications Commission (上海市城鄉建設和交通委員會)	Scenery landscape design (風景園林工程設計專項)	Grade Two
Shanghai Urban Construction and Communications Commission (上海市城鄉建設和交通委員會)	Construction enterprise qualification certificate (建築業企業資質證書)	Grade Three

Cost control of the Group

The sales costs of the Group mainly consist of raw materials and subcontracting fees. The principal raw materials are plants, seedlings, steel and cement. Subcontracting fees mainly include low-end labour outsourcing and subcontracting professional construction that the Group does not provide. We always focus on strict control on the sales costs: on the one hand, in preparing the budget of each project, we take into account the procurement expenses and potential price fluctuation of raw materials and we calculate anticipated increase in costs of raw materials in the quotation; on the other hand, our procurement department collects price quotations of raw materials from our suppliers and sub-contractors for new projects and conducts market research on the prevailing market prices of such raw materials, and we compare the prices among a number of qualified suppliers before making a final order. We generally fix raw materials prices in the supply and subcontracting agreements with no price adjustment mechanism for raw materials, so as to reduce the adverse impact on profit brought by price fluctuation of raw materials.

We have optimized an integrated information management system to further enhance the effective management of our projects and raw materials procurement. The management system provides our senior management with access to the latest information regarding our procurement of plants and other raw materials and incurred costs and expenses of our projects. Our relevant departments regularly upload site photos into the project management system. According to relevant information of projects, management may also track the progress of a project. As a result, our integrated information management system allows us to make prompt and informed decisions on project planning, procurement and quality control.

Effective cost control has helped the Group maintain an ideal gross profit margin during the Reporting Period.

Quality control

We have established a strict quality management system which is accredited with GB/T 19001-2008/ISO 9001:2008/GB/T 50430-2007 standards in respect of construction, greening and maintenance of landscape projects and GB/T 19001-2008/ISO 9001:2008 standards in respect of the design of landscape projects. We believe, equipping with quality management system accredited to international standards plays a positive role to improve customer confidence and goodwill.

Research and development

We always focus on maintaining our competitive advantages via research and development. We intend to enter into strategic alliances with other biotechnology companies to take advantage of new planting technologies. We acquired a 15% equity interest in City Investment Virescience, a biotechnology company focusing on rare plant nursery, planting and maintenance in April 2005. We also entered into a strategic cooperative agreement with the Shanghai Gardening Science Research Institute (上海園林科學研究所) in December 2013 on research and development of new and rare plant seedling cultivation. According to such agreement, Shanghai Gardening Science Research Institute will provide us with technical know-how such as seedling selection, soil improvement and planting skills as well as necessary trainings for our employees. We will continue to explore opportunities to form collaboration and/or cooperation with companies and institutions with research and development capabilities to nurture and improve the quality of rare species of seedlings and plants.

OUTLOOK

Looking into the future, the Group will leverage its position and favorable reputation brought by listing in Hong Kong to raise its competitiveness in China. Large-scale municipal government projects remain as a key area to develop. Therefore, we strongly believe that public projects will continuously contribute high return to the Group. In order to increase the profit, we will expand our business nationwide by self-development or acquisition while solidifying the market foundation in established areas to further improve our brand recognition and to achieve good outcome for our business throughout the country. At the same time, we will also strengthen our project design capability, and with the Grade One qualification in scenery landscape design, the development potential of project design will become another important growth impetus of the Group.

We will also reinforce our planting research and management and strengthen the cooperation with City Investment Virescience, with an aim to increase the varieties of plant species for our future projects and highlight our projects with new species and rare species, so as to achieve the competitive advantages of diversity and seek for better profit sources.

We endeavor to develop constantly with a purpose of becoming one of top ten enterprises of the landscape sector in China within five years.

FINANCE REVIEW

Revenue

After obtaining the Grade One urban landscape construction enterprises qualification certificate in August 2011, there has been no restriction for the project scale undertaken by the Group, and we were able to conduct larger scale projects. Leveraging on this advantage, we expanded our business out of Shanghai, which led to a significant growth in revenue from 2011 to 2013. During the Reporting Period, we continued to maintain the growth, and also improved our project execution capability. Our revenue increased from RMB174.5 million for the six months ended 30 June 2013 to RMB273.2 million for the six months ended 30 June 2014, representing an increase of 56.6%. The average initial contract value of the top five projects during the Reporting Period was RMB139.6 million as compared to RMB104.3 million in the comparable period in 2013, and their average revenue recognized during the Reporting Period was RMB49.7 million as compared to RMB26.6 million in the comparable period in 2013, among which the project with maximum initial contract value was RMB350.0 million as compared to RMB185.3 million in the comparable period in 2013.

Gross profit and gross profit margin

For the six months ended 30 June 2014, our gross profit was RMB98.8 million as compared to RMB52.6 million in the comparable period in 2013, representing an increase of 87.8%. Our gross profit margin increased by 6.0 percentage points from 30.2% for the six months ended 30 June 2013 to 36.2% for the comparable period in 2014, which was due to the ability of the Group in undertaking larger scale project which have higher gross profit margin as the projects are more complex and require more integrated management.

Administrative expenses

Our administrative expenses consist principally of salaries and benefits for administrative staff, consultation fees, depreciation and amortisation, travelling and business meeting expenses, equipment expenses and other expenses. During the Reporting Period, administrative expenses of the Group was RMB23.1 million as compared to RMB5.5 million for the comparable period in 2013, representing an increase of RMB17.6 million, which was mainly attributable to the listing-related expenses of RMB15.6 million incurred during the period and business expansion.

Financial cost

For the six months ended 30 June 2014, the financial cost of the Group was RMB3.9 million as compared to RMB0.4 million in the comparable period in 2013. The increase was mainly due to extra interest-bearing bank borrowings incurred as a result of the group structure reorganization carried out for the listing. For details of the Group's interest-bearing bank borrowings, please refer to note 23 to the financial statements.

Income tax

The income tax of the Group increased from RMB12.0 million for the same period of last year to RMB18.8 million for the six months ended 30 June 2014, mainly due to the increased assessable profit of the Group. During the Reporting Period, the effective tax rate of the Group was 25.2% as compared to 25.1% for the comparable period in 2013.

Net profit and net profit margin

During the Reporting Period, net profit attributable to the owners of the Parent increased by RMB20.1 million from RMB35.8 million of the same period of last year to RMB55.9 million, representing an increase of 55.9%. The net profit margin was 20.4% as compared to 20.5% for the comparable period in 2013.

LIQUIDITY AND CAPITAL RESOURCES

Historically, we generally satisfied our liquidity requirements through cash flows from operations, bank borrowings and obtaining credit terms from suppliers. Our primary liquidity requirements are to finance working capital, fund the payments of interests and principal due on our indebtedness and fund capital expenditure for the expansion of our facilities and operations. Going forward, we expect these sources to continue to be our principal sources of liquidity, and we may also use a portion of the proceeds from the Global Offering to finance a portion of our capital requirements.

As at 30 June 2014, cash and cash equivalents of the Group was RMB16.2 million as compared to RMB10.8 million as at 31 December 2013, the interest-bearing bank borrowing and long term loan of the Group was RMB164.2 million as compared to RMB12.0 million as at 31 December 2013. The increase of interest-bearing bank borrowings was mainly due to additional long term loan of RMB126.2 million incurred as a result of the Group's structure reorganization carried out for the listing. As at 30 June 2014, the unutilized and unrestricted banking facilities of the Group was RMB55.0 million.

GEARING RATIO

As at 30 June 2014, the Group's gearing ratio was 80.4% as compared to 96.4% as at 31 December 2013, which is calculated at the net debt divided by the equity plus net debt. The high gearing ratio was due to the long term loan of RMB126.2 million incurred as a result of the Group's structure reorganization carried out for the listing. Excluding the long term loan of RMB126.2 million, and based on the interest-bearing bank borrowings incurred only from the requirement of operation, the Group's (operational) gearing ratio was 67.9% as at 30 June 2014.

At the date of this interim report, using the same data as at 30 June 2014 and if also taking into consideration of the additional capital injection of HK$63.0 million (equivalent to approximately RMB50.7 million) into the Company by Broad Landscape International, Eastern Greenstate International and YiYu International in July 2014, and the net proceeds of approximately HK$183.5 million (equivalent to approximately RMB147.6 million) raised from the global offering of the Company, the gearing ratio of the Group will further decrease to approximate 19.3%.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENT

During the Reporting Period, the Group's capital expenditure was RMB0.4 million.

As at 30 June 2014 and 31 December 2013, the Group had no capital commitment.

We expect to incur further capital expenditures for the year ending 31 December 2014 for the upgrading of our information management system and the general acquisition of property, plant and equipment.

PLEDGE OF ASSETS

As at 30 June 2014 and 31 December 2013, the Group has not pledged any asset.

MARKET RISKS

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

Interest rate risk

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

Credit risk

Our maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 December 2013 and 30 June 2014 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position. In order to minimise the credit risk, we 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 dates, our cash and cash equivalents were deposited in high quality financial institutions without significant credit risk.

Liquidity risk

We monitor our risk to a shortage of funds using a recurring liquidity planning tool. This 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 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 during the six months ended 30 June 2014.

Foreign exchange risk

The Group's businesses are located in the PRC and substantially all of its transactions are denominated in RMB. The Group reviews its foreign currency exposures regularly and considers no significant exposure on its foreign exchange risk. The Group has not currently engaged in 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 THE SHARES, UNDERLYING SHARES AND DEBENTURES

The requirement for disclosure of interests or short positions of any Directors or chief executives of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) under the provisions of Divisions 7 and 8 of Part XV of the SFO became applicable to the Company with effect from the Listing Date.

As of the date of this interim report, 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	Nature of Interest	Number of Shares[(1)]	Approximate Percentage of Shareholding
Mr. Wu Zhengping[(2)(3)]	Interest held jointly with another person; interest in controlled corporation; interest of spouse	543,798,936	70.88%
Ms. Xiao Li[(2)(3)]	Interest held jointly with another person; interest in controlled corporation; interest of spouse	543,798,936	70.88%
Ms. Zhu Wen[(2)]	Interest held jointly with another person; interest in controlled corporation	543,798,936	70.88%
Mr. Wang Lei[(2)]	Interest held jointly with another person; interest in controlled corporation	543,798,936	70.88%

Notes:

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

(2) Mr. Wu Zhengping holds 100% equity interests in Broad Landscape International and under the SFO, Mr. Wu Zhengping is deemed to be interested in the 379,146,720 Shares held by Broad Landscape International. Ms. Xiao Li has controlled more than one third of the voting power at the general meeting of Eastern Greenstate International, therefore under the SFO, Ms. Xiao Li is deemed to be interested in the 164,652,216 Shares held by Eastern Greenstate International. Pursuant to the Acting in Concert Deed, each of Mr. Wu Zhengping, Ms. Xiao Li, Ms. Zhu Wen, Mr. Wang Lei and other Management Shareholders has agreed to jointly control their respective interests in the Company and the decisions as to the business and operations of the Group shall be in accordance with the unanimous consent of all of them. Hence, each of them is deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO.

(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.

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

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

The provisions under Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO became applicable to the Company as from the Listing Date.

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

Name of Shareholder	Nature of Interest	Number of Shares[1]	Approximate Percentage of Shareholding
Mr. Shen Wenlin[2]	Interest held jointly with another person; interest in a controlled corporation	543,798,936	70.88%
Mr. Song Shudong[2]	Interest held jointly with another person; interest in a controlled corporation	543,798,936	70.88%
Mr. Zhang Kequan[2]	Interest held jointly with another person; interest in a controlled corporation	543,798,936	70.88%
Mr. Jiao Ye[2]	Interest held jointly with another person; interest in a controlled corporation	543,798,936	70.88%
Mr. Li Qiuliang[2]	Interest held jointly with another person; interest in a controlled corporation	543,798,936	70.88%
Mr. Xiao Xu[2]	Interest held jointly with another person; interest in a controlled corporation	543,798,936	70.88%
Mr. She Lei[2]	Interest held jointly with another person; interest in a controlled corporation	543,798,936	70.88%
Broad Landscape International[2]	Beneficial owner	379,146,720	49.42%
Eastern Greenstate International[2]	Beneficial owner	164,652,216	21.46%

Name of Shareholder	Nature of Interest	Number of Shares[1]	Approximate Percentage of Shareholding
Greenland Holding Group Company Limited (綠地控股集團有限公司)[3]	Interest in a controlled corporation	47,216,000	6.15%
Greenland Financial Holdings Company Limited (綠地金融投資控股有限公司)[3]	Interest in a controlled corporation	47,216,000	6.15%
Greenland Financial Overseas Investment Group Company Limited (綠地金融海外投資集團有限公司)[3]	Beneficial owner	47,216,000	6.15%

Notes:

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

(2) Mr. Wu Zhengping holds 100% equity interests in Broad Landscape International and under the SFO, Mr. Wu Zhengping is deemed to be interested in the 379,146,720 Shares held by Broad Landscape International. Ms. Xiao Li has controlled more than one third of the voting power at the general meeting of Eastern Greenstate International, therefore under the SFO, Ms. Xiao Li is deemed to be interested in the 164,652,216 Shares held by Eastern Greenstate International. Pursuant to the Acting in Concert Deed, each of Mr. Wu Zhengping, Ms. Xiao Li, Ms. Zhu Wen, Mr. Wang Lei and other Management Shareholders has agreed to jointly control their respective interests in the Company and the decisions as to the business and operations of the Group shall be in accordance with the unanimous consent of all of them. Hence, each of them is deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO.

(3) Greenland Holding Group Company Limited wholly owns Greenland Financial Holdings Company Limited which in turn wholly owns Greenland Financial Overseas Investment Group Company Limited so that Greenland Holding Group Company Limited and Greenland Financial Holdings Company Limited are deemed to be interested in the Shares in which Greenland Financial Overseas Investment Group Company Limited is interested for the purpose of Part XV of the SFO.

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.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme for the purpose of providing additional incentive to employees, directors, consultants and advisers of the Group. No options were granted under the Share Option Scheme from the date of its coming into operation on the Listing Date to the date of this interim report.

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 since the Listing Date.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

Since the Company's Shares have not yet been listed on the Stock Exchange during the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the Reporting Period.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

For the six months ended 30 June 2014, the Group had not made any material acquisitions and disposal of subsidiaries and associated companies. As at 30 June 2014, the Group did not hold any significant investments.

CORPORATE GOVERNANCE HIGHLIGHTS

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

The Company has adopted the principles and code provisions of the CG Code as the basis of the Company's corporate governance practices, since the Listing Date. Throughout the period from the Listing Date up to the date of this interim report, 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.

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. However, the Company does not have a separate chairman and chief executive officer and Mr. Wu Zhengping currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority will not be impaired by the present arrangement and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will review the management structure regularly and consider separating the roles of the chairman and chief executive officer if and when appropriate.

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors of the Company since the Listing Date up to the date of this interim report are set out below:

Mr. Wang Xiaohong resigned as the Company's independent non-executive director, chairman of Remuneration Committee and member of Audit Committee and Nomination Committee with effect from 29 August 2014.

Dr. Jin Hexian was appointed as the Company's independent non-executive director, chairman of Remuneration Committee and member of Audit Committee and Nomination Committee with effect from 29 August 2014.

Save as mentioned 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 since the publication of the Prospectus and the Supplemental Prospectus.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2014, the Group had 139 full time employees in the PRC. During the Reporting Period, the staff cost of the Group was approximately RMB3.3 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

The Audit Committee was established with terms of reference in compliance with the CG Code. As at the date of this interim report, it comprises three members, namely Mr. Zhang Qing, Mr. Dai Guoqiang and Mr. Wang Xiaohong[(1)]. The Audit Committee has reviewed together with the management and the external auditor the accounting principles and policies adopted by the Group and the audited interim results for the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct regarding the Directors' dealings in the securities of the Company. The provisions under the Listing Rules in relation to compliance with the Model Code by the Directors regarding securities transactions have been applicable to the Company with effect from the Listing Date.

Having made specific enquiry with all the Directors, all the Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the period from the Listing Date up to the date of this interim report.

INTERIM DIVIDEND

The Board does not recommend the distribution of any interim dividend for the Reporting Period.

USE OF PROCEEDS

The net proceeds from the Listing, after deducting underwriting fees and related expenses, amounted to approximately HK$183.5 million, which sum is intended to be applied in the manner as set out in the section headed "Future Plans and Use of Proceeds — Use of Proceeds" of the Prospectus and "5. Amendments to the Prospectus — 5.8 Use of Proceeds" in the Supplemental Prospectus.

Note:

(1) Mr. Wang Xiaohong resigned as member of the Audit Committee with effect from 29 August 2014 and Dr. Jin Hexian was appointed as member of the Audit Committee with effect from 29 August 2014.

INDEPENDENT AUDITORS' REPORT

EY 安永

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

We have audited the consolidated financial statements of Broad Greenstate International Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 22 to 71, which comprise the consolidated and company statements of financial position as at 30 June 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2014, and of the Group's profit and cash flows for the six-month period then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong

28 August 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six-month period ended 30 June 2014

	Notes	Six-month period ended 30 June **2014** **(Audited)** **RMB'000**	 2013 (Unaudited) RMB'000
REVENUE	*5(a)*	**273,239**	174,509
Cost of sales		**(174,399)**	(121,890)
Gross profit		**98,840**	52,619
Other income and gains	*5(b)*	**2,642**	1,031
Administrative expenses		**(23,069)**	(5,455)
Finance costs	*7*	**(3,908)**	(400)
Share of profits and losses of:			
A joint venture		**(22)**	6
An associate		**172**	—
Profit before tax		**74,655**	47,801
Income tax expense	*10*	**(18,796)**	(11,977)
Profit for the period		**55,859**	35,824
Total comprehensive income for the period		**55,859**	35,824
Attributable to:			
Owners of the Parent		**55,859**	35,824
Earnings per share attributable to ordinary equity holders of the Parent			
Basic and diluted	*11*	**N/A**	N/A

The notes on pages 28 to 71 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Notes	As at 30 June 2014 RMB'000	As at 31 December 2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**10,985**	11,357
Goodwill	13	**1,916**	1,916
Other intangible assets	14	**5,674**	5,841
Investment in a joint venture	15	**5,233**	5,255
Investment in an associate	16	**8,039**	7,867
Deferred tax assets	24	**1,044**	1,390
Total non-current assets		**32,891**	33,626
CURRENT ASSETS			
Biological assets		**—**	1,810
Construction contracts	17	**54,016**	28,051
Trade receivables	18	**276,190**	173,941
Prepayments, deposits and other receivables	19	**27,928**	32,961
Due from related parties		**299**	305
Cash and cash equivalents	20	**16,153**	10,793
Total current assets		**374,586**	247,861
CURRENT LIABILITIES			
Trade and bills payables	21	**89,680**	72,966
Other payables and accruals	22	**58,918**	43,897
Interest-bearing bank borrowing	23	**37,984**	11,984
Amounts due to the Founding Shareholders		**—**	120,682
Tax payable		**28,561**	21,545
Total current liabilities		**215,143**	271,074
NET CURRENT ASSETS/(LIABILITIES)		**159,443**	(23,213)
TOTAL ASSETS LESS CURRENT LIABILITIES		**192,334**	10,413
NON-CURRENT LIABILITIES			
Long term loans	23	**126,192**	—
Deferred tax liabilities	24	**1,418**	1,542
Total non-current liabilities		**127,610**	1,542
NET ASSETS		**64,724**	8,871

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2014

	Notes	**As at 30 June 2014 RMB'000**	As at 31 December 2013 RMB'000
EQUITY			
Equity attributable to owners of the Parent			
Issued capital	*25*	**299**	305
Reserves		**63,525**	7,666
Non-controlling interests		**900**	900
Total equity		**64,724**	8,871

Wu Zhengping
Director

Xiao Li
Director

The notes on pages 28 to 71 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2014

	Attributable to owners of the Parent						
	Issued capital RMB'000	Contributed surplus RMB'000*	Statutory reserve RMB'000*	Retained profits RMB'000*	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014	305	—	—	7,666	7,971	900	8,871
Profit for the period and total comprehensive income for the period	—	—	—	55,859	55,859	—	55,859
Repurchase shares	(305)	—	—	—	(305)	—	(305)
Issue of shares	299	—	—	—	299	—	299
At 30 June 2014	299	—	—	63,525	63,824	900	64,724
At 1 January 2013	—	42,100	3,788	52,893	98,781	—	98,781
Profit for the period and total comprehensive income for the period	—	—	—	35,824	35,824	—	35,824
Change in non-controlling interests without change in control	—	(3,030)	—	—	(3,030)	3,030	—
At 30 June 2013	—	39,070	3,788	88,717	131,575	3,030	134,605

* These reserve accounts comprise the consolidated reserves of RMB63,525,000 and RMB131,575,000 in the consolidated statements of financial position as at 30 June 2014 and 30 June 2013, respectively.

Note: No dividend has been paid by the Company's subsidiaries to the then shareholders during the Reporting Period.

The notes on pages 28 to 71 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2014

		Six-month period ended 30 June	
	Notes	**2014 (Audited) RMB'000**	2013 (Unaudited) RMB'000
Operating activities			
Profit before tax		**74,655**	47,801
Adjustments for:			
Share of profits and losses of a joint venture and an associate		**(150)**	(6)
Depreciation of items of property, plant and equipment	*6,12*	**780**	477
Amortisation of other intangible assets	*6,14*	**167**	167
Loss on disposal of items of property, plant and equipment	*6*	**—**	20
Finance costs	*7*	**3,908**	400
Fair value gains on biological assets	*5(b)*	**—**	(35)
		79,360	48,824
Increase in trade receivables		**(102,249)**	(16,003)
Decrease in prepayments, deposits and other receivables		**5,033**	3,285
Increase in construction contracts		**(25,965)**	(19,906)
Decrease in biological assets		**1,810**	—
Increase/(decrease) in trade and bills payables		**16,714**	(31,868)
Increase in other payables and accruals		**30,656**	11,964
Cash generated from/(used in) operations		**5,359**	(3,704)
PRC tax paid		**(11,781)**	(855)
Net cash flows used in operating activities		**(6,422)**	(4,559)
Investing activities			
Purchase of items of property, plant and equipment		**(4,874)**	(491)
Acquisition of subsidiaries		**(124,112)**	—
Net cash flows used in investing activities		**(128,986)**	(491)
Financing activities			
New bank loans		**182,692**	—
Repayments of bank loans		**(30,500)**	—
Share issue expense		**(9,930)**	—
Interest paid		**(1,494)**	(400)
Net cash flows from/(used in) financing activities		**140,768**	(400)
Net increase/(decrease) in cash and cash equivalents		**5,360**	(5,450)
Cash and cash equivalents at beginning of period		**10,793**	51,916
Cash and cash equivalents at end of period		**16,153**	46,466

The notes on pages 28 to 71 are an integral part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	As at 30 June 2014 (Audited) RMB'000
NON-CURRENT ASSETS		
Interest in a subsidiary		—
Total non-current assets		—
CURRENT ASSETS		
Due from related parties		**299**
Cash and cash equivalents		—
Total current assets		**299**
CURRENT LIABILITIES		
Other payables and accruals		—
Total current liabilities		—
NET CURRENT ASSETS		**299**
TOTAL ASSETS LESS CURRENT LIABILITIES		**299**
NET ASSETS		**299**
EQUITY		
Issued capital	*25*	**299**
Reserves		—
Total equity		**299**

Wu Zhengping
Director

Xiao Li
Director

The notes on pages 28 to 71 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ended 30 June 2014

1. CORPORATE 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 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 designing and gardening and the related services.

Particulars of the subsidiaries now comprising the Group 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
				2014		2013		
				direct	indirect	direct	indirect	
Greenstate Times International Company Limited**	British Virgin Islands	30 October 2013	US$50,000	**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#	PRC	26 December 2013	US$2,000,000	**—**	**100%**	—	100%	Investment holding
Shanghai Greenstate Landscape Properties Company Limited#	PRC	15 June 2004	RMB32,000,000	**—**	**100%**	—	100%	Landscaping
Shanghai Broad Landscape Construction and Development Company Limited ("**Shanghai Broad**")#	PRC	1 June 1999	RMB20,000,000	**—**	**100%**	—	100%	Landscaping
Shanghai Greenstate Gardening Company Limited ("**Shanghai Greenstate**")#	PRC	17 September 2004	RMB500,000	**—**	**100%**	—	100%	Landscaping
Shanxi Broad Weiye Landscape Engineering Company Limited*#	PRC	11 September 2013	RMB2,000,000	**—**	**55%**	—	55%	Landscaping

* Shanxi Broad Weiye Landscape Engineering Company Limited ("**Shanxi Broad**") was incorporated as a subsidiary of a non-wholly-owned subsidiary of the Shanghai Broad and accordingly, is accounted for as a subsidiary by virtue of the Shanghai Broad's control over it.

** Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

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

2.1 BASIS OF PRESENTATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the six-month period ended 30 June 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014.

Taxes on income in the period are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and revised standards adopted by the Group

The following new standard and amendment to standards are mandatory for the first time for the financial year beginning 1 January 2014.

HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — *Investment Entities*
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities*
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*

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

(b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning on or after 1 January 2014 and have not been early adopted:

HKFRS 9	*Financial Instruments*[4]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting* and amendments to HKFRS 9, HKFRS 7 and HKAS 39[4]
HKFRS 11 Amendments	Amendments to HKFRS 11 — *Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[2]
HKFRS 15	*Revenue from Contracts with Customers*[3]
HKAS 16 and HKAS18 Amendments	Amendments to HKAS 16 and HKAS 18 — *Amendments Acceptable Methods of Depreciation and Amortisation*[2]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits — Defined Benefit Plans: Employee Contributions*[1]
HKAS 16 and HKAS 40 Amendments	Amendments to HKAS 16 and HKAS 40 — *Agriculture: Bearer Plants*[2]
HKAS 27	Amendments to HKAS 27 *Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010–2012 Cycle	Amendments to a number of HKFRSs issued in January 2014[1]
Annual Improvements 2011–2013 Cycle	Amendments to a number of HKFRSs issued in January 2014[1]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

(b) rights arising from other contractual arrangements; and

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

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 are stated at cost less any impairment losses.

Investment in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in associates and joint ventures (Continued)

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

The results of associates and joint ventures are included in the Company's statement of profit or loss and other comprehensive income to the extent of dividends received and receivable. The Company's investments in associates and joint ventures are treated as non-current assets and are stated at cost less any impairment losses.

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

Business combinations and goodwill

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

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

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

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

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

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

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

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

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

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

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

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

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

Impairment of non-financial assets

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

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

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

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

(ii) has significant influence over the Group; or

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

or

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

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

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

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

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

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

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

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

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

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

Buildings	5%
Furniture and fixtures	19% to 32%
Motor vehicles	10% to 32%
Machinery	12% to 32%

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

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

Intangible assets (other than goodwill)

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

Licenses

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

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

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

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

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in other expenses for receivables.

Derecognition of financial assets

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

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include trade and bills payables, other payables and accruals, and interest-bearing bank borrowing.

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

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Biological assets

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

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

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

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

Income tax

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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

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

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

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

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

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

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

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grants

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

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from construction contracts, on the percentage of completion basis, as further explained in the accounting policy for "Construction contracts" below;

(b) from the rendering of services, on the percentage of completion basis, as further explained in the accounting policy for "Contracts for services" below;

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

(d) dividend income, when the shareholders' right to receive payment has been established.

Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Revenue from cost plus construction contracts is recognised on the percentage of completion method, by reference to the recoverable costs incurred during the period plus the related fee earned, measured by the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contracts for services

Contract revenue on the rendering of services comprises the agreed contract amount. Costs of rendering services comprise labour and other costs of personnel directly engaged in providing the services and attributable overheads.

Revenue from the rendering of services is recognised based on the percentage of completion of the transaction, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The percentage of completion is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction. Where the outcome of a contract cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Provision is made for foreseeable losses as soon as they are anticipated by management.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute 22% of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

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

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

The Financial Information is presented in RMB, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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

The functional currencies of non-PRC established subsidiaries are currencies other than RMB. As at the end of the period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the period and their statements of profit or loss and other comprehensive income are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

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

For the purpose of the consolidated statement of cash flows, the cash flows of non-PRC established subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of non-PRC established subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets was RMB1,044,000 as at 30 June 2014 (31 December 2013: RMB1,390,000) (note 24).

Estimation uncertainty

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

Percentage of completion of construction contract works

The Group recognises revenue according to the percentage of completion of individual contract of construction work, which requires estimation to be made by management. The stage of completion is estimated by reference to the actual costs incurred over the total budgeted costs, and the corresponding contract revenue is also estimated by management. Due to the nature of the activity undertaken in construction contracts, the date at which the activity is entered into and the date at which the activity is completed usually fall into different accounting periods. Hence, the Group reviews and revises the estimates of both contract revenue and contract costs in the budget prepared for each contract as the contract progresses. Where the actual contract revenue is less than expected or actual contract costs are more than expected, an impairment loss may arise.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Impairment of trade receivables

The provision policy for impairment of receivables of the Group is based on ongoing assessment of the recoverability and the aged analysis of the outstanding receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of those receivables, including the creditworthiness and the past collection history of each customer. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances might be required. At 30 June 2014, impairment provision for receivables amounted to approximately RMB226,000 (31 December 2013: RMB226,000). Further details are given in note 18.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 30 June 2014 was RMB1,916,000 (31 December 2013: RMB1,916,000). Further details are given in note 13.

Impairment of non-financial assets (other than goodwill)

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

Useful lives of property, plant and equipment and other intangible assets

The Group's management determines the estimated useful lives and the related depreciation and amortisation charge for the Group's property, plant and equipment and other intangible assets. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment or intangible assets of similar nature and functions. Management will increase the depreciation and amortisation charge where useful lives are less than previously estimated lives, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable and amortisable lives and therefore depreciation and amortisation charge in the future periods.

4. OPERATING SEGMENT INFORMATION

The Group's principal business is the service of landscape gardening. 100% of the Group's revenue and operating profit were generated from the service of landscape gardening in Mainland China and 100% of the Group's identifiable assets and liabilities were located in Mainland China. Accordingly, no analysis by business and geographic segments is provided for the period.

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:

	Group Six-month period ended 30 June	
	2014 (Audited) RMB'000	2013 (Unaudited) RMB'000
Customer A	**132,357**	—
Customer B	**59,312**	—
Customer C	**33,015**	31,261
Customer D	**—**	59,709
Customer E	**—**	19,270

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, 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:

	Group Six-month period ended 30 June	
	2014 (Audited) RMB'000	2013 (Unaudited) RMB'000
Construction contracts	**268,969**	172,040
Rendering of services	**4,270**	2,469
	273,239	174,509

5. REVENUE, OTHER INCOME AND GAINS (Continued)

(b) Other income and gains:

	Group Six-month period ended 30 June	
	2014 (Audited) RMB'000	2013 (Unaudited) RMB'000
Bank interest income	**78**	139
Other interest income	**1,845**	88
Government grants*	**719**	769
Fair value gains on biological assets	**—**	35
	2,642	1,031

* Government grants have been received for supporting the development of growth enterprises from local fiscal bureau in Mainland China.

6. PROFIT BEFORE TAX

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

		Group Six-month period ended 30 June	
	Notes	**2014 (Audited) RMB'000**	2013 (Unaudited) RMB'000
Cost of construction contracts		**161,117**	113,601
Cost of services provided		**3,812**	2,069
Employee benefit expenses (including directors' and chief executive's remuneration as set out in note 8)			
Wages and salaries		**2,601**	1,792
Pension scheme contribution		**683**	436
		3,284	2,228
Depreciation	*12*	**780**	477
Amortisation of other intangible assets^	*14*	**167**	167
Share issue expenses		**15,597**	—
Consulting fees		**578**	223
Auditors' remuneration		**380**	—
Loss on disposal of items of property, plant and equipment		**—**	20
Minimum lease payments under operating leases:			
Land and buildings		**189**	180

^ 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

	Group Six-month period ended 30 June	
	2014 (Audited) RMB'000	2013 (Unaudited) RMB'000
Interest on bank loans	**3,908**	400

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The remuneration of every director and supervisor is set out below:

Name of director	**Fees** RMB'000	**Salary** RMB'000	**Pension and other social welfare** RMB'000	**Total** RMB'000
For the six-month period ended 30 June 2014				
Executive directors				
Mr. Wu Zhengping (a)	—	250	76	326
Ms. Xiao Li (a)	—	200	47	247
Mr. Wang Lei (a)	—	150	38	188
Ms. Zhu Wen (a)	—	100	29	129
Non-executive directors				
Mr. Dai Guoqiang (b)	—	—	—	—
Mr. Zhang Qing (b)	—	—	—	—
Mr. Wang Xiaohong (b)	10	—	—	10
Senior management				
Mr. Wong Wai Ming (a)	—	434	132	566
Total	10	1,134	322	1,466

Notes:

(a) Appointed on 13 January 2014;

(b) Appointed on 13 January 2014;

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Reporting Period are as follows:

	Group Six-month period ended 30 June	
	2014 (Audited) RMB'000	2013 (Unaudited) RMB'000
Salaries, allowances and benefit in kind	**1,134**	800
Pension scheme contribution	**322**	190
	1,456	990

The remuneration of the non-director and non-chief executive highest paid employee fell within the range of nil to RMB1 million during the period.

During the Reporting Period, no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

10. INCOME TAX

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

	Group Six-month period ended 30 June	
	2014 (Audited) RMB'000	2013 (Unaudited) RMB'000
Current — PRC		
Charge for the period	**18,574**	12,168
Deferred tax *(note 24)*	**222**	(191)
Total tax charge for the period	**18,796**	11,977

10. INCOME TAX (Continued)

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 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 rates for the countries (or jurisdiction) in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	Group Six-month period ended 30 June	
	2014 (Audited) RMB'000	2013 (Unaudited) RMB'000
Profit before tax	**74,655**	47,801
Tax at the statutory tax rate (25%)	**18,663**	11,950
Profits and losses attributable to a joint venture and an associate	**(38)**	(2)
Expenses not deductible for tax	**171**	29
Tax charge at the Group's effective rate	**18,796**	11,977

11. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share amounts for the Reporting Period is based on the profit of RMB55,859,000 attribute to ordinary equityholders of the Parent, and the ordinary shares of 3,800,000 (2013: nil) in issue during the Reporting Period.

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the reorganisation for the Reporting Period. The Group had no potentially dilutive ordinary shares in issue during the Reporting Period.

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Machinery RMB'000	Total RMB'000
31 December 2013					
At 31 December 2012 and at 1 January 2013:					
Cost	—	1,896	2,435	166	4,497
Accumulated depreciation and impairment	—	(725)	(1,304)	(110)	(2,139)
Net carrying amount	—	1,171	1,131	56	2,358
At 1 January 2013, net of accumulated depreciation and impairment	—	1,171	1,131	56	2,358
Additions	8,966	245	804	34	10,049
Disposals	—	—	(38)	—	(38)
Depreciation provided for the period	—	(394)	(592)	(26)	(1,012)
At 31 December 2013, net of accumulated depreciation and impairment	8,966	1,022	1,305	64	11,357
At 31 December 2013:					
Cost	8,966	2,141	3,201	200	14,508
Accumulated depreciation and impairment	—	(1,119)	(1,896)	(136)	(3,151)
Net carrying amount	8,966	1,022	1,305	64	11,357
30 June 2014					
At 31 December 2013 and at 1 January 2014:					
Cost	8,966	2,141	3,201	200	14,508
Accumulated depreciation and impairment	—	(1,119)	(1,896)	(136)	(3,151)
Net carrying amount	8,966	1,022	1,305	64	11,357
At 1 January 2014, net of accumulated depreciation and impairment	8,966	1,022	1,305	64	11,357
Additions	269	139	—	—	408
Depreciation provided for the period *(note 6)*	(219)	(224)	(319)	(18)	(780)
At 30 June 2014, net of accumulated depreciation and impairment	9,016	937	986	46	10,985
At 30 June 2014:					
Cost	9,235	2,280	3,201	200	14,916
Accumulated depreciation and impairment	(219)	(1,343)	(2,215)	(154)	(3,931)
Net carrying amount	9,016	937	986	46	10,985

13. GOODWILL

Group

	RMB'000
At 30 June 2014 and 31 December 2013	
Cost and net carrying amount	1,916

Impairment testing of goodwill

Goodwill acquired through business combination has been allocated to the cash-generating unit of the landscape gardening service (the "Unit").

The recoverable amount of the cash-generation unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by management. The discount rate applied to the cash flow projection was 16% and cash flows beyond the five-year period were extrapolated using a grow rate of 5% which was the same as the long term average growth rate of the industry.

Assumptions were used in the value in use calculation of the Unit for 30 June 2014 and 30 June 2013. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rates — The discount rates used are before tax and reflect specific risks relating to the relevant units.

Raw materials price inflation — The basis used to determine the value assigned to raw materials price inflation is the forecast price indices during the budget year from where the raw materials are sourced.

The values assigned to the key assumptions on market development of industrial products and infrastructure industries, discount rates and raw materials price inflation are consistent with external information sources.

14. OTHER INTANGIBLE ASSETS

Group

	Licenses RMB'000
31 December 2013	
Cost at 1 January 2013, net of accumulated amortisation	6,176
Amortisation provided during the period	(335)
At 31 December 2013	5,841
At 31 December 2013:	
Cost	6,650
Accumulated amortisation	(809)
Net carrying amount	5,841
30 June 2014	
Cost at 1 January 2014, net of accumulated amortisation	5,841
Amortisation provided during the period *(note 6)*	(167)
At 30 June 2014	5,674
At 30 June 2014:	
Cost	6,650
Accumulated amortisation	(976)
Net carrying amount	5,674

Licenses represent the Landscape Construction Enterprises Qualification Certificate of type I, issued by Ministry of Housing and Urban-rural Development PRC and the Landscape Design Qualification Certificate of type II issued by Shanghai Urban Construction and Communications Commission. Both certificates help the Group to undertake the projects which have requirements on the qualification.

15. INVESTMENT IN A JOINT VENTURE

	Group	
	30 June 2014 RMB'000	31 December 2013 RMB'000
Share of net assets	**5,233**	5,255

Particulars of the Group's joint venture are as follow:

Name	Place of registration and business	Nominal value of registered capital	Percentage of ownership interest attributable to the Group 2014	2013	Principal activities
Shanghai City Investment Virescence Technology Development Company Limited ("Shanghai City")	PRC/Mainland China	RMB36,000,000	**15%**	15%	Landscaping

The Group's voting power held in relation to Shanghai City is 15% and the Group's profit sharing arrangement in relation to Shanghai City is 15% during the period. The Group's investment in joint venture is held through a wholly-owned subsidiary of the Company.

Shanghai City is considered as a material joint venture of the Group in Mainland China and is accounted for using the equity method.

15. INVESTMENT IN A JOINT VENTURE (Continued)

The following table illustrates the summarised financial information of Shanghai City adjusted for any differences in accounting policies, and reconciled to the carrying amount in the Financial Information:

	30 June 2014 RMB'000	31 December 2013 RMB'000
Cash and cash equivalents	9,414	10,457
Other current assets	31,151	29,928
Current assets	40,565	40,385
Non-current assets	619	773
Current liabilities	(6,297)	(6,126)
Net assets	34,887	35,032
Net assets, excluding goodwill	34,887	35,032
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	15%	15%
Group's share of net assets of the joint venture, excluding goodwill	5,233	5,255
Carrying amount of the investment	5,233	5,255
Revenue	1,936	4,318
Depreciation and amortisation	(70)	(139)
Profit for the period and total comprehensive income for the period	(146)	46

16. INVESTMENT IN AN ASSOCIATE

	Group	
	30 June 2014 RMB'000	31 December 2013 RMB'000
Share of net assets	8,039	7,867

16. INVESTMENT IN AN ASSOCIATE (Continued)

Particulars of the associate are as follow:

Name	Place of Incorporation/ registration and business	Nominal value of registered capital	Percentage of ownership interest attributable to the Group		Principal activities
			2014	2013	
Shanghai Taifu Diandang Company Limited ("Shanghai Taifu")	PRC/Mainland China	RMB30,000,000	27%	27%	Pawnbroking

The Group's voting power held in relation to Shanghai Taifu is 27% and the Group's profit sharing arrangement in relation to Shanghai Taifu is 27% during the period from 1 August 2013.

The Group's investment in associate is held through a wholly-owned subsidiary of the Company.

Shanghai Taifu is considered as a material associate of the Group in Mainland China and is accounted for using the equity method.

The following table illustrates the summarised financial information of Shanghai Taifu adjusted for any differences in accounting policies, and reconciled to the carrying amount in the financial statements:

	2014 RMB'000
Current assets	31,370
Non-current assets	61
Current liabilities	(1,657)
Net assets	29,774
Net assets, excluding goodwill	29,774
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's ownership	27%
Group's share of net assets of the associate, excluding goodwill	8,039
Carrying amount of the investment	8,039
Revenue	1,461
Profit for the period and total comprehensive income for the period	639

17. CONSTRUCTION CONTRACTS

	Group	
	30 June 2014 RMB'000	31 December 2013 RMB'000
Gross amount due from contract customers	**54,016**	28,051
Contract costs incurred plus recognised profits less recognised losses to date	**332,174**	94,959
Less: Progress billings	**(278,158)**	(66,908)
	54,016	28,051

18. TRADE RECEIVABLES

	Group	
	30 June 2014 RMB'000	31 December 2013 RMB'000
Trade receivables	**276,416**	174,167
Impairment	**(226)**	(226)
	276,190	173,941

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:

	Group	
	30 June 2014 RMB'000	31 December 2013 RMB'000
Within one year	**269,835**	157,316
Over one year but within two years	**4,894**	13,019
Over two years	**1,461**	3,606
	276,190	173,941

18. TRADE RECEIVABLES (Continued)

Provision for impairment of trade receivables is RMB226,000 during the Reporting Period.

Included in the provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB226,000 with a carrying amount before provision of RMB226,000 at both 30 June 2014 and 31 December 2013.

For retention money receivables in respect of construction works carried out by the Group, the respective due date usually range from one to three years after the completion of the relevant construction work. As at 30 June 2014, retention money held by customers included in trade receivables amounted to approximately RMB45,533,000 as compared to RMB46,948,000 as at 31 December 2013.

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

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	Group	
	30 June 2014 RMB'000	31 December 2013 RMB'000
Neither past due nor impaired	**276,190**	173,941

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

Based on past experience, the directors 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.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group	
	30 June 2014 RMB'000	31 December 2013 RMB'000
Prepayments	**3,843**	4,035
Deposits and other receivables	**24,085**	28,926
	27,928	32,961

Net of prepayments, deposits and other receivables is a provision of RMB36,000 (2013: RMB36,000).

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

The movements in provision for impairment of prepayments, deposits and others receivables are as follows:

	Group	
	30 June 2014 RMB'000	31 December 2013 RMB'000
At 31 December 2013 and 30 June 2014	**36**	36

Included in the provision for impairment of prepayments, deposits and other receivables is a provision for individually impaired receivables of RMB36,000 (2013: RMB36,000) with a carrying amount before provision of RMB36,000 (2013: RMB36,000). The individually impaired receivables relate to the portions of receivables that were not expected to be recovered.

Included in the above other receivables as at 30 June 2014 was an unsecured receivable from a local government authority amounted to RMB12,000,000 (31 December 2013: RMB12,000,000) with an effective interest rate of 14% (2013: 14%) per annum. Apart from the abovementioned, the rest of other receivables balance is unsecured, interest-free and have no fixed term of repayment.

20. CASH AND CASH EQUIVALENTS

	Group	
	30 June 2014 RMB'000	31 December 2013 RMB'000
Cash and cash equivalents	**16,153**	10,793

As at the end of the Reporting Period, the cash and cash equivalents of the Group are all denominated in RMB. 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.

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:

	Group	
	30 June 2014 RMB'000	31 December 2013 RMB'000
Within one year	**86,532**	67,395
Over one year but within two years	**2,835**	3,775
Over two years	**313**	1,796
	89,680	72,966

The trade payables are non-interest-bearing and are normally settled on three to nine months terms.

22. OTHER PAYABLES AND ACCRUALS

	Group	
	30 June 2014 RMB'000	31 December 2013 RMB'000
Other tax payable	**31,741**	25,493
Other payables	**18,173**	5,703
Deposits from sub-contractors	**4,981**	4,277
Staff payroll and welfare payables	**4,023**	4,994
Payables for purchase of equity interests from non-controlling interests	**—**	3,430
	58,918	43,897

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

23. INTEREST-BEARING BANK BORROWING

Group		30 June 2014			31 December 2013		
		Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Bank loans							
— unsecured	*(i)*	**6.60**	**2014**	**11,984**	6.60	2014	11,984
	(i)	**6.60**	**2015**	**18,000**			
		6.60	**2015**	**8,000**			
Long term loans							
— unsecured	*(ii)*	**6.15**	**2016**	**126,192**			

(i) The Company's director, Mr. Wu, has guaranteed the Group's bank loan up to RMB11,984,000 (31 December 2013: RMB11,984,000).

The Company's directors, Mr. Wu and Ms. Xiao, have guaranteed the Group's bank loan up to RMB18,000,000 (31 December 2013: Nil)

(ii) The loan was guaranteed by Independent Third Parties.

All borrowings are denominated in RMB and bear floating interest rates.

24. DEFERRED TAX

The movements in deferred tax assets and liabilities during the Reporting Period are as follows:

Group

Deferred tax assets:

	Payroll payables RMB'000	Others RMB'000	Total RMB'000
At 31 December 2012 and at 1 January 2013	806	184	990
Deferred tax credited to profit or loss during the period *(note 10)*	400	—	400
At 31 December 2013 and at 1 January 2014	1,206	184	1,390
Deferred tax credited to profit or loss during the period *(note 10)*	(950)	604	(346)
At 30 June 2014	256	788	1,044

24. DEFERRED TAX (Continued)

Deferred tax liabilities:

	Fair value adjustment arising from acquisition of a subsidiary RMB'000	Changes in the fair value of biological assets of loss RMB'000	Total RMB'000
At 31 December 2012 and at 1 January 2013	1,592	16	1,608
Deferred tax (credited)/charged to profit or loss during the period *(note 10)*	(84)	18	(66)
At 31 December 2013 and at 1 January 2014	1,508	34	1,542
Deferred tax (credited)/charged to profit or loss during the period *(note 10)*	(124)	—	(124)
At 30 June 2014	1,384	34	1,418

At the end of the Reporting Period, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries and joint venture established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries and joint venture will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries and joint venture in Mainland China for which deferred tax liabilities have not been recognised totaled approximately nil (2013:nil).

25. ISSUED CAPITAL

Shares

	30 June 2014 RMB'000	31 December 2013 RMB'000
Authorised:		
3,800,000 (31 December 2013: 50,000) ordinary shares of HKD0.1 each	**299**	305
Issued and fully paid:		
3,800,000 (31 December 2013: 50,000) ordinary shares of HKD0.1 each	**299**	305

On 3 January 2014, the Company increased its authorised share capital to US$50,000 divided into 50,000 shares of a par value of US$1.00 each and HK$380,000 divided into 3,800,000 shares of a par value of HK$0.10 each, by the creation of an additional 3,800,000 shares of a par value of HK$0.10 each to rank passu in all respects.

25. ISSUED CAPITAL (Continued)

Shares (Continued)

On 3 January 2014, each of Broad Landscape International Company Limited, Eastern Greenstate International Company Limited and YiYu International Company Limited subscribed for 2,610,068, 1,133,475 and 56,457 ordinary shares with a par value of HK$0.10 each, respectively.

On 3 January 2014, the Company repurchased a total of 50,000 ordinary shares with a par value of US$1.00 each in issue for a total consideration of US$50,000 from Broad Landscape International Company Limited, Eastern Greenstate International Company Limited and YiYu International Company Limited.

26. OPERATING LEASE ARRANGEMENTS

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:

	Group	
	30 June 2014 RMB'000	31 December 2013 RMB'000
Within one year	**422**	26
In the second to fifth years, inclusive	**612**	101
After five years	**69**	88
	1,103	215

27. 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:

	Group	
	30 June 2014 RMB'000	30 June 2013 RMB'000
Lease of office from Mr. Wu and Ms. Xiao	**180**	180

27. RELATED PARTY TRANSACTIONS (Continued)

(b) Other transaction with related party

During the period, Shanghai Greenstate used an office premise with gross floor area of 100 sq.m. located at Group 17, Zhangqiao Village, Jinshanwei Town, Jinshan District, Shanghai, PRC, which was owned by Mr. Wu Jie, a close family member of that Mr. Wu's family, free of charge.

(c) Outstanding balances with related parties

The outstanding balance owed by the Company from the related parties amounted to RMB299,000 (2013: RMB305,000). These balances are unsecured, interest-free and have no fixed terms of repayment.

(d) Compensation of key management personnel of the Group

	Six-month period ended 30 June	
	2014 (Audited) RMB'000	2013 (Unaudited) RMB'000
Salaries	**1,134**	800
Pension scheme contribution	**322**	190
	1,456	990

28. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the period are as follows:

Group

30 June 2014

Financial assets

	Loans and receivables RMB'000
Trade receivables	**276,190**
Financial assets included in prepayments, deposits and other receivables	**24,085**
Cash and cash equivalents	**16,153**
	316,428

28. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

Group (Continued)

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	**89,680**
Financial liabilities included in other payables and accruals	**23,154**
Interest-bearing bank borrowing	**37,984**
Long term loans	**126,192**
	277,010

31 December 2013

Financial assets

	Loans and receivables RMB'000
Trade receivables	173,941
Financial assets included in prepayments, deposits and other receivables	28,926
Cash and cash equivalents	10,793
	213,660

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	72,966
Financial liabilities included in other payables and accruals	13,410
Interest-bearing bank borrowing	11,984
Amount due to the Founding Shareholders	120,682
	219,042

29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, trade and bills payables, Interest-bearing bank borrowing, financial liabilities included in other payables and accruals and amount due to the Founding Shareholders approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

As at 30 June 2014 and 31 December 2013, the Group did not hold any assets or liabilities measured at fair value except the biological assets.

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

30. COMMITMENTS

At the end of the Reporting Period, neither the Group nor the Company had any material commitments.

31. CONTINGENT LIABILITIES

At the end of the Reporting Period, neither the Group nor the Company had any material contingent liabilities.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise trade receivables, trade and payables, financial assets included in prepayments, deposits and other receivables and financial liabilities included in other payables and accruals, which arise directly from its operations. The Group has cash and cash equivalent, and interest-bearing bank borrowing to raise fund for the Group's operations.

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.

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.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest rate risk (Continued)

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	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
2013			
RMB	15	(222)	(166)
RMB	(15)	222	166
2014			
RMB	15	(10)	(7)
RMB	(15)	10	7

Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of cash and cash equivalents, trade and other receivables included in the consolidated financial statements represent the Group's maximum exposure to credit risk in relation to its financial assets.

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

Liquidity risk

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.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

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

Group

	30 June 2014					
	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank borrowing	—	12,028	27,234	—	—	39,262
Long term loans	—	—	—	131,538	—	131,538
Trade and bills payables	89,680	—	—	—	—	89,680
Other payables	23,154	—	—	—	—	23,154
	112,834	12,028	27,234	131,538	—	283,634

	31 December 2013					
	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank borrowing	—	197	12,182	—	—	12,379
Trade and bills payables	72,966	—	—	—	—	72,966
Other payables	13,410	—	—	—	—	13,410
Amount due to the Founding Shareholders	120,682	—	—	—	—	120,682
	207,058	197	12,182	—	—	219,437

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the period ended 30 June 2014 and 31 December 2013.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management (Continued)

The Group monitors capital using a gearing ratio, which is net debt divided by the equity plus net debt. Net debt includes interest-bearing bank borrowing, long term loans, trade and bills payables, other payables and accruals, amounts due to Founding Shareholders, less cash and cash equivalents. The gearing ratios as at the end of the Reporting Periods were as follows:

	Group	
	30 June 2014 RMB'000	31 December 2013 RMB'000
Interest-bearing bank borrowing	**37,984**	11,984
Long term loans	**126,192**	—
Trade and bills payables	**89,680**	72,966
Other payables and accruals	**23,154**	9,980
Amounts due to the Founding Shareholders	**—**	120,682
Less: Cash and cash equivalents	**(16,153)**	(10,793)
Net debt	**260,857**	204,819
Equity	**63,525**	7,666
Capital and net debt	**324,382**	212,485
Gearing ratio	**80%**	96%

33. EVENTS AFTER THE REPORTING PERIOD

(a) To further improve our working capital position, on 16 July 2014, Eastern Greenstate International, Broad Landscape International and Yi Yu International based on their respective equity interests in our Company, contributed HK$63.0 million in total to the Company as additional capital injection. In consideration, the Company allotted and issued a total of 1,000,000 shares to the shareholders according to their respective equity interests in the Company. Furthermore, the Company injected the amount of HK$63.0 million into Greenstate Times as capital contribution and Greenstate Times issued additional 50,000 shares to the Company as consideration.

(b) On 21 July 2014, Broad Landscape International was listed on the main board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Offer Price has been determined at HK$1.30 per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.03% and Hong Kong Stock Exchange trading fee of 0.005%). The final number of Offer Shares comprised in the Hong Kong Public Offering is 9,182,000 Offer Shares, representing approximately 4.27% of the Offer Shares in the Global Offering. The number of Offer Shares comprised in the International Offering is 205,618,000 Offer Shares which were allocated in full, representing approximately 95.73% of the Offer Shares in the Global Offering.

(c) The Over-allotment Option as described in the Prospectus and the Supplemental Prospectus has been partially exercised by the Joint Global Coordinators on behalf of the International Underwriters on 31 July 2014 in respect of 414,000 Shares, representing approximately 0.19% of the number of the Offer Shares initially available under the Global Offering. The Over-allotment Shares were issued and allotted by the Company at HK$1.30 per Share (exclusive of brokerage of 1%, SFC transaction levy of 0.03% and Hong Kong Stock Exchange trading fee of 0.005%), being the Offer Price per Share under the Global Offering.

34. SUBSEQUENT FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 28 August 2014.

DEFINITIONS

"Acting in Concert Deed"	a deed of confirmation dated 12 January 2014 executed by Mr. Wu Zhengping (吳正平), Ms. Xiao Li (肖莉) and the Management Shareholders, whereby they confirmed the existence of their acting in concert arrangements. A summary of the Acting in Concert Deed is set out in the section headed "Relationship with Controlling Shareholders" in the Prospectus
"Articles of Association"	the articles of association of the Company conditionally adopted on 25 June 2014 and became unconditionally effective on the Listing Date and as amended from time to time
"associates"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Company
"Board" or "Board of Directors"	the Board of directors of the Company
"Broad Landscape"	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 a wholly-owned company of Mr. Wu Zhengping (吳正平)
"BVI"	the British Virgin Islands
"CAGR"	Compound annual growth rate, a measurement to assess the growth rate over time
"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
"City Investment Virescence"	Shanghai City Investment Virescence Technology and Development Company Limited* (上海城投綠化科技發展有限公司), a company established in the PRC with limited liability on 10 March 1994, which is owned as to 15% by Greenstate Landscape, 75% by Shanghai City Construction Investment and Development Corporation (上海市城市建設投資開發總公司) (an Independent Third Party) and 10% by Shanghai Landscape Scientific Research Institute (上海市園林科學研究所) (an Independent Third Party)
"Company", "Parent", "we", "us" or "our"	Broad Greenstate International Company Limited (博大綠澤國際有限公司), 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, and in the context of this interim report refers to Broad Landscape International, Eastern Greenstate International, Mr. Wu Zhengping (吳正平), Ms. Xiao Li (肖莉) and the Management Shareholders
"Directors"	director(s) of the Company
"Eastern Greenstate International"	Eastern Greenstate International Company Limited (綠澤東方國際有限公司), a company incorporated in BVI on 9 October 2013, which is owned as to 48.3% by Ms. Xiao Li (肖莉), 16.1049% by Mr. Shen Wenlin (沈文林), 8.1% by Mr. Song Shudong (宋曙東), 6.4% by Mr. Zhang Kequan (張克泉), 4.0% by Mr. Jiao Ye (焦曄), 3.2% by Mr. Wang Lei (王磊), 3.2% by Mr. Li Qiuliang (李秋亮), 2.4% by Mr. Xiao Xu (肖旭), 1.6% by Ms. Zhu Wen (朱雯), 1.6% by Mr. She Lei (佘磊), 1.7% by Mr. Zhao Guanghua (趙光華) and 3.3% by Ms. Zhou Wei (周維)
"Founding Shareholders"	Mr. Wu Zhengping (吳正平), Ms. Xiao Li (肖莉) and the Management Shareholders
"Greenstate Gardening"	Shanghai Greenstate Gardening Company Limited* (上海綠澤園藝有限公司), a company established in the PRC with limited liability on 17 September 2004, which is a wholly-owned subsidiary of Shanghai Qianyi and an indirect wholly-owned subsidiary of the Company
"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 Landscape"	Shanghai Greenstate Landscape Properties Company Limited* (上海綠澤景觀置業有限公司), a company established in the PRC with limited liability on 15 June 2004, which is a wholly-owned subsidiary of Shanghai Qianyi and an indirect 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
"IPSOS"	Ipsos Hong Kong Limited
"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
"Management Shareholders"	Mr. Shen Wenlin (沈文林), Mr. Song Shudong (宋曙東), Mr. Zhang Kequan (張克泉), Mr. Jiao Ye (焦曄), Mr. Wang Lei (王磊), Mr. Li Qiuliang (李秋亮), Mr. Xiao Xu (肖旭), Ms. Zhu Wen (朱雯) and Mr. She Lei (佘磊), who are full time employees of the Group and indirect Shareholders of the Company as at the date of the Prospectus
"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
"Renminbi" or "RMB"	the lawful currency of China
"Reporting Period"	the 6-month period from 1 January 2014 to 30 June 2014
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Qianyi"	Shanghai Qianyi Landscape Engineering Company Limited* (上海千頤景觀工程有限公司), a wholly foreign owned enterprise established in the PRC with limited liability on 26 December 2013, and an indirect wholly-owned subsidiary of the Company
"Share Option Scheme"	the share option scheme conditionally approved and adopted by the Company on 25 June 2014 which became unconditionally effective on the Listing Date, the principal terms of which are summarised in the subsection headed "Share Option Scheme — Summary of terms" in Appendix V to the Prospectus
"Shareholders"	holder(s) of our Share(s) from time to time
"Shares"	ordinary shares of HK$0.10 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
"YiYu International"	YiYu International Company Limited (乙羽國際有限公司), a company incorporated in BVI on 8 October 2013 and is wholly-owned by Mr. Chen Zhengliang (陳正亮)

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.