滄海
CHANHIGH

滄海控股有限公司
Chanhigh Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2017

2016
Annual Report

CONTENTS

BOARD OF DIRECTORS

Executive Directors

Mr. Peng Tianbin *(Chairman)*
Mr. Peng Yonghui *(Chief Executive Officer)*
Mr. Peng Daosheng

Non-executive Director

Ms. Wang Sufen

Independent Non-executive Directors

Mr. Fan Rong
Mr. Shi Weixing
Mr. Yang Zhongkai

AUDIT COMMITTEE

Mr. Fan Rong *(Chairman)*
Mr. Shi Weixing
Mr. Yang Zhongkai

REMUNERATION COMMITTEE

Mr. Yang Zhongkai *(Chairman)*
Mr. Peng Tianbin
Mr. Shi Weixing

NOMINATION COMMITTEE

Mr. Shi Weixing *(Chairman)*
Mr. Peng Yonghui
Mr. Yang Zhongkai

STRATEGY COMMITTEE

Mr. Peng Tianbin *(Chairman)*
Mr. Peng Yonghui
Mr. Fan Rong

AUTHORISED REPRESENTATIVES

Mr. Peng Yonghui
Mr. Tong Tai Alex

COMPANY SECRETARY

Mr. Tong Tai Alex

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

CORPORATE HEADQUARTERS

17th and 18th Floors
Cang Hai Industry Building
No. 3388 Cang Hai Road
Yinzhou District, Ningbo City
Zhejiang Province
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3201A
32/F Citicorp Centre
18 Whitfield Road
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

CORPORATE INFORMATION

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor,
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

HONG KONG LEGAL ADVISER

Iu, Lai & Li Solicitors & Notaries
Rooms 2201, 2201A & 2202, 22nd Floor
Tower 1, Admiralty Centre
No. 18 Harcourt Road
Hong Kong

AUDITOR

RSM Hong Kong
Certified Public Accountants
29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

COMPLIANCE ADVISER

Essence Corporate Finance (Hong Kong) Limited
39th Floor, One Exchange Square
Central
Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China,
Ningbo Branch
No. 218 Zhongshan Xi Road
Haishu District
Ningbo City
Zhejiang Province
China

Bank of China, Ningbo Branch
No. 139 Yaohang Street
Haishu District
Ningbo City
Zhejiang Province
China

STOCK CODE

02017

COMPANY'S WEBSITE

www.chanhigh.com.hk

RESULTS

	Year ended 31 December			
	2013	2014	2015	**2016**
	RMB'000	RMB'000	RMB'000	**RMB'000**
Revenue	554,902	659,324	1,006,339	**1,551,858**
Gross profit	46,561	76,568	132,535	**194,626**
Profit before tax	37,870	69,738	127,218	**150,486**
Profit for the year	26,791	51,939	95,179	**108,004**
Profit attributable to owners of the Company	26,547	51,939	95,179	**108,004**

ASSETS AND LIABILITIES

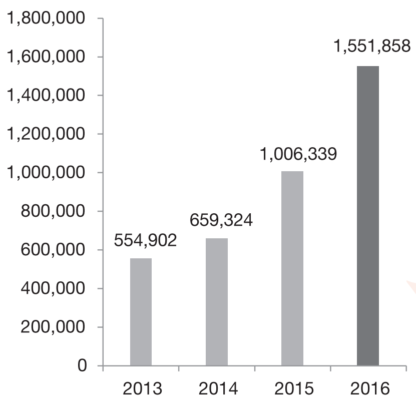
	As at 31 December			
	2013	2014	2015	**2016**
	RMB'000	RMB'000	RMB'000	**RMB'000**
Cash and cash equivalents	31,762	31,760	61,482	**108,065**
Total assets	1,114,274	1,273,488	1,469,515	**1,528,439**
Total liabilities	921,384	1,041,932	1,142,780	**1,267,852**
Total equity	192,890	231,556	326,735	**260,587**
Equity attributable to owners of the Company	192,890	231,556	326,735	**260,587**

KEY FINANCIAL RATIOS

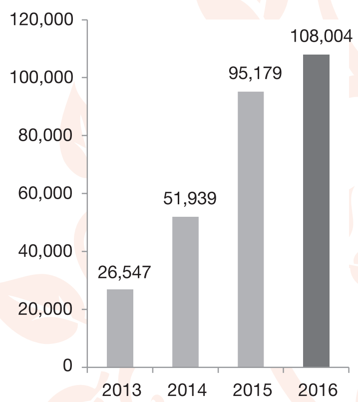
	2013	2014	2015	**2016**
Gross margin (%)	8.4%	11.6%	13.2%	**12.5%**
Net profit margin (%)	4.8%	7.9%	9.5%	**7.0%**
Gearing ratio	1.6	1.3	0.9	**0.2**

FINANCIAL HIGHLIGHTS

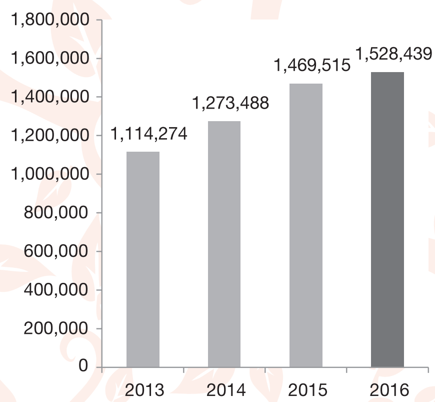
REVENUE
RMB' 000



PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY
RMB' 000



TOTAL ASSETS
RMB' 000



Note

1. The above is a summary of the published results and assets and liabilities of the Group for the last four financial years.

2. The consolidated results of the Group for each of the year ended 31 December 2015 and 2016 and the consolidated assets and liabilities of the Group as at 31 December 2015 and 2016 are set out on pages 65 to 66 of this annual report.

3. The consolidated results of the Group for each of the year ended 31 December 2013 and 2014 and of the consolidated assets and liabilities as at 31 December 2013 and 2014 have been extracted from the Prospectus. The above summary covers the last four years, rather than five years, since the Shares were listed on 31 March 2017, and financial information for the year ended 31 December 2012 had not been published.

Dear Shareholders,

On behalf of the Board, I am pleased to present the audited annual results of our Group for the year ended 31 December 2016.

Our Company was incorporated in the Cayman Islands on 1 April 2016 for the preparation of the Listing. The Shares were successfully listed on the Main Board of the Stock Exchange (Stock Code: 2017) on 31 March 2017.

Our Group achieved another success in 2016 with strong competitive advantage, good record in high-quality landscape and municipal works construction services and unremitting efforts to the development of our business. In 2016, the revenue of our Group amounted to RMB1,551.9 million; and in addition to the listing expenses of approximately RMB18.2 million (deducted from the Group's consolidated statement of profit or loss), the profit for the year amounted to RMB108.0 million.

In recent years, environmental protection has raised public awareness, and people have deepened their understanding of the issue of landscaping and green coverage in cities. With the advancement of science and technology, the development of society and the improvement of people's living standards, our country has perceived the development of landscaping and green coverage in cities as the quality of protecting ecological balance.

The State Council of China has issued Guidance of the State Council on the Key Areas of Innovation Investment Mechanisms to Encourage Social Investment; Chinese Premier Li Keqiang chaired the executive meeting of the State Council to discuss and adopt Law of China on the Prevention and Control of Atmospheric Pollution (Draft); the PRC Government will adjust the sales tax of some products such as refined oil product and use the newly-increased incomes as financial funds for controlling environmental pollution and addressing climate change; the two important documents of Water Pollution Control Action Plan and Instructions on Environmental Pollution Governed by a Third Party drafted by the National Development and Reform Commission, which are related to environmental protection, have been issued. The report to the Eighteenth National Congress of the Communist Party of China has pointed out that it must give high priority to making ecological progress which should be incorporated into all respects and the whole process of advancing economic, political, cultural, and social progress, and work hard to build a beautiful country, and achieve lasting and sustainable development of the Chinese ethnicity. Setting the construction of ecological civilisation in the top priority will further enhance social awareness of resource-conservation and environment-protection. The vision of the construction of a more beautiful China will provide incentive to the continuous development of China's environmental protection. Municipal landscaping, which is within the control of government, could drive the landscaping industry into the golden era of development with the continuous support of favourable government policies.

Currently, the government and social enterprise cooperation projects, namely "PPP" have become a vital measure for large enterprises to develop their business. As a newly listed company, our Group will seek for opportunities and follow government policies to participate in PPP to achieve rapid growth. We believe PPP provides us with a new momentum and strength for corporate development.

CHAIRMAN'S STATEMENT

In the current competitive landscaping market, horizontal expansion and vertical extension become the keys to outperform competitors. Though the landscaping market is huge, there are keen competitions for its participants. As the industry becomes mature gradually, the leading players will take more market share through utilising their funds, brand, technology, resources and other advantages. In short-term, the major measures used by the leading players to improve their core competitiveness are twofold: one is horizontal expansion geographically, which means accelerating the market penetration in southern and central China, and other areas, such as Beijing-Tianjin-Hebei regions, and taking the initiative in those relatively "blue ocean" areas; and the other is the extension of vertical supply chains, where resources integration and capacity enhancement in design are the key areas.

To continuously improve the core competitiveness of our Group's main business, we will integrate the entire value chain of the urban landscaping industry and provide a one-stop service from design and construction to inspection and operation. To improve our designing capabilities, we plan to acquire a first-grade architectural design firm. In addition, we are going to sustain and enhance our comprehensive strength and competitiveness in the whole industrial chain, and to diversify our business, by means of the mergers and acquisitions of those suitable enterprises in southern and central China. For our future development, and we are going to upgrade and enhance the qualification of our licence in municipal works after Listing.

We will implement a more open policy to bring innovative talents together and give them full play of their excellences. We need to cultivate a business that has the visions to be the pioneer and to be innovative. We will enhance our management team to meet challenges and needs of business development.

The remarkable development of our Group over the past years is the result from the support of all sectors. On behalf of the Board of Directors, I would like to express my heartfelt gratitude to all departments for their loyal services and contributions and to all parties involved in the Listing for their professional services, as well as to all our principal banks for their long-term support. At the same time, I would like to extend my sincere appreciations to all shareholders, customers and business partners for their long-term support and trust. We will make continuous efforts to strive for excellent performance in return for the support of all Shareholders, employees and business partners.

Peng Tianbin
Chairman and Executive Director

19 April 2017

INDUSTRY AND BUSINESS REVIEW

In 2016, driven by various government initiatives such as "Sponge City" and "Beautiful China" strategies, together with the continuous investments of the government in urban infrastructure to develop a sustainable environment in China, our business continued to grow rapidly. In addition, we also seek to expand our business coverage through active participation in tendering organised by local government or state-invested enterprises of different locality, aiming to achieve a stable growth of our business with a diverse customer base. We also sought to further enhance our credit control, strengthen our risk management system and explore new cooperation model with the stakeholders in the industry, in order to optimise our overall profitability.

We are one of the prominent landscape and municipal works construction service providers in Zhejiang Province, with footprint covering 12 provinces, three municipalities and two autonomous regions in China. We principally provide landscape and municipal works construction and maintenance services to our customers. In addition, we undertake building works and renovation works, and provide other services such as provision of maintenance and heritage building restoration services. We provided landscape and municipal works construction services mainly to state-invested enterprises and local governments. We act as a contractor and are responsible for the construction of landscaping and municipal works which fall within the scope of our professional qualifications. We possess eight professional qualifications with respect to landscaping, municipal and building works which place our Group in an advantageous position to capture business opportunities arising from the varying scale of landscaping and municipal works in our target market.

Leveraging on our strong integrated competitive strength, our sound track record of providing high quality landscaping and municipal works, together with our continued efforts in developing our principal businesses, 2016 was another remarkable year. We recorded a consolidated net profit of RMB108.0 million for 2016. Netting off the listing expenses of RMB18.2 million (charged to our consolidated statement of profit or loss) (2015: nil), profit for the year recorded an increase of 13.5% from RMB95.2 million for 2015 to RMB108.0 million for 2016.

Going forward, we plan to implement the following strategies, which we believe, will further strengthen our core competitive strengths and enable us to capture rising business opportunity:.

- Continuing to enhance our core competitive strengths through (i) horizontal integration with local landscape construction companies to expand our business coverage; and (ii) vertical integration through selective acquisitions of and investments in architectural design firm(s) to enrich our service capability.
- Increasing marketing efforts in private sector and enhancing cooperation with stakeholders in public sector to enlarge our customer base through (i) increasing cooperation with developers and contractors in private sectors; and (ii) exploring different forms of cooperation with local governments.
- Continuing to retain and attract, motivate and develop high-calibre and experienced staff.
- Continuing to enhance project execution efficiency and work quality.

MAJOR FINANCIAL PERFORMANCE INDICATORS

During the year, the Group recorded a relatively satisfactory growth. The total revenue of the Group increased by 54.2% to RMB1,551.9 million (2015: RMB1,006.3 million); the gross profit increased by 46.8% to RMB194.6 million (2015: RMB132.5 million). The net profit of the Group increased by 13.5% to RMB108.0 million in 2016 (2015: RMB95.2 million) which was partially affected by listing expenses incurred in 2016. If the listing expenses were added back, the net profit of the Group would reach to be RMB126.2 million. The increase of total revenue was primarily due to the increase from the landscape construction and municipal works construction segments.

The financial position of the Group has been healthy. During the year, the Group's increase in cash and cash equivalents amounted to RMB46.6 million (2015: RMB29.7 million).

RISK MANAGEMENT

The Company believes that risk management is essential to the Group's efficient and effective operation. The Company's management assists the Board in evaluating material risk exposure existing in the Group's business, including investment risk, interest rate risk, liquidity risk etc, and participates in formulating appropriate risk management and internal control measures, and to ensure its implementation in daily operational management.

IMPORTANT RELATIONSHIP

Our Employees

We had a total of 339 employees as at 31 December 2016 all of which were based in the PRC. Set forth below is a breakdown of the number of our employees by functions as at 31 December 2016:

Function	Number of employees
Administrative and human resources	44
Engineering	52
Finance and internal audit	27
Operational management	17
Procurement	17
Project management and technical team	127
Quality and safety	44
Senior management	11
Total	339

We believe that our long-term growth depends on the expertise, experience and development of our employees. The salaries and benefits of our employees depend primarily on their type of work, position, length of service with us and local market conditions. In order to improve our employees' skills and technical expertise, we provide regular training to our employees. We have in-house training programs to train our new joiners, mainly focusing on skills like construction technique and working procedures. The goal of the training programs is to train our employees and to identify talent, with the aim of providing upward mobility within our Group, fostering employee loyalty and incorporating customised mentoring, coaching and training.

During the year, we did not experience any material labour disputes, strikes or other material labour conflicts, receive any complaints, notices or orders from relevant government authorities or third parties, or receive any claims from our employees relating to social insurance or housing provident funds that could materially impaired our business operation or reputation. We made contributions to social insurance and housing provident funds in accordance with the applicable laws and regulations.

Our Suppliers

For the year ended 31 December 2016, we made procurement from 1,002 suppliers across the PRC. Our suppliers are corporate entities or sole proprietors who are principally engaged in the supply or trading of plants and saplings and/or construction materials and/or leasing of equipment and machineries in the PRC. It is our policy to maintain multiple suppliers and seek quotations from at least three suppliers for purchase of major raw materials to avoid over-reliance on any single supplier. In addition, to minimize cost and delivery time and given that certain standardised construction materials such as cements and steels are readily available in the PRC, we tend to make procurement from local suppliers which are in close proximity to the project sites whenever practicable. Our procurement department maintains a list of qualified suppliers. Such list of qualified suppliers are selected based on criteria such as price, quality, record of timely delivery, proximity to the project site, supply capacity and customer service. During the preparation of budget for each project, potential price fluctuations of raw materials are accounted for and any anticipated increase in costs will be taken into consideration and could be passed to our customers, to the extent feasible.

Our Customers

Our customers comprise state-invested enterprises, local governments, property owners and developers in private sector, entities that manage or operate construction projects and construction companies who act as the main contractor of the project and sub-contract a pre-defined section of the project to us. For the years ended 31 December 2016, we had 299 customers, of which 227 were state-invested enterprises or local governments, and the remaining customers were private enterprises. Our five largest customers during the year were mostly state-invested enterprises to whom we provided landscape and/or municipal construction services. Our five largest customers during the year were independent third parties. As we secure projects from major customers mainly through tendering and contracts awarded to us are mostly on a one-off basis, the composition of our five largest customers varied from period-to-period. Nevertheless, we have had a stable and cooperative relationship with our five largest customers. During the year, revenue contributed by our largest customer accounted for 5.7% of our total revenue, and revenue contributed by our five largest customers, in aggregate, accounted for 18.9% of our total revenue.

PROSPECTS

Looking ahead, as a result of the continuous economic growth and improvement in people's living standard in the PRC, it is expected that significant investments in the construction of landscaping facilities and municipal facilities will continuously be made by PRC central and local governments and state-invested enterprises. However, as a by-product of rapid economic development, the environmental pollution has been deteriorating and has become one of the key policy agenda of the PRC government.

In order to sustain continuous municipal development and improvement and to achieve environmental conservation, the PRC central government has rolled out various municipal development strategies, such as "Beautiful China" and "Sponge City", in a number of pilot cities across China. These strategies focus on continuous improvement of urban areas' living standard, restoration of urban ecosystems and energy saving through the construction of a more sophisticated and well-planned municipal infrastructure and landscaping-based facilities, such as developing landscaping features and drainage network in urban districts. These policy initiatives create business opportunities for enterprises which are well-qualified and capable of undertaking the related construction projects.

Taking into consideration of our experience in the construction of municipal facilities and landscaping facilities, our Group's professional and dedicated workforce and our planned strategic expansion into other parts of China where we have limited presence but the market has full potential, the management of our Group believes that we will continue to be benefited by these policy initiatives and our principal business shall grow at a relatively fast pace in the foreseeable future.

Furthermore, in light of the increasing popularity and wider adoption of PPP in large-scale governmental landscaping and municipal construction projects, we are continuously seeking appropriate partners to explore and capture business opportunities that may arise from such business model. In the meantime, we will also develop stringent internal procedures in the areas of project selection, risk identification, cash flow management, project execution and post-completion management to effectively manage the risks involved in the projects with PPP model. We believe that, with a sound project planning and risk management system, our strategic involvement in PPP projects in future will effectively enlarge our customer base and enhance our profitability.

Finally, through our on-going efforts in developing our business and enhancing our core competitive strengths, our Group endeavours to be one of the largest enterprises of the landscaping sector in our target market in the long run.

FINANCIAL REVIEW

Revenue

Our revenue increased by 54.2% or RMB545.5 million from RMB1,006.3 million for 2015 to RMB1,551.9 million for 2016, which was primarily due to the increase from the landscape construction and municipal works construction segments during the year.

Landscape construction

Our Group recorded an increasing trend on revenue from the landscape construction segment, amounting to RMB410.2 million and RMB628.2 million for 2015 and 2016, respectively, representing a growth of RMB218.0 million or 53.1%, primarily attributable to the increase in total number of landscape construction projects undertaken by us and the increase in the average contract value of our landscape construction projects newly commenced in 2016.

Municipal works construction

Our Group recorded an increasing trend on revenue from the municipal works construction segment of RMB528.7 million and RMB708.8 million for 2015 and 2016, respectively, representing a growth of 34.0% or RMB180.1 million. The increase was primarily attributable to the significant increase in the average contract value of our municipal works construction projects newly commenced for 2016.

Building works

Our Group experienced a significant increase in revenue from the building works segment by RMB110.4 million or 215.4% from RMB51.3 million for 2015 to RMB161.7 million for 2016, primarily attributable to the increase in the number of projects that recognised revenue for 2016.

Others

We recorded revenue from the others segment of RMB16.1 million and RMB53.2 million for 2015 and 2016, respectively, and the increase was primarily attributable to a relatively large size decoration project in Ningbo with RMB33.0 million revenue recognised for 2016.

Cost of services rendered

Cost of service rendered increased by 58.9% or RMB494.0 million from RMB839.2 million for 2015 to RMB1,333.2 million for 2016. Cost of materials consumed increased by 44.0% or RMB265.1 million from RMB602.4 million for 2015 to RMB867.5 million for 2016, primarily attributable to (i) the increase in plants and saplings consumed mainly resulting from our revenue growth from the landscape construction and municipal works construction segments, partially offset by the decrease in average prices for plants and saplings purchased in the market; and (ii) the increase in cements consumed mainly resulting from the increase in number of building works and municipal works construction projects during the respective periods. Cost of direct wages increased by 116.4% or RMB127.2 million from RMB109.4 million for 2015 to RMB236.6 million for 2016, primarily attributable to (i) the increase in total number of projects undertaken by us for the respective periods; (ii) the inclusion of VAT expenses as part of our labour service cost pursuant to the PRC tax reform effective since May 2016; (iii) the increase in average wages in the PRC labour market during the respective periods; and (iv) the higher direct labour cost incurred for certain newly commenced projects during 2016 due to the nature and complexity of manual work involved. Leasing of equipment and machineries increased by 90.8% or RMB93.2 million from RMB102.6 million for 2015 to RMB195.8 million for 2016, primarily attributable to the increase in total number of projects undertaken by us during the respective periods. Cost of depreciation decreased by 34.9% or RMB0.2 million from RMB0.6 million for 2015 to RMB0.4 million for 2016. Cost of other direct cost increased by 35.9% or RMB8.7 million from RMB24.2 million for 2015 to RMB32.9 million for 2016, generally in line with the growth in our cost of services rendered during the respective periods.

Business tax and auxiliary charges

Business tax and auxiliary charges amounted to RMB34.6 million and RMB24.0 million for 2015 and 2016, respectively, representing 3.4% and 1.5% of our revenue for the same periods.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 46.8% or RMB62.1 million from RMB132.5 million for 2015 to RMB194.6 million for 2016. Our gross profit margin slightly decreased from 13.2% for 2015 to 12.5% for 2016, primarily attributable to the increase in our total direct labour cost due to (i) the inclusion of VAT expenses as part of our labour service cost pursuant to the PRC tax reform effective since May 2016; (ii) the increase in average wages in the PRC labour market for 2016; and (iii) the higher direct labour cost incurred for certain newly commenced projects for 2016 due to the nature and complexity of manual work involved.

Other income and gains

Other income and gains decreased by 74.0% or RMB21.8 million from RMB29.5 million for 2015 to RMB7.7 million for 2016, primarily attributable to the decrease in interest income from related parties and on bank deposits as a result of (i) the decrease in average monthly balances of the amounts due from related parties and bank deposits respectively; and (ii) the decrease in interest rates due to the decrease in PBOC benchmark rate during the respective periods.

Administrative and other operating expenses

Our administrative expenses increased by 186.9% or RMB27.6 million from RMB14.7 million for 2015 to RMB42.3 million for 2016, primarily attributable to (i) the increase in the non-recurring listing expenses by RMB18.2 million; (ii) the increase in the staff salaries and benefits by RMB3.8 million mainly resulting from the increase in staff salaries and provision for retirement and benefit scheme expenses; and (iii) the increase in business development expenses by RMB2.6 million mainly resulting from our business expansion during the respective periods.

Finance costs

Our finance costs decreased by 52.6% or RMB10.5 million from RMB20.0 million for 2015 to RMB9.5 million for 2016, primarily attributable to (i) the decrease in average monthly balance of bank borrowings during the respective periods; and (ii) the decrease in bank borrowing rates due to the decrease in PBOC benchmark rate during the respective periods.

Income tax expense

Our income tax expense increased by 32.6% or RMB10.4 million from RMB32.0 million for 2015 to RMB42.5 million for 2016, primarily attributable to the increase in our gross profit and the effect of the non-recurring and non-deductible listing expenses incurred during 2016.

Profit for the year

As a result of the foregoing, our profit for the year increased by 13.5% or RMB12.8 million from RMB95.2 million for 2015 to RMB108.0 million for 2016. Our net profit margin decreased from 9.5% for 2015 to 7.0% for 2016, primarily attributable to the non-recurring listing expenses incurred during 2016.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are for the payment of purchases from suppliers, leasing of equipment and machineries, payment of other direct costs, staff costs, various administrative and other operating expenses, and have been funded through a combination of cash generated from our operations, bank borrowings, advance from shareholders. Upon completion of the Global Offering, we currently expect that there will not be any material change in the sources and uses of cash of our Group in the future, except that we would have additional funds from proceeds of the Global Offering for implementing our future plans as detailed under the section headed “Future Plans and Use of Proceeds” in the Prospectus.

Net Current Assets

The table below sets forth selected information for our current assets and current liabilities as at the dates indicated, respectively:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Current Assets		
Trade and other receivables	**720,599**	686,182
Gross amount due from customers for contract work	**694,020**	387,374
Amounts due from related companies	—	330,672
Bank and cash balances	**111,308**	63,152
	1,525,927	1,467,380
Current Liabilities		
Trade payables	**895,397**	696,888
Accruals and other payables	**56,809**	52,657
Receipts in advance	**18,034**	26,241
Gross amount due to customers for contract work	**8,994**	22,424
Amount due to a director	**160,337**	—
Borrowings	**61,000**	306,100
Current tax liabilities	**67,281**	38,470
	1,267,852	1,142,780
Net current assets	**258,075**	324,600

Our Group's net current assets decreased by 20.5% or RMB66.5 million from RMB324.6 million as at 31 December 2015 to RMB258.1 million as at 31 December 2016. The decrease was primarily due to (i) the decrease in our amounts due from related companies by RMB330.7 million resulting from the settlements of our related companies' balances; (ii) the increase in trade payables by RMB198.5 million mainly resulting from increase in our costs of materials consumed; and (iii) the increase in amount due to a director by RMB160.3 million resulting from a loan from Mr. Peng YH for reorganisation purpose and advances from Mr. Peng YH for our Group's expenses, which was partially offset by (i) the increase in gross amount due from/(to) customers for contract work by RMB320.1 million mainly resulting from the increase in number of projects undertaken by us; and (ii) the decrease in bank borrowings by RMB245.1 million resulting from the repayments of bank borrowings with guarantees.

Trade and other receivables

The following table sets forth an analysis of our trade and other receivables as at the respective dates indicated:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Trade and bills receivables		
Trade receivables	**512,540**	454,446
Bills receivables	**1,300**	1,200
	513,840	455,646
Deposits, prepayments and other receivables		
Utility deposits	**—**	50
Prepayments		
– Advance to suppliers	**4,812**	2,180
– Listing expenses	**4,765**	—
Other receivables		
– Construction contracts performance guarantees and deposit for tender	**115,999**	142,410
– Retention receivables	**78,239**	75,609
– Others	**2,944**	10,287
	206,759	230,536
	720,599	686,182

Our trade and other receivables increased by 5.0% or RMB34.4 million from RMB686.2 million as at 31 December 2015 to RMB720.6 million as at 31 December 2016. The increase was primarily due to (i) the increase in trade and bills receivables by RMB58.2 million resulting from the increase in our revenue which was partially offset by our increased effort in the collection of these receivables; (ii) the increase in prepayments for listing expenses by RMB4.8 million; and was partially offset by the decrease in construction contracts performance guarantees and deposit for tender by RMB26.4 million mainly because certain performance guarantees were released by our customers upon lapse of the respective guarantee periods during 2016.

The following table sets forth the ageing analysis of our trade and bills receivables, based on the contract terms for the work certified, as at the dates indicated:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
0 to 90 days	**180,870**	124,101
91 to 180 days	**76,059**	60,852
181 to 365 days	**86,373**	106,869
Over 1 year but less than 2 years	**89,521**	115,079
Over 2 years but less than 3 years	**63,718**	48,745
Over 3 years	**17,299**	—
Total	**513,840**	455,646

The table below sets forth a summary of average turnover days of trade and bills receivables for the periods indicated:

	As at 31 December	
	2016	2015
Average turnover days of trade and bills receivables [(1)]	**114.0**	149.6

Note (1) Average turnover days of trade and bills receivables for 2015 and 2016 is derived by dividing the arithmetic mean of the opening and closing balances of trade and bills receivables for the relevant period by revenue and multiplying by 365 days.

Our average turnover days of trade and bills receivables decreased from 149.6 days in 2015 to 114.0 days in 2016, mainly due to (i) the high growth rate of our revenue during the same periods, and (ii) our tightened credit control with respect to customers with long-aged trade and bills receivables by increasing effort to collect outstanding payment and close monitoring of receivable balances on an on-going basis.

Amounts due from/to customers for contract work

The following table sets forth our amounts due from/to customers for contract work as at the dates indicated.

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Gross amounts due from customers for contract work	**694,020**	387,374
Gross amounts due to customers for contract work	**(8,994)**	(22,424)
Construction contracts in progress	**685,026**	364,950

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Contract costs incurred plus recognised profits less recognised losses to date	**4,236,842**	2,638,445
Less: Progress billings	**(3,551,816)**	(2,273,495)
	685,026	364,950

Our construction contracts in progress increased by 87.7% or RMB320.0 million from RMB365.0 million as at 31 December 2015 to RMB685.0 million as at 31 December 2016. The increase was primarily due to (i) the accumulation of construction works done as projects being carried out; and (ii) the increase in total number of projects undertaken by us during the year.

Trade payables

The table below sets forth, as at the dates indicated, the ageing analysis of our trade payables based on the date of receipt of goods:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
0 to 90 days	**189,706**	203,542
91 to 180 days	**92,796**	113,705
181 to 365 days	**233,401**	167,541
Over 1 year but less than 2 years	**289,616**	138,472
Over 2 years but less than 3 years	**55,917**	59,125
Over 3 years	**33,961**	14,503
Total	**895,397**	696,888

Our trade payables increased by 28.5% or RMB198.5 million from RMB696.9 million as at 31 December 2015 to RMB895.4 million as at 31 December 2016. The increase was primarily due to the increase in our costs of materials consumed and direct labour costs during the same periods.

The table below sets forth a summary of average turnover days of trade payables for the periods indicated:

	Year ended 31 December	
	2016	2015
Average turnover days of trade payables[(1)]	**218.0**	289.0

Note (1) Average turnover days of trade payables for 2015 and 2016 is derived by dividing the arithmetic mean of the opening and closing balances of trade payables for the relevant period by cost of service rendered, excluding depreciation and multiplying by 365 days.

Our average turnover days of trade payables decreased from 289.0 days in 2015 to 218.0 days in 2016, mainly due to the fact that: (i) we accelerated our collection process of trade receivables from our customers and managed to settle our outstanding trade payables with our suppliers more promptly; and (ii) we endeavour to shorten our settlement duration of trade payables with our suppliers in order to maintain an amicable working relationship with them on a long-term basis.

Accruals and other payables

The following table sets forth our accruals and other payables by nature as at the respective dates indicated:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Accrued staff costs	13,807	10,997
Accrued expenses	5,093	7,155
Accrued listing expense	8,470	—
Accrued rental expense	548	—
Advance from a staff	—	14,000
Other tax payables	24,030	2,220
Deposits from suppliers	2,618	13,803
Others	2,243	4,482
	56,809	52,657

Our accruals and other payables increased from RMB52.7 million as at 31 December 2015 to RMB56.8 million as at 31 December 2016, which was mainly attributable to (i) the increase in other tax payables of RMB21.8 million due to the significant increase in VAT tax payables pursuant to the PRC tax reform effective since May 2016; and (ii) the increase in accrued listing expenses of RMB8.5 million, which was partially offset by (i) the decrease in advances from a staff by RMB14.0 million upon repayment by us of such amount; and (ii) the decrease in deposits from suppliers by RMB11.2 million mainly because closing to the end of December 2016, there were fewer new projects which we required our suppliers to provide guarantees for materials procured.

Receipts in advance

Our receipts in advance decreased from RMB26.2 million as at 31 December 2015 to RMB18.0 million as at 31 December 2016, which was mainly attributable to the fact that closing to the end of December 2016, there were fewer new projects commenced which we required our customers to provide down payments.

Amounts due from related companies/amount due to a director

Our amount due from related companies decreased from RMB330.7 million as at 31 December 2015 to nil as at 31 December 2016, and our amount due to a director increased from nil as at 31 December 2015 to RMB160.3 million as at 31 December 2016, respectively. The amount represents a loan from Mr. Peng YH for reorganisation purpose and advances from Mr. Peng YH for our Group's expenses.

All our amount due to a director were unsecured, interest-free and had no fixed terms of repayment. Our amount due to a director has been (i) capitalised by way of issue of 1,000 Shares to each of Vast Base and TEUR on 15 March 2017; and (ii) the remaining amount due has been repaid to Mr. Peng YH on 13 March 2017. As at the date of this report, there is no amount due to any directors. Further details of the settlement by way of capitalisation, please refer to the paragraph headed "History, Development and Reorganisation — Settlement of amount due to a director by way of capitalisation" in the Prospectus.

CAPITAL EXPENDITURES AND COMMITMENTS

Our Group's capital expenditures principally consisted of expenditures on acquisitions of property, plant and equipment in our operations. Our capital expenditure slightly increased from RMB0.7 million for 2015 to RMB0.9 million for 2016.

Operating lease commitments

As at 31 December 2015 and 2016, our Group had commitments for future minimum lease payments in respect of our Group's offices under non-cancellable operating lease arrangements, which fall due as follows:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Within one year	**1,641**	1,490
In the second to fifth year inclusive	**300**	1,464
Over five years	**3**	4
Total	**1,944**	2,958

Capital commitments

As at 31 December 2015 and 2016, our Group had no capital commitments.

INDEBTEDNESS

Borrowings

The following table sets forth our total debts as at the dates indicated:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Secured short-term bank borrowings	**61,000**	306,100

Our bank borrowings decreased from RMB306.1 million as at 31 December 2015 to RMB61.0 million as at 31 December 2016, primarily due to our repayment of such borrowings through repayment of advances from the related companies. The average interest rates per annum at the end of each year of 2015 and 2016 were 5.63% and 5.43% respectively.

As at 31 December 2016, we had unutilised banking facilities available to us of nil and RMB230.0 million, respectively.

Except as disclosed above, and apart from intra-group liabilities, as at 31 December 2015 and 2016, our Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants, or other material contingent liabilities.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the year/as at each of the dates indicated:

	For the year ended 31 December	
	2016	2015
Gross profit margin (%) (1)	12.5	13.2
Net profit margin (%) (2)	7.0	9.5

	As at 31 December	
	2016	2015
Return on equity (%) (3)	41.4	29.1
Return on total assets (%) (4)	7.1	6.5
Current ratio (5)	1.2	1.3
Gearing ratio (6)	0.2	0.9
Net debt to equity ratio (7)	Net Cash	0.7

Notes:

(1) We calculated gross profit margin for 2015 and 2016 on gross profit divided by total revenue for the respective years and multiplied by 100%.

(2) We calculated net profit margin for 2015 and 2016 on profit for the year divided by total revenue for the respective years and multiplied by 100%.

(3) We calculated return on equity for 2015 and 2016 based on the profit for the year for the respective years divided by total equity attributable to the Shareholders as at the respective years ends and multiplied by 100%.

(4) We calculated return on total assets for 2015 and 2016 based on the net profit for the respective years divided by the total assets as at the respective years ends and multiplied by 100%.

(5) We calculated current ratios as at 31 December 2015 and 2016 based on the total current assets as at the respective year ends divided by the total current liabilities as at the respective year ends.

(6) We calculated gearing ratios as at 31 December 2015 and 2016 based on the total debt as at the respective year ends divided by total equity as at the respective years.

(7) We calculated net debt to equity ratios as at 31 December 2015 and 2016 based on net debts (being total borrowings net of cash and cash equivalents) as at the respective year ends divided by total equity as at the respective years ends.

Return on equity

Our return on equity increased from 29.1% for 2015 to 41.4% for 2016, primarily due to (i) the increase in our profit for the year that generally in line with our revenue growth during 2016; and (ii) the decrease in total equity as a result of the decrease in paid in capital by RMB152.0 million, which was reallocated to amount due to Mr. Peng YH for reorganisation purpose as at 31 December 2016.

Return on total assets

Our return on total assets increased from 6.5% for 2015 to 7.1% for 2016, primarily due to the relatively smaller total assets growth mainly resulting from the increase in trade and bills receivables, compared with the growth in profit for the year during 2016.

Current ratio

Our current ratio remained relatively stable at 1.3 as at 31 December 2015 and 1.2 as at 31 December 2016.

Gearing ratio

Our gearing ratio decreased from 0.9 as at 31 December 2015 to 0.2 as at 31 December 2016, primarily due to the significant decrease in bank borrowing as being partially offset by the decrease in total equity because of reorganisation that led to a decrease in paid in capital.

Net debt to equity ratio

Our Group recorded net cash for net debt to equity ratio as at 31 December 2016 as cash and cash equivalents exceeded total bank borrowings as at the same date.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to various types of financial risks including credit risk and liquidity risk. Our Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on our Group's financial performance.

Credit risk

Our Group's credit risk is primarily attributable to our trade and other receivables, cash and bank balances and amounts due from related companies. In order to minimise credit risk of trade and bill receivables, our Directors have delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, our Directors review the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, our Directors consider that our Group's credit risk is significantly reduced.

Our Group has no significant concentrations of credit risk. We have policies in place to ensure that sales are made to customers with an appropriate credit history. Our directors closely monitor amounts due from related companies. We have limited credit risk on cash and bank balances because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Our Group does not provide any other guarantees which would expose us to credit risk.

Liquidity risk

Our Group's policy is to regularly monitor current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. Please refer to note 6(c) to the consolidated financial statements for details on the analysis based on contractual undiscounted cash flows of our Group's financial liabilities.

Foreign exchange risk

The Group's businesses are located in China and substantially all of its transactions are denominated in RMB. The aggregate net proceeds of the Group from the Listing (after deducting underwriting commission, and all related expenses) are denominated in HK$. Given the exchange rate between RMB and HK$ is relatively stable, the Group considers that the relevant foreign exchange exposure is not significant.

EXECUTIVE DIRECTORS

Mr. Peng Tianbin (彭天斌), aged 36, was appointed as a Director on 1 April 2016 and then was redesignated as an executive Director and chairman of the Company on 15 March 2017. Mr. Peng TB was the vice general manager of Chanhigh Landscape from 2001 to 2005, and was appointed as the chairman of CHHG in 2005. Mr. Peng TB is responsible for overall management, corporate policy making and strategic planning of the Group's business operations. He is currently the general manager, director and legal representative of CHHG.

Mr. Peng TB obtained a diploma in computer application* (計算機應用) in July 2000. He joined the Group in 2001, and has since then obtained over 15 years of experience in the landscape and public work construction industry.

Mr. Peng TB is the son of Mr. Peng DS, an executive Director, and Ms. Wang SF, a non-executive Director, and the brother of Mr. Peng YH, an executive Director and chief executive officer of the Company.

Pursuant to the Acting-in-Concert Confirmation, each of Mr. Peng DS, Ms. Wang SF, Mr. Peng YH and Mr. Peng TB is deemed to be interested in all the Shares held by Vast Base and TEUR under the PYH Family Trust and the PTB Family Trust by virtue of section 317 of the SFO. As at the date of this annual report, Mr. Peng TB is interested in 427,500,000 Shares under Part XV of the SFO.

Mr. Peng Yonghui (彭永輝), aged 35, was appointed as a Director on 1 April 2016 and was redesignated as an executive Director on 15 March 2017. Mr. Peng YH is the chief executive officer of the Company. He is responsible for overall management, financial operation and internal management of the Group. Mr. Peng YH manages the Group's administrative, human resources and financial departments. He is also in charge of bank financing and other related matters of the Group.

Mr. Peng YH obtained a diploma in highways and urban roads engineering from Changsha University of Science and Technology* (長沙理工大學) in June 2004, and a degree in civil engineering from Wuhan University of Technology* (武漢理工大學) in June 2006 through an online course. Mr. Peng YH joined the Group in April 2004.

Mr. Peng YH is the son of Mr. Peng DS, an executive Director, and Ms. Wang SF, a non-executive Director, and the brother of Mr. Peng TB, an executive Director and chairman of the Company.

As at the date of this annual report, Mr. Peng YH is interested in 427,500,000 Shares under Part XV of the SFO by virtue of being a trustee of the PYH Family Trust and the PTB Family Trust and he is deemed to be interested in all Shares held by Vast Base and TEUR, which are the Controlling Shareholders, under the PYH Family Trust and the PTB Family Trust.

Mr. Peng YH is a director of TEUR and Vast Base, the Controlling Shareholders.

Mr. Peng Daosheng (彭道生), aged 61, was appointed as a Director on 1 April 2016, and then was redesignated as an executive Director on 15 March 2017. Mr. Peng DS is the founder of the Group. Since the Group was established, Mr. Peng DS was responsible for its business development and quality control. As Mr. Peng TB and Mr. Peng YH joined the Group, they gradually took over the day-to-day business operations. Mr. Peng DS is now mainly responsible for setting the Group's business directions and focus. He is currently the general manager, director and legal representative of Chanhigh Landscape.

Mr. Peng DS obtained a bachelor's diploma of civil engineering from Changsha University of Science & Technology* (長沙理工大學) in June 2004. He has over 15 years of experience in the landscape and public work construction industry. In January 2001, Mr. Peng DS established Chanhigh Landscape and acted as the general manager. In April 2005, CHHG was established and Mr. Peng DS was appointed as the president of CHHG.

Mr. Peng DS is the spouse of Ms. Wang SF, a non-executive Director, and the father of Mr. Peng TB, an executive Director and chairman of the Company, and Mr. Peng YH, an executive Director and chief executive officer of the Company.

Pursuant to the Acting-in-Concert Confirmation, each of Mr. Peng DS, Ms. Wang SF, Mr. Peng YH and Mr. Peng TB is deemed to be interested in all the Shares held by Vast Base and TEUR under the PYH Family Trust and the PTB Family Trust by virtue of section 317 of the SFO. As at the date of this annual report, Mr. Peng DS is interested in 427,500,000 Shares under Part XV of the SFO.

NON-EXECUTIVE DIRECTOR

Ms. Wang Sufen (王素芬), aged 55, was appointed as a Director on 1 April 2016 and was then redesignated as a non-executive Director on 15 March 2017. Ms. Wang SF is responsible for providing objective advice and judgment to the Board in relation to major business decisions.

Ms. Wang SF has over 20 years of experience in the trading business. In October 1994, she established YZTB, which specialises in trading, and is the legal representative and general manager of such company.

Ms. Wang SF is the spouse of Mr. Peng DS, an executive Director, and the mother of Mr. Peng TB, an executive Director and chairman of the Company, and Mr. Peng YH, an executive Director and chief executive officer of the Company.

Pursuant to the Acting-in-Concert Confirmation, each of Mr. Peng DS, Ms. Wang SF, Mr. Peng YH and Mr. Peng TB is deemed to be interested in all the Shares held by Vast Base and TEUR under the PYH Family Trust and the PTB Family Trust by virtue of section 317 of the SFO. As at the date of this annual report, Ms. Wang SF is interested in 427,500,000 Shares under Part XV of the SFO.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fan Rong (范榮), aged 53, was appointed as an independent non-executive Director on 15 March 2017. He is a member of the Chinese Institute of Certified Public Accountants since 1995. In 1996, Mr. Fan was qualified as a certified public tax collector. Since October 2010, Mr. Fan has been working as a partner of Da Hua Certified Public Accountants (大華會計師事務所).

Mr. Fan was graduated from Anhui Open University (安徽廣播電視大學) with a bachelor's degree in accountancy in June 1986. In June 2002, Mr. Fan completed Graduate Programs for Advanced Studies of Sun Yat-Sen Business School (中山大學管理學院).

Mr. Fan worked at Guangzhou Tianhe Accounting Firm* (廣州天河會計師事務所) and Lixin Dahua Accounting Firm Guangzhou Branch (立信大華會計師事務所廣州分所) before joining Da Hua Certified Public Accountants.

Mr. Shi Weixing (施衛星), aged 54, was appointed as an independent non-executive Director on 15 March 2017.

Mr. Shi graduated from Tongji University* (同濟大學) with a bachelor's degree in architecture (structural engineering) in July 1984. He obtained a master's degree in structural engineering in May 1987, and a doctorate degree in engineering in September 1990. Mr. Shi is currently a professor at Tongji University. He is a member* (副主任委員) of the National Committee for Standardization on Mechanical Vibration and Shock* (全國機械振動與衝擊標準化技術委員會) since September 2004.

Mr. Yang Zhongkai (楊仲凱), aged 42, was appointed as an independent non-executive Director on 15 March 2017. He is currently a senior partner* (高級合夥人) of Join & High Law Office (天津四方君滙律師事務所).

Mr. Yang studied in Nankai University. He obtained a master's diploma in Political Economy (Politics and Economic Management)* (政治經濟學(經濟與政治管理)) from Tianjin Normal University (天津師範大學) in July 2003. On 8 October 2009, Mr. Yang obtained a Master of Arts (International Relations in Economy and Trade) from Flinders University through one of its offshore programs.

Mr. Yang has been serving as the senior partner of Join & High Law Office (天津四方君滙律師事務所) since 2010.

SENIOR MANAGEMENT

Mr. Alex Tong Tai (湯泰), aged 43, is the chief financial officer and the company secretary of the Company. Mr. Tong joined the Group in December 2015 and is in charge of the finance department. He is responsible for overseeing financial management and regulatory compliance, as well as reporting obligations of the Group. Prior to joining the Group, Mr. Tong worked in PricewaterhouseCoopers for approximately 15 years from September 1997 to November 2012, where the last position he served was as the Senior Manager of the Audit Department. In January 2015, he joined Gansu Heihe Clean Energy Company Limited* (甘肅黑河清潔能源股份有限公司) as the company secretary. Mr. Tong graduated with a bachelor's degree in business administration from The Chinese University of Hong Kong in December 1997. Mr. Tong is a member of Hong Kong Institute of Certified Public Accountants. He is also a member of the Chinese Institute of Certified Public Accountant since 17 February 2016.

Ms. Bao Lvping (包綠萍), aged 32, is the deputy executive chairman of the Group. Ms. Bao joined the Group on 1 June 2006 and has since then obtained over ten years of experience in administrative work. Ms. Bao is in charge of the administrative matters of the Group. Ms. Bao obtained a diploma in economics from the China University of Geosciences* (中國地質大學) in July 2005.

Ms. Bao Lvping is the cousin of Mr. Peng TB, an executive Director and chairman of the Company, and Mr. Peng YH, an executive Director and chief executive officer of the Company and the niece of Mr. Peng DS, an executive Director, and Ms. Wang SF, a non-executive Director.

Mr. Xu Shengfeng (徐勝鋒), aged 51, is the deputy general manager of the Group. He joined the Group in November 2015. Mr. Xu is primarily responsible for managing the Group's administrative matters, including human resources management and internal operation. Mr. Xu obtained a bachelor's diploma in traffic construction engineering* (交通土建工程) from Chongqing Jiaotong College* (重慶交通學院) (predecessor of Chongqing Jiaotong University) on 30 June 2004. He has over 10 years of experience in the landscape and public work industry. Mr. Xu worked at Zhejiang Tiantai Tongda Road & Bridge Engineering Company Limited* (浙江省天台縣通達路橋工程有限公司), Zhejiang Youli Construction Engineering Company Limited* (浙江友力建設工程有限公司) and Youli Construction Group* (友力建設集團有限公司) and Zhejiang Weida Landscape Construction Company Limited* (浙江偉達園林工程有限公司) before joining the Group.

Mr. Yang Jiannan (楊建南), aged 48, is the head of quality control department of the Group. Mr. Yang is responsible for overseeing the quality of production and construction safety of the Group. Mr. Yang graduated from Zhejiang Agricultural University* (浙江農業大學) (predecessor of Zhejiang University) with a bachelor's degree in engineering. Mr. Yang worked in Ningbo Rongshan Sports Ground Engineering Limited* (寧波榮山運動場包房工程有限公司) before joining the Group in August 2013.

Mr. Zhu Guangqi (朱光啟), aged 35, is the head of the procurement department of the Group. Mr. Zhu joined the Group on 1 January 2015. He is in charge of the procurement of materials and quality control of the raw materials. Mr. Zhu obtained a diploma in landscaping from University of Science and Technology Beijing* (北京科技大學) in July 2006 through an online course. In November 2009, Fenghua City Personnel Bureau* (奉化市人事局) granted the qualification of Garden Engineer* (園林工程師) to Mr. Zhu.

Mr. Luo Yining (羅軼寧), aged 30, is the head of the internal control department of the Group. He is responsible for handling internal control matters of the Group and liaising work amongst the Group and its subsidiaries. Mr. Luo graduated from Shijiazhuang Tiedao College* (石家莊鐵道學院) (predecessor of Shijiazhuang Tiedao University) with a diploma in road and bridge construction in June 2007. In July 2014, Mr. Luo obtained a diploma in civil engineering from the China University of Geosciences through an online course offered by the university.

Mr. Yuan Zhangyong (袁張勇), aged 33, is the head of the human resources department of the Group. Mr. Yuan is responsible for the processing of administrative data and human resources related matters of the Group. Mr. Yuan graduated from Zhejiang University of Technology with a diploma in business administration in June 2006. Mr. Yuan joined the Group in August 2010. Mr. Yuen obtained the qualification of an Assistant Engineer (landscaping)* (助理工程師 (園林綠化)) in April 2015 from Ningbo Municipal Human Resources and Social Security Bureau.

COMPANY SECRETARY

Mr. Tong Tai Alex (湯泰), aged 43, was appointed as the company secretary of the Group on 25 June 2016. For further details about Mr. Tong's biography, please refer to the sub-section headed "Senior Management" above.

The Directors are pleased to present this annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2016.

GLOBAL OFFERING

The Company was incorporated in the Cayman Islands on 1 April 2016 as an exempted company with limited liability under the Cayman Islands Companies Law. The Shares were listed on the Main Board of the Stock Exchange on 31 March 2017.

PRINCIPAL ACTIVITIES

The Group principally provides landscape and municipal works construction and maintenance services to its customers. In addition, the Group undertakes building works and renovation works, and provide other services such as provision of maintenance and heritage building restoration services. During the year, the Group provided landscape and municipal works construction services mainly to state-invested enterprises and local government. The analysis of the revenue of the principal activities of the Group for the year ended 31 December 2016 is set out in note 9 to the consolidated financial statements.

BUSINESS REVIEW AND RESULTS

A review of the business of the Group during the year is provided in "Management Discussion and Analysis" on pages 7 to 24 and "Chairman's Statement" on pages 5 to 6. A discussion on the Group's future business development is provided in the "Chairman's Statement" on pages 5 to 6 of this annual report. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Financial Highlights on pages 3 to 4 of this annual report.

The results of the Group for the year ended 31 December 2016 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 65 of this annual report.

FINAL DIVIDENDS

The Directors do not recommend a dividend for the year ended 31 December 2016.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 26 May 2017 to Thursday, 1 June 2017, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the forthcoming AGM to be held on Thursday, 1 June 2017. All transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Thursday, 25 May 2017.

USE OF NET PROCEEDS FROM THE LISTING

The Shares were listed on the Main Board of the Stock Exchange on the Listing Date with net proceeds received by the Company from the Listing in the amount of approximately HK$276.4 million after deducting underwriting commissions and all related expenses. The net proceeds received from the Listing will be used in the manner consistent with that mentioned in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Since the Listing Date and up to the date of this annual report, the net proceeds from the Listing were not applied for any use.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2016, the Group's purchases from the largest supplier, accounted for 3.2% of its total procurements, and purchases from five largest suppliers accounted for 13.0% of its total procurements.

For the year ended 31 December 2016, the Group's revenue contributed by the largest customer accounted for 5.7% of its total revenue, and revenue contributed by the five largest customers accounted for 18.9% of its total revenue.

To the best knowledge of the Directors, none of the Directors, their respective close associates or any shareholders who own more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest customers or suppliers aforementioned during the year.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2016 are set out in note 17 to the consolidated financial statements.

SUBSIDIARIES

Details of the major subsidiaries of the Company as at 31 December 2016 are set out in note 18 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last four financial years is set out on pages 3 to 4 of this annual report. As the Shares were listed on 31 March 2017 and financial information for the year ended 31 December 2012 had not been published, the summary shall only cover the last four financial years instead of five financial years. This summary does not form part of consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 24 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2016 are set out on page 67 in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 December 2016, the Company's reserves available for distribution, calculated in accordance with the provisions of Cayman Islands Companies Law and the Articles of Association, amounted to RMB Nil.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2016 are set out in note 29 to the consolidated financial statements.

DIRECTORS

The Directors from the date of incorporation of the Company to 31 December 2016 and up to the date of this report were:

Executive Directors:

Mr. Peng Tianbin *(Chairman)* (appointed on 1 April 2016 and redesignated on 15 March 2017)
Mr. Peng Yonghui *(Chief Executive Officer)* (appointed on 1 April 2016 and redesignated on 15 March 2017)
Mr. Peng Daosheng (appointed on 1 April 2016 and redesignated on 15 March 2017)

Non-executive Director:

Ms. Wang Sufen (appointed on 1 April 2016 and redesignated on 15 March 2017)

Independent non-executive Directors:

Mr. Fan Rong (appointed on 15 March 2017)
Mr. Shi Weixing (appointed on 15 March 2017)
Mr. Yang Zhongkai (appointed on 15 March 2017)

In accordance with Article 84 of the Articles of Association, at every annual general meeting of the Company one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 25 to 28 of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received a confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent in accordance with Rule 3.13 of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS AND LETTER OF APPOINTMENTS

Each of the executive Directors, non-executive Director and independent non-executive Directors has entered into a service contract with the Company on 15 March 2017 for a term of three years commencing from the Listing Date. For the executive Directors and the non-executive Director, the service contracts, may be terminated by not less than three months' notice in writing served by either party to the other. For the independent non-executive Directors, the service contracts may be terminated by not less than one month's notice in writing served by the Company.

None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Other than those transactions disclosed in notes 14 and 34 to the consolidated financial statements and the transactions set out in the section headed "Continuing Connected Transactions" in this report, no Director or entity connected with a Director had a material interest in, either directly or indirectly, in any transactions, arrangements or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2016.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2016.

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2016, the Group had 339 full-time employees. The Remuneration Committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices. The emolument policy of the Group would also make reference to the comparable market practices with reference to the qualifications of the employees.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five highest paid individuals are set out in notes 13 and 14 to the consolidated financial statements respectively.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Up to the date of this annual report, there were no changes to information which are required to be disclosed and had been disclosed by the Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51 (2) of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND THE ASSOCIATED CORPORATIONS OF THE COMPANY

As at the date of this annual report, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules were as follows:

Long positions in ordinary Shares

Name of Director	Nature of interest	Number of Shares *(Note 1)*	Approximate shareholding percentage (%)
Mr. Peng YH	Trustee of the PYH Family Trust and the PTB Family Trust *(Notes 1 and 3)*	427,500,000	71.25%
Mr. Peng TB	interests under section 317 *(Notes 2 and 3)*	427,500,000	71.25%
Mr. Peng DS	interests under section 317 *(Notes 2 and 3)*	427,500,000	71.25%
Ms. Wang SF	interests under section 317 *(Notes 2 and 3)*	427,500,000	71.25%

Notes:

(1) Vast Base is owned by Mr. Peng YH as trustee of the PYH Family Trust and TEUR is owned by Mr. Peng YH as trustee of the PTB Family Trust. Mr. Peng YH being the trustee of the PYH Family Trust and the PTB Family Trust, is therefore deemed to be interested in the Shares held by the PYH Family Trust and the PTB Family Trust under the SFO.

(2) Pursuant to the Acting-in-Concert Confirmation, each of Mr. Peng DS, Ms. Wang SF, Mr. Peng YH and Mr. Peng TB is deemed to be interested in all the Shares held by Vast Base and TEUR under the PYH Family Trust and the PTB Family Trust by virtue of section 317 of the SFO.

(3) Pursuant to a stock borrowing agreement dated 25 March 2017 entered into between Vase Base and Essence International Securities (Hong Kong) Limited, Essence International Securities (Hong Kong) Limited had borrowed 22,500,000 Shares to cover the over-allocations in the Global Offering on 31 March 2017 and such Shares shall be returned to Vast Base on or around 26 April 2017.

Save as disclosed above, as at the date of this annual report, none of the Directors and the chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time from the Listing Date were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and 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.

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

As at the date of this annual report, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in the ordinary Shares

Name of substantial Shareholder	Nature of interest	Number of Shares *(Note 1)*	Approximate percentage of shareholding (%)
Vast Base	Beneficial interest *(Note 3)*	202,500,000	33.75%
TEUR	Beneficial interest	225,000,000	37.5%
Mr. Peng YH	Trustee *(Notes 1 and 3)*	427,500,000	71.25%
Mr. Peng TB	interests under Section 317 *(Notes 2 and 3)*	427,500,000	71.25%
Mr. Peng DS	interests under Section 317 *(Notes 2 and 3)*	427,500,000	71.25%
Ms. Wang SF	interests under Section 317 *(Notes 2 and 3)*	427,500,000	71.25%
Zhejiang Yongchuang Industrial Co., Ltd.	Beneficial interest *(Note 4)*	35,944,000	5.99%
Mr. Lou Zhangliang	Interest in controlled corporation *(Note 4)*	35,944,000	5.99%

Notes:

(1) Vast Base is wholly owned by Mr. Peng YH as the trustee of the PYH Family Trust. The PYH Family Trust is a discretionary trust set up by Mr. Peng YH whose beneficiaries are Mr. Peng YH and his descendants who carry the "PENG (彭)" surname. On the other hand, TEUR is wholly owned by Mr. Peng YH as the trustee of PTB Family Trust. The PTB Family Trust is a discretionary trust set up by Mr. Peng YH whose beneficiaries are Mr. Peng TB and his descendants who carry the "PENG (彭)" surname. Under the SFO, Mr. Peng YH as a trustee of the PYH Family Trust and the PTB Family Trust is deemed to be interested in all Shares held by Vast Base and TEUR under the PYH Family Trust and the PTB Family Trust.

(2) Pursuant to the Acting-in-Concert Confirmation, each of Mr. Peng DS, Ms. Wang SF, Mr. Peng YH and Mr. Peng TB is deemed to be interested in all the Shares held by Vast Base and TEUR under the PYH Family Trust and the PTB Family Trust by virtue of Section 317 of the SFO.

(3) Pursuant to a stock borrowing agreement dated 25 March 2017 entered into between Vase Base and Essence International Securities (Hong Kong) Limited, Essence International Securities (Hong Kong) Limited had borrowed 22,500,000 Shares to cover the over-allocations in the Global Offering on 31 March 2017 and such Shares shall be returned to Vast Base on or around 26 April 2017.

(4) Zhejiang Yongchuang Industrial Co., Ltd. is owned as to 70% by Mr. Lou Zhangliang, who is therefore deemed to be interested in 5.99% of the issued share capital of the Company held by Zhejiang Yongchuang Industrial Co., Ltd.

Save as disclosed above, and as at the date of this annual report, the Directors were not aware of any persons (who were not directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 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 referred to therein.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Shares were listed on the Stock Exchange on 31 March 2017. None of the Company or any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2016.

CONTINUING CONNECTED TRANSACTIONS

Non-Exempt Continuing Connected Transaction

Chanhigh Landscape (as contractor) and Canghu (as principal) entered into a framework agreement on 17 July 2016 (the "**Framework Agreement**") in respect of a municipal project under a PPP operated model by Canghu, i.e. Phase I of the construction of Xinyuan – Taihu International Health City supporting infrastructure (鑫遠 • 太湖國際健康城配套基礎設施建設一期工程PPP項目) (the "**XYTH Project**"). The Framework Agreement is of a term from 1 July 2016 to 31 December 2018 with total construction service fees not exceeding RMB340 million.

Parties:	Canghu (as principal) Chanhigh Landscape (as contractor)
Date:	17 July 2016
Term:	from 1 July 2016 to 31 December 2018
Services to be provided:	construction work in relation to the XYTH Project, including construction of municipal roads (including bridges), buildings and ancillary greenery landscape
Total construction service fees:	not exceeding RMB340,000,000
Annual caps of construction service fees:	(i) the construction service fees payable by Canghu to Chanhigh Landscape from the date of the Framework Agreement to 31 December 2016 shall not exceed RMB90,000,000; (ii) the construction service fees payable by Canghu to Chanhigh Landscape from 1 January 2017 to 31 December 2017 shall not exceed RMB170,000,000; and (iii) the construction service fees payable by Canghu to Chanhigh Landscape from 1 January 2018 to 31 December 2018 shall not exceed RMB80,000,000.

As at 31 December 2016, Canghu is a limited liability company established in the PRC and principally engaged in construction and building works of roads, bridges, water works, municipal public works and landscape projects. As at the Latest Practicable Date, 72.7% of the equity interest in Canghu is indirectly owned by CHHG and 20% of the equity interest is owned by a state-owned enterprise, namely Huzhou Nantaihu Municipal Construction Company Limited (湖州南太湖市政建設有限公司) (“**Nantaihu**”), which is an independent third party from the Group. The remaining 7.3% of the equity interest in Canghu is indirectly owned by Mr. Peng TB and his spouse. CHHG is owned as to 20% by Mr. Peng DS, 30% by Mr. Peng TB and 50% by Ms. Wang SF respectively. Mr. Peng DS and Mr. Peng TB are executive Directors and Ms. Wang SF is a non-executive Director. Accordingly, Canghu is a connected person of the Company under the Listing Rules and the transaction under the Framework Agreement will constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules upon the Listing.

Pursuant to the Framework Agreement, Canghu and Chanhigh Landscape had entered into two sub-agreements:

(a) a sub-agreement dated 25 July 2016 in relation to construction of municipal roads, drainage, bridges, roadside lamp posts of the XYTH Project with a total contract sum of RMB150,000,000; and

(b) a sub-agreement dated 27 July 2016 in relation to construction of relocation apartments for the Meidong residents (梅東農民) of the XYTH Project with a total contract sum of RMB135,000,000.

For the year ended 31 December 2016, the total construction fees under the Framework Agreement paid by Canghu to Chanhigh Landscape amounted to approximately RMB28,393,000. The annual caps for the amount of construction service fees to be received by Chanhigh Landscape for the two years ending 31 December 2017 and 2018 shall be RMB170,000,000 and RMB80,000,000, respectively.

Based on the proposed annual caps for the transactions contemplated under the Framework Agreement, as at least one of the applicable percentage ratios calculated by reference to Rule 14A.75 of the Listing Rules exceeds 25% but is less than 100%, the transaction contemplated thereunder will be subject to the reporting, annual review, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Stock Exchange has granted a waiver from strict compliance with the announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules subject to the certain conditions as disclosed on page 187 of the Prospectus.

Opinion from the independent non-executive Directors on the non-exempt continuing connected transaction

The independent non-executive Directors have reviewed the transaction and confirmed that the non-exempt continuing connected transaction has been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or better; and

(c) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Directors confirm that the Company has complied with the requirements of Chapter 14A of the Listing Rules in respect of all of its continuing connected transactions.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group are set out in note 34 to the consolidated financial statements. Apart from the abovementioned continuing connected transaction, other related party transactions were not regarded as connected transactions or were exempt from reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

PRE-EMPTIVE RIGHTS

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

NON-COMPETITION UNDERTAKINGS

Each of the Controlling Shareholders has confirmed to the Company that he/she/it has complied with the non-competition undertakings that he/she/it provided to the Company on 15 March 2017 pursuant to the Non-competition Deed. Details of the Non-competition Deed are set out in the section headed "Relationship with Controlling Shareholders" of the Prospectus. The independent non-executive Directors have reviewed the status of compliance and confirmed that all of these non-competition undertakings have been complied with by the Controlling Shareholders during the year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

COMPLIANCE WITH LAWS AND REGULATIONS

The Group persists in maintaining good corporate governance and operating in compliance with the laws and integrity through abidance by relevant laws and regulations, industry regulations and business ethics. For the year ended 31 December 2016 and up to the date of this annual report, save for those disclosed in the Prospectus, the Company had not been and was not a party to any material legal, arbitral or administrative proceedings, and the Company was not aware of any pending or threatened legal, arbitral or administrative proceedings against the Company or any of the Directors which could have a material adverse effect on the Company's operations or financial condition.

RELATIONSHIPS WITH STAKEHOLDERS

During the year, coping with the external and internal uncertainties and changes, the Group gained valuable experience, which will help the Group to face and overcome challenges of the future. The Group's sustainable development depends on the supports and efforts of all the parties involved, including the employees, the customers, the suppliers, the business partners and the Shareholders, and in particular the efforts and contributions and dedication of all staff of the Group.

PRINCIPAL RISKS AND UNCERTAINTIES

As most of the operations of the Group are conducted in the PRC, any material change in the PRC's political, economic and social conditions, laws, regulations and policies may have a material adverse effect on the Group

The industry in which the Group is operating its business is subject to the laws and regulations in the PRC. Any change in existing laws and regulations or their interpretation that may affect the business or operations of the Group could lead to additional compliance costs or costly and time-consuming changes to its operations, either of which could materially and adversely affect the business, financial conditions and results of operations of the Group.

Further, the PRC economy has been transformed to a more market-oriented economy. The PRC government has implemented economic reform measures emphasising responsiveness to market forces in the development of the PRC economy. Yet, the PRC government continues to play a very significant role in regulating industries by imposing industrial policies. Despite the implementation of such reforms, the Group cannot predict whether changes in the PRC's political and social conditions, laws, regulations and policies will have any adverse effect on the current or future business, financial conditions and results of operations of the Group.

The failure to obtain or renew the qualifications and certificates necessary for the business operations of the Group would materially and adversely affect the ability of the Group to conduct or expand its business

The Group are required to maintain requisite qualifications and certificates to conduct its business. The Group must comply with the conditions imposed by the relevant authorities to maintain its qualifications and certificates. Any suspension or revocation of these qualifications or certificates may have a material adverse impact on its business and operations. In addition, the Group cannot assure that qualifications or certificates necessary for its business operations will be granted to or renewed in a timely manner, or at all. If the Group experiences delays in obtaining, or are unable to obtain, such required qualifications or certificates, its operations and business and its overall financial performance will be materially and adversely affected. The Group may also not be able to commence new business line if the Group fails to obtain the requisite qualification or certificates. Further, any change in the qualification requirements or certificate conditions may lead to additional compliance costs or result in costly and time-consuming changes to its operations in order to fulfil the new requirements or conditions.

The Group does not have long-term commitments with its major customers and the Group generate its revenue mainly on project-basis which is not recurring in nature

The relationships between the Group and its customers are mainly contract-based with reference to particular project(s). In cases where its customers are local governments, they may form a project company for commencing and managing a new project and organising the tendering process. As such, its major customers do not have long-term commitments with the Group and can vary from period-to-period. In addition, the relationship between the Group and its major customers are non-exclusive and largely dependent on goodwill. The results of operations of the Group will continue to depend on (a) its ability to continue to secure projects from its customers, in particular, the state-invested enterprises and local governments which are major group of its customers; and (b) the financial condition of its major customers. The Group cannot assure that its major customers will be able to continue to maintain strong financial position. If their financial condition significantly deteriorates, they may reduce the number and scale of new projects, thereby reducing business opportunities to the Group. Furthermore, the Group cannot assure that it will be able to maintain or improve business relationships with its existing customers and any of them may terminate their respective business relationships with the Group at any time. Any material difficulty in securing projects from its customers, termination or significant reduction in the number or contract value of the projects secured from them could cause its revenue and profit to decrease significantly. If any of the foregoing events occurs, the financial conditions and results of operations may be materially and adversely affected.

Revenue of the Group derived from such projects is mainly project-based which is not recurring in nature. In the tendering process, the Group has to prepare and submit a tender bid and sign construction contract for new project only if the bid is successful. The tenderer sets its own assessment process and selection criteria over which the Group has limited control or influence. The contract is not necessarily awarded to the lowest priced bid and the tendering process can be highly competitive, especially for high-profile or lucrative project. As such, the Group cannot assure that every bid submitted by the Group in the tenders will be successful. In the event that the bid for major contract is not successful, the Group may lost opportunity to elevate its corporate profile and generate new revenue source, and the business and results of operations of the Group may be materially and adversely affected.

ENVIRONMENTAL POLICIES AND PERFORMANCE

With respect to the environmental protection in the process of engineering and construction contracting, according to such laws and regulations as the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》), the Environmental Impact Evaluation Law of the PRC (《中華人民共和國環境影響評價法》), the Law of the PRC on the Prevention of the Environmental Pollution of Solid Waste (《中華人民共和國固體廢物污染環境防治法》), the Regulations on the Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) and the Regulations on the Administration of the Final Acceptance of the Environmental Protection Facilities of Construction Projects (《建設項目環境保護設施竣工驗收管理規定》), the construction of any project that causes pollution to the environment must comply with the PRC government's regulations on environment protection relating to the construction projects. The PRC government has implemented a mechanism for the evaluation of environmental impact of construction projects. A construction enterprise shall adopt measures to control environmental pollutions and damages caused by dust, waste gas, sewages, solid waste, noises and vibrations at the construction site in accordance with the environmental protection and work safety laws and regulations. For details of the Company's environmental policies and performance, please refer to the Environmental, Social and Governance Report on pages 53 to 58 of this annual report. For the year ended 31 December 2016, the Company has complied with the relevant laws and regulations that have a significant impact on the Company save as disclosed in the Prospectus.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

PERMITTED INDEMNITY PROVISION

As at the date of this annual report, all Directors were covered under the liability insurance purchased by the Company for its Directors.

CHARITABLE DONATIONS

For the year ended 31 December 2016, the Group made no charitable and other donations.

SUBSEQUENT EVENTS

Pursuant to the Notice on the Administration of Abolishing the Approval Requirement on the Urban Landscape Construction Enterprise Qualification Certificate by the Office of the Ministry of Housing and Urban-Rural Development (Jian Ban Cheng [2017] No. 27) (《住房城鄉建設部辦公廳關於做好取消城市園林綠化企業資質核準行政許可事項相關工作的通知》(建辦城[2017] 27號)) promulgated on 13 April 2017, the contractor of landscape construction is no longer required to hold the qualification of Urban Landscaping Construction Enterprises.

The Directors consider such a notice does not have significant impact on the Group's business.

Save as aforesaid, the material subsequent events are disclosed in note 35 to the consolidated financial statements in this annual report.

DISCLOSURE UNDER RULE 13.20 OF THE LISTING RULES

The Directors are not aware of any circumstances resulting in the responsibility of disclosure under Rule 13.20 of the Listing Rules regarding the provision of advance by the Company to an entity.

AUDIT COMMITTEE

The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system, the preparation of financial statements and internal control procedures. It also acts as an important link between the Board and the external auditor in matters within the scope of the group audit.

The annual results for the year ended 31 December 2016 of the Company have been reviewed by the Audit Committee.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions with effect from 31 March 2017. Having made specific enquiry to all Directors, the Directors have complied with the required standard set out in the Model Code from the Listing Date to the date of this annual report.

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 42 to 52 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the knowledge of the Directors as at the date of this report, at least 25% of the Company's total issued share capital, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, are held by the public at all times as of the date of this report.

AUDITOR

RSM Hong Kong has acted as auditor of the Company for the year ended 31 December 2016.

RSM Hong Kong shall retire in the forthcoming AGM and, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of RSM Hong Kong as auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the Board

Peng Tianbin
Chairman and Executive Director

Ningbo, the PRC
19 April 2017

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance with effect on 31 March 2017, the Listing Date. The Board is of the opinion that the Company has complied with all applicable code provisions under the CG Code since the Listing Date. The key corporate governance principles and practices of the Company are outlined later in this annual report.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established four Board committees including the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategy Committee. The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference. All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times.

Board Composition

As at the date of this annual report, the Board comprises three executive Directors, one non-executive Director and three independent non-executive Directors.

Executive Directors

Mr. Peng Tianbin *(Chairman)*
Mr. Peng Yonghui *(Chief Executive Officer)*
Mr. Peng Daosheng

Non-executive Director

Ms. Wang Sufen

Independent Non-executive Directors

Mr. Fan Rong
Mr. Shi Weixing
Mr. Yang Zhongkai

The biographies of the Directors are set out under the section headed "Directors and Senior Management" of this annual report.

Since the Listing Date and up to the date of this annual report, the Company has been in compliance with the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

The Company believes that the diversity of Board members will be immensely beneficial for the enhancement of the Company's performance. Therefore, the Company has adopted a Board diversity policy to ensure that the Company will, when determining the composition of the Board, consider Board diversity in terms of, among other things, age, cultural and educational background, professional experience, skills and knowledge and length of service. The Board diversity policy sets out the approach towards achieving diversity on the Board. Pursuant to the Board diversity policy, all Board appointments will be based on merits and contribution that the selected candidates will bring to the board, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board.

As each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules, the Company considers all of them to be independent parties.

Save as disclosed in the Directors' biographies set out in the section headed "Directors and Senior Management" in this annual report, none of the Directors has any personal relationship (including financial, business, family or other material or relevant relationship) with any other Director and chief executive of the Company.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategy Committee.

As regards the CG Code provision requiring directors to disclose the number and nature of offices held in public companies or organizations and other significant commitments as well as the identity and the time involved to the issuer, the Directors have agreed to disclose their commitments and any subsequent change to the Company in a timely manner.

Induction and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary of the Company has from time to time updated and provided written training materials relating to the roles, functions and duties of a Director.

All directors have received training regarding listing rules compliance offered by the Company's legal advisors before the listing of the Company in March 2017.

Chairman and Chief Executive Officer

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Under the organization structure of the Company, Mr. Peng TB and Mr. Peng YH perform Chairman of the Board and the chief executive officer respectively. This is in compliance with the abovementioned code provision.

Appointment and Re-election of Directors

Each of the executive Directors, non-executive Director and independent non-executive Directors has signed a service contract with the Company for a term of three years commencing from the Listing Date subject to termination as provided in the service contract.

The appointments of executive Directors, non-executive Directors and independent non-executive Directors are subject to the provisions of retirement and rotation of the Directors under the Articles of Association and the applicable Listing Rules.

None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

In accordance with the Articles of Association, one-third of the Directors for the time being (or, if their number is not a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation and shall be eligible for re-election and re-appointment provided that every Director shall be subject to retirement by rotation at least once every three years at every annual general meetings and any new Director appointed to fill a causal vacancy or as an addition to the Board shall submit himself/herself for re-election by Shareholders at the next general meeting after appointment.

Board Meetings

The Company intends to hold Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days will be given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board and Board Committees meetings, reasonable notice is generally given. The agenda and accompanying board papers are dispatched to the Directors or Board Committees members at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board Committees members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings are kept by the company secretary with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board Committees meetings are recorded in sufficient detail about the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committees meeting are/will be sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by the Directors.

From the Listing Date and up to the date of this annual report, one Board meeting and no general meetings were held and the attendance record of each Director is set out in the table below:

Directors	Attended/ Eligible to attend the Board meeting(s)	Attended/ Eligible to attend the general meeting(s)
Mr. Peng TB	1/1	N/A
Mr. Peng YH	1/1	N/A
Mr. Peng DS	1/1	N/A
Ms. Wang SF	1/1	N/A
Mr. Fan Rong	1/1	N/A
Mr. Shi Weixing	1/1	N/A
Mr. Yang Zhongkai	0/1	N/A

Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding the Directors' securities transactions with effect from 31 March 2017, being the Listing Date. As the Shares were not listed on the Stock Exchange as at 31 December 2016, related rules under the Listing Rules concerning the Model Code that Directors shall observe do not apply to the Company for the year ended 31 December 2016.

All Directors have confirmed that they have fully complied with the required standards set out in the Model Code and the Company's code of conduct during the period from the Listing Date to the date of this annual report.

Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on terms no less exacting than the required standards set out in the Model Code. Each of the relevant employees has been given a copy of the written guidelines.

No incident of non-compliance with these guidelines by the relevant employees was noticed by the Company.

Delegation by the Board

The Board reserves for its decision all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

BOARD COMMITTEES

Audit Committee

The Audit Committee comprises three members, namely Mr. Fan Rong (chairman), Mr. Shi Weixing and Mr. Yang Zhongkai, all of them are independent non-executive Directors.

The principal duties of the Audit Committee include but not limited to the following:

(1) to act as the key representative body for overseeing the Company's relations with the external auditor;

(2) to make recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

(3) to review the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly report) before submission to the Board, with focus on significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Rules and legal requirements in relation to financial reporting;

(4) to consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

(5) to review the Company's financial controls, and unless expressly addressed by a separate Board risk committee, or by the Board itself, to review the Company's risk management and internal control systems; and

(6) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

No meeting was held by the Audit Committee during the year ended 31 December 2016 as the Company was listed on the Main Board of the Stock Exchange on 31 March 2017. No work has been performed by the Audit Committee for the year ended 31 December 2016 as it was set up on 15 March 2017. From the Listing Date and up to the date of this annual report, one Audit Committee meeting was held. Pursuant to the meeting of the Audit Committee held in March 2017, save as Mr. Yang Zhongkai, all the members of the Audit Committee attended the meeting in person and the following matters have been discussed and considered:

- reviewed final results of the Company and its subsidiaries for the financial year as well as the audit report prepared by the Auditor relating to accounting issues and major findings in course of audit;

- reviewed the financial reporting system, compliance procedures, internal control (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function), risk management systems and processes and the re-appointment of the Auditor; the Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of the Auditor.

Remuneration Committee

The Remuneration Committee comprises three members, including two independent non-executive Directors namely Mr. Yang Zhongkai (chairman), Mr. Shi Weixing and one executive Director namely Mr. Peng TB.

The principal duties of the Remuneration Committee include but not limited to the following:

1. to make recommendations to the Board on the Company's policy and structure for all remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;

2. to review and approve management's remuneration proposals with reference to corporate goals and objectives of the Board;

3. to determine the remuneration packages of individual executive Directors and senior management. These include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

4. to make recommendations to the Board on the remuneration of non-executive Directors;

5. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

6. to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

7. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

8. to ensure that no Director or any of his/her associates (as defined in the Listing Rules) is involved in deciding his/her own remuneration; and

9. to report back to the Board on their decisions or recommendation, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

No meeting of the Remuneration Committee was held during the year ended 31 December 2016 as the Company was listed on the Main Board of the Stock Exchange on 31 March 2017. No work has been performed by the Remuneration Committee for the year ended 31 December 2016 as it was set up on 15 March 2017. From the Listing Date and up to the date of this annual report, one Remuneration Committee meeting was held, save as Mr. Yang Zhongkai, all the members of the Remuneration Committee attended the meeting in person.

Nomination Committee

The Nomination Committee currently comprises three members, including two independent non-executive Directors namely Mr. Shi Weixing (chairman), Mr. Yang Zhongkai and one executive Director namely Mr. Peng YH.

The principal duties of the Nomination Committee include the following:

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy;

2. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

3. to assess the independence of independent non-executive Directors;

4. to make recommendations to the Board on the appointment or reappointment of Directors and the succession planning for Directors, in particular the chairman and the chief executive officer; and

5. to review the Board diversity policy.

The Nomination Committee assesses the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

No meeting of the Nomination Committee was held during the year ended 31 December 2016 as the Company was listed on the Main Board of the Stock Exchange on 31 March 2017. No work has been performed by the Nomination Committee for the year ended 31 December 2016 as it was set up on 15 March 2017. From the Listing Date and up to the date of this annual report, one Nomination Committee meeting was held and save as Mr. Yang Zhongkai, all the members of the Nomination Committee attended the meeting in person.

Strategy Committee

The Strategy Committee comprises three members, including two executive Directors, namely Mr. Peng TB (chairman), Mr. Peng YH, and one independent non-executive Director namely Mr. Fan Rong.

The principal duties of the Strategy Committee include but not limited to the following:

1. to review, study and advise the Company's business strategies, and monitor the progress of the application of the net proceeds from the Global Offering and implementation of the Company's business strategies;

2. to research and recommend on the long term development strategy of the Company; and

3. to research and recommend on other significant matters affecting the development of the Company.

The written terms of reference of the Strategy Committee are available on the websites of the Stock Exchange and the Company.

No meeting of the Strategy Committee was held during the year ended 31 December 2016 as the Company was listed on the Main Board of the Stock Exchange on 31 March 2017. No work has been performed by the Strategy Committee as it was set up on 15 March 2017. From the Listing Date and up to the date of this annual report, one Strategy Committee meeting was held and all the members of the Strategy Committee attended the meeting in person.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Details of the remuneration of the Directors and senior management are set out in notes 14 and 34 to the consolidated financial statements in this annual report.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2016 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on the Company's performance, positions and prospects.

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

The statement by the Auditor regarding its reporting responsibilities on the consolidated financial statements of the Company is set out in the "Independent Auditor's Report" on pages 59 to 64 of this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board acknowledges that it is the responsibility of the Board for maintaining an adequate internal control and risk management system to safeguard Shareholder investments and Company assets and reviewing the effectiveness of such system on an annual basis.

The Group's internal audit department plays a major role in monitoring the internal governance of the Company. The major tasks of the internal audit department are reviewing the financial condition and internal control and risk management of the Company and conducting comprehensive audits of all subsidiaries of the Company on a regular basis.

The Board considers that the existing internal control system is reasonably effective and adequate.

AUDITOR'S REMUNERATION

The remuneration for the audit services provided by the Auditor to the Group during the year ended 31 December 2016 amounted to RMB0.6 million. There is no remuneration paid to the Auditor in respect of non-audit services.

COMPANY SECRETARY

Mr. Tong Tai Alex (湯泰), the company secretary of the Company, is responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures, as well as the applicable laws, rules and regulations are followed.

Mr. Tong will undertake not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has arranged directors' and officers' liability insurance for its Directors and senior management. The insurance covers the corresponding costs, charges, expenses and liabilities for any legal action against them arising out of corporate activities.

DIRECTORS' TRAINING

According to the code provision A.6.5 of the CG Code, the Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

As the Company was not listed on the Stock Exchange for the year ended 31 December 2016, code provision A.6.5 of the CG Code was not applicable to the Company in the year under review. However, according to the records of the Company, all Directors attended training sessions on duties and responsibilities of directors of companies listed on the Stock Exchange in the year under review. The training sessions were presented by Iu, Lai & Li Solicitors & Notaries and covering topics on corporate governance, inside information, notifiable transactions and connected transactions.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

The AGM provides opportunity for the Shareholders to communicate directly with the Directors. The Chairman of the Company and the chairperson of the Board Committees will attend the AGM to answer Shareholders' questions. The Auditor will also attend the AGM to answer questions about the conduct of the audit, the preparation and content of the Auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains a website of the Company, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

CONVENING OF EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS

Shareholders may put forward proposals for consideration at a general meeting of the Company according to the Articles of Association. Any one or more members holding as at date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or any one of the company secretary of the Company, to require an extraordinary general meeting of the Company to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

ENQUIRIES TO THE BOARD

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the headquarters of the Company at 17th and 18th Floors, Cang Hai Industry Building, No. 3388 Cang Hai Road, Yinzhou District, Ningbo City, Zhejiang Province, China (email address: chanhigh@chanhigh.com.hk).

CHANGE IN CONSTITUTIONAL DOCUMENTS

The amended and restated memorandum of association has been adopted and with effect from 15 March 2017 and Articles of Association have been adopted on 15 March 2017 and with effect from the Listing Date.

This Environmental, Social and Governance Report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" ("**ESG Guide**") of the Stock Exchange set out in Appendix 27 of the Listing Rules, with an aim to inform relevant parties and stakeholders of the Group's policies, measures and performance regarding environmental, social and governance ("**ESG**") issues.

This report covers the period from 1 January 2016 to 31 December 2016. The Company has required its management and employees of each department to review the operation of the Company based on their functions, identify relevant ESG issues and assess the materiality/correlation of such issues to its business.

During the year, the Company has complied with the "comply or explain" provisions set out in the ESG Guide.

A. ENVIRONMENT

A1. Emissions

The Company is committed to complying with requirements stipulated in local environmental laws and regulations, including but not limited to the Law of the PRC on Environmental Protection, the Law of the PRC on Prevention and Control of Water Pollution, the Law of the PRC on Prevention and Control of Atmospheric Pollution and the Law of the PRC on the Prevention and Control of Environmental Pollution Caused by Solid Waste.

The Company always focuses on municipal and urban landscape projects and offer its customers sophisticated construction services. The Company does not discharge air pollutants directly during the course of business.

The Company has set up correspondent rules for construction workers as they may produce gas emission and harmless waste and discharge waste into water and land during construction.

In addition, the Company encourages its employees to communicate through telephone and wireless communications in the ordinary course of business to minimise carbon-emissions that may be produced during their business trips by plane and vehicle.

During the year, the Company was not aware of any material non-compliance with the environmental laws and regulations.

A2. Use of Resources

The Company has always attached great importance to the efficient use of resources, to protect environment and to improve operational efficiency. The Company generally uses resources such as electricity, petroleum, diesel fuel, gas or petroleum gas, water resources and paper. The Company has provided certain guidances regarding the efficient use of resource in the employee manual and required its employees to enhance their cost consciousness and to use office supplies, water and electricity in an efficient manner.

Apart from written guidances, the Company has have implemented initiatives on efficient use of resources, for example:

- keeping doors and windows closed when air conditioners are in use, and maintaining the temperature at 25.5℃ inside offices
- utilizing natural light in offices and installing energy saving lamps
- turning off all lights, computers, office equipment and air conditioners when not necessary to use them
- implementing the 3R principle, which is “Reducing, Reusing and Recycling”, in the ordinary course of business.

Moreover, the construction team will make use of materials available at the project site to build the landscapes there. For instance, dirt dug out from the construction site will be used to create the rockery.

The Company does not consume large amount of packaging materials in the ordinary course of business as the Company is not a consumer goods manufacturer.

A3. Environment and Natural Resources

The Company has insisted on operating its business in an environmental friendly manner at all times and implemented various measures to minimize the impact of its production and operation on the environment.

The Company procures and selects materials used in its projects, such as paint, based on their safety and chemical components and whether they meet the environmental protection requirements.

The Company also assigns its specialists to the construction site to supervise the compliance of environmental protection requirements by the construction teams of its sub-contractors.

The Company mainly undertakes construction projects on landscape improvement and living environment improvement, which may have certain impact on the surroundings and people living around during their construction. However, its external subcontractors will take active measures to minimise the impact by all means.

For example, the construction team adopts the following approaches to reduce its impact on environment and its consumption of natural resources:

- applying noise-reduction machines in noisy conditions and adopt automated and hermetic technologies to reduce mechanical noise
- filling landscape ponds with rainwater and irrigating landscape plants with approved natural water source nearby as much as possible in the course of construction
- transplanting existing trees in the construction sites to specific locations and replanting them when the project is almost completed

B. SOCIAL

EMPLOYMENT AND LABOUR PRACTICES

B1. Employment

The Company is dedicated to promoting fair and ethical labour policies. The Company has established human resource systems relating to compensation and dismissal, recruitment and promotion, working hours, leave application, equal opportunity, diversity, anti-discrimination and other benefits and welfare, and circulated clearly such policies to all employees. The Company has complied with requirements set out in relevant laws and regulations all the times, including the Labour Law of the PRC, the Social Insurance Law of the PRC and the Trade Union Law of the PRC.

The employee remuneration policies were determined with reference to factors such as salary information available in local markets, overall salary standards in the industry, inflation level, operational efficiency of the Company and the employees' qualification, position, length of service and performance. Employee remuneration package is comprised of basic salary, allowance, bonus and other compensation.

During the year, save as disclosed in the Prospectus in relation to social insurance and housing provident fund contributions, the Company was not aware of any material non-compliance with labour practices.

B2. Health and Safety

The Company formulated a safety work management handbook to provide for the safety work management of other parties such as the project departments and other departments of the Company. The project departments are not only in charge of organising and implementing the safety work in detail, but also supervise and monitor the execution of safety requirements by construction teams of the sub-contractors as per the requirements of such a handbook.

The Company has developed an employee manual for employees working in offices, which provides guidances in respect of employees' responsibilities for their health and safety at its workplace.

During the year, the Company was not aware of any material non-compliance with the health and safety laws and regulations.

B3. Development and Training

The Company believes that its employees are valuable assets. Competition for excellent employees is fierce in the construction service industry in China, and the Company offers competitive remuneration to attract and retain the talented ones. Regular review on remuneration of employees is carried out in order to retain outstanding employees and attract external talents that are valuable.

The Company lays emphasis on the development of its employees and its tries its best to help them realising their career goals while making efforts to meet the business targets. The Company monitors its employees in the construction sites for safety purpose, and regularly provide them with safety and skill trainings. The Company also has corresponding requirements in place for construction site safety management.

The Company will keep upgrading the professional development platform and assessment systems for its employees, roll out the tailor-made leadership and know-how training programmes and offer them with better promotion opportunities that meet their needs.

B4. Labour Standards

The Company always respects and strictly complies with all applicable national laws and local regulations as well as relevant labour laws and regulations in the place where it operates, including those relating to preventing child and forced labour. The Company has also developed rigorous and systematic measures for approval and selection, to prevent ourselves from illegally hiring child labour and ensure that the employment is in compliance with relevant laws and regulations.

The Company arranges the employees' working hours based on the statutory working hour standards and allows them to entitle paid leaves and sick leaves in accordance with labour laws.

During the year, the Company was not aware of any material non-compliance with the labour requirements in relation to child and forced labour set out in relevant laws and regulations.

OPERATING PRACTICES

B5. Supply Chain Management

The Company has established relevant policies and systems in force for supply chain management, including procedures and criteria of selecting suppliers, and will review and reassess such procedures regularly.

The Company procures its construction machinery, materials and services by means of impartial and open competitions to ensure that the selected products and service providers can satisfy its needs. In addition to the consideration of the quality of products or services as well as business factors in its bidding process for supplier selection, the Company prefers suppliers who proactively fulfill their social responsibilities with an aim to improve the sustainable development of the Company.

The Company is impartial to every product/service provider to facilitate long-term cooperation. Furthermore, the Company reviews its product and service providers regularly based on their pricing, quality and after-sales service, to ensure that it is continuously provided with high-quality products and services.

B6. Product Responsibility

The Company is committed to providing high-quality services and guarantees that the quality of its projects is in line with quality standards and sustainability requirements. It also pursues to meet higher criteria all the time.

The Company has always been focusing on quality control in project construction since its incorporation. In respect of human resources, it has a team of project managers with rich experience in undertaking various landscape and municipal works construction projects.

In respect of systems, the Company owns a comprehensive quality management system and are accredited with ISO9001, ISO14001, and GB/T28001 standards. In respect of the management of technology, operation, human resource and file management, a complete and constantly effective management policy has been established.

The Company also carries out trainings and established a management system covering various aspects including management of quality of construction staff, quality control on raw material, site management and quality management system, so as to ensure the timely and efficient completion of its projects.

The Company has standard procedures in place to deal with client's complaints. Upon receiving any complaint, it will take timely action to keep track of its settlement, ensuring every complaint being handled properly.

The Company has set rules for the completion check for acceptance as well as the repair and maintenance during the warranty period.

B7. Anti-corruption

The Company rigorously complies with regulations regarding anti-corruption and anti-money laundering, including but not limited to the Criminal Law of the PRC and the Anti-Money Laundering Law of the PRC. The Company has a series of practices and employees' code of conduct against corruption and money laundering in effect.

The Company values honesty and integrity and prevent itself from corruption or violation of rules such as bribery, money laundering, extortion and fraud. The Company believe that it is necessary to enhance the morality in the Company, so as to maintain its sustainability and to win the confidence of its employees, clients, suppliers and other business partners.

Paying high attention to anti-fraud, the Company formed the corporate culture featuring with integrity and fairness inside the Company. It may unconditionally dismiss any employee who is involved in corruption or bribery or deceives the Company by means of forgery, and take legal action against such person whether or not the Company suffers from any loss because of such misconducts.

The Company has whistle-blowing procedures in effect for employees to report directly to the Company's senior management any misconduct and dishonest behaviour, such as bribery, fraud and other offences.

Furthermore, the Company has specified in the employees' handbook that it is entitled to terminate the employment contract with any employee who is bribed with money, gifts or commission, etc., and reserve the right to take further legal actions against such person.

During the year, the Company has complied with the relevant laws and regulations regarding anti-corruption andmoney-laundering and had no concluded legal case regarding corrupt practices brought against the Company or its employees.

COMMUNITY

B8. Community Investment

The Company has been actively involved in charitable activities in the communities and cities where its projects are operating and constructing, and encourages the employees to participate in in-house or external community activities.

RSM

TO THE SHAREHOLDERS OF CHANHIGH HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Chanhigh Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 65 to 114, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we identified are:

1. Recoverability of trade receivables

2. Revenue and Recoverability of gross amount due from/to customers for contract works

Key Audit Matter	How our audit addressed the Key Audit Matter
1. Recoverability of trade receivables *Refer to note 5 and 20 to the consolidated financial statements* The Group has trade and bills receivables with aggregate values of RMB513,840,000 as at 31 December 2016. No specific credit period was granted for its customers. As at 31 December 2016, the trade and bill receivables of RMB170,538,000 were aged over 1 year. This has increased the risk that the carrying values of trade receivables may be impaired. Management concluded that there is no impairment in respect of the trade receivables. This conclusion required significant management judgement in assessing the recoverability of trade and bills receivables.	Our procedures included: – Obtaining confirmations from debtors on a sample basis to verify the accuracy of the debtor balances; – Re-computing the accuracy of the ageing analysis on a sample basis; – Reviewing the receipt of cash after the year end for significant debtor balances; – Assessing the impairment allowance made by management after taking account of the past collection experience of the Group; – Discussing with management the credit status of those debtors with overdue balances including any collection actions planned and loss provision made; and – Assessing the adequacy of the credit risk disclosures in relation to trade receivables.

Key Audit Matter	How our audit addressed the Key Audit Matter
2. Revenue and Recoverability of gross amount due from/to customers for contract work *Refer to notes 7 and 21 to the consolidated financial statements* The Group provided construction service for municipal work and landscape construction and related services. The Group recognised contract revenue and profit of RMB1,551,858,000 and RMB194,626,000, respectively for the year ended 31 December 2016. As at 31 December 2016, the Group recorded gross amount due from customers for contract work and gross amount due to customers for contract work of RMB694,020,000 and RMB8,994,000, respectively, being the net of contract costs incurred plus recognised profits less recognised losses to date of RMB4,236,842,000 and progress billings of RMB3,551,816,000. The Group recognises contract revenue and profit using the percentage of completion method. The percentage of completion is measured by reference to the work certified or the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Management is required to exercise significant judgement in their assessment of the completeness and accuracy of forecast costs to complete and the Group's ability to deliver contracts within agreed timescales.	Our procedures included: – Evaluating the estimation of revenue and profit recognised on construction contracts, on a sample basis, by: • agreeing the contract sum and budgeted costs to respective signed contracts and approved budgets; • obtaining an understanding from management and project managers of how the approved budgets were prepared and the stage of completion of each contract was determined; • challenging the reasonableness of key judgements inherent in the approved budgets; • challenging management's assessment of the Group's ability to deliver contracts within budgeted timescales and any penalty for late delivery of contract works by comparing the progress of the contracts against the terms stipulated in the contracts; and • obtaining the certificates signed by customers to evaluate the reasonableness of percentage of completion as at year end. – Assessing the reliability of the approved budgets by comparing the actual outcome against management's estimation of completed contracts on a sample basis; and – Checking the accuracy of the amounts due from customers for contract work by agreeing the amount of progress billings, on a sample basis, to billings issued to customers.

OTHER INFORMATION

The directors are responsible for the Other Information. The Other Information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of 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.

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

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor's report is Liu Eugene.

RSM Hong Kong
Certified Public Accountants
Hong Kong

19 April 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 RMB'000	2015 RMB'000
Revenue	7	**1,551,858**	1,006,339
Cost of services rendered		**(1,333,225)**	(839,205)
Business tax and auxiliary charges		**(24,007)**	(34,599)
Gross profit		**194,626**	132,535
Other income and gains	8	**7,675**	29,469
Administrative and other operating expenses		**(42,312)**	(14,747)
Profit from operations		**159,989**	147,257
Finance costs	10	**(9,503)**	(20,039)
Profit before tax		**150,486**	127,218
Income tax expense	11	**(42,482)**	(32,039)
Profit for the year attributable to owners of the Company	12	**108,004**	95,179
Other comprehensive income for the year, net of tax		**—**	—
Total comprehensive income for the year attributable to owners of the Company		**108,004**	95,179
Earnings per share			
Basic and diluted (RMB cents per share)	16	**RMB24.0 cents**	RMB21.2 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2016

	Note	2016 RMB'000	2015 RMB'000
Non-current assets			
Property, plant and equipment	17	**2,448**	2,071
Available-for-sale financial assets	19	**64**	64
Total non-current assets		**2,512**	2,135
Current assets			
Trade and other receivables	20	**720,599**	686,182
Gross amount due from customers for contract work	21	**694,020**	387,374
Amounts due from related companies	22	—	330,672
Bank and cash balances	23	**111,308**	63,152
Total current assets		**1,525,927**	1,467,380
TOTAL ASSETS		**1,528,439**	1,469,515
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Paid in capital	24	—	152,000
Reserves	26	**260,587**	174,735
Total equity		**260,587**	326,735
Current liabilities			
Trade payables	27	**895,397**	696,888
Accruals and other payables	28	**56,809**	52,657
Receipts in advance		**18,034**	26,241
Gross amount due to customers for contract work	21	**8,994**	22,424
Amount due to a director	22	**160,337**	—
Borrowings	29	**61,000**	306,100
Current tax liabilities		**67,281**	38,470
Total current liabilities		**1,267,852**	1,142,780
TOTAL EQUITY AND LIABILITIES		**1,528,439**	1,469,515

Approved by the Board of Directors on 19 April 2017 and are signed on its behalf by:

Peng Yonghui
Director

Peng Tianbin
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Attributable to owners of the Company				
	Paid-in capital RMB'000	Other reserve RMB'000	Statutory surplus reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2015	152,000	—	10,038	69,518	231,556
Total comprehensive income for the year	—	—	—	95,179	95,179
Transfer from retained earnings	—	—	9,934	(9,934)	—
Changes in equity for the year	—	—	9,934	85,245	95,179
At 31 December 2015	152,000	—	19,972	154,763	326,735
At 1 January 2016	152,000	—	19,972	154,763	326,735
Total comprehensive income for the year	—	—	—	108,004	108,004
Transfer from retained earnings	—	—	10,885	(10,885)	—
Repurchase of equity interests of 浙江滄海市政園林建設有限公司 (Zhejiang Chanhigh Municipal Landscape Construction Limited) ("Chanhigh Landscape") by Chanhigh Hong Kong Limited ("Chanhigh HK") from Mr. Peng Daosheng, Ms. Wang Sufen, Mr. Peng Yonghui and Mr. Peng Tianbin (the "Peng Family")	(152,000)	(7,370)	—	—	(159,370)
Dividend paid (note 15)	—	—	—	(14,782)	(14,782)
Changes in equity for the year	(152,000)	(7,370)	10,885	82,337	(66,148)
At 31 December 2016	—	(7,370)	30,857	237,100	260,587

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 RMB'000	2015 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	150,486	127,218
Adjustments for:		
Depreciation	486	676
Bank interest income	(360)	(2,814)
Interest income on amounts from related parties	(5,513)	(24,569)
Other interest income	(41)	(233)
Dividend income from unlisted equity investments	(9)	(10)
Interest expense	9,503	20,039
Operating profit before working capital changes	154,552	120,307
Increase in amount due from/to customers for contract work	(320,076)	(18,864)
Increase in trade and bills receivables	(58,194)	(86,170)
Decrease/(increase) in prepayments, deposits and other receivables	23,777	(61,030)
Increase in trade payables	198,509	65,760
Decrease in receipts in advance	(8,207)	(10,629)
Increase in accruals and other payables	18,152	9,037
Cash generated from operations	8,513	18,411
Income taxes paid	(13,671)	(5,869)
Interest paid	(9,503)	(20,039)
Net cash used in operating activities	(14,661)	(7,497)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(863)	(653)
Repayment from/(advance to) related companies	330,672	(67,687)
(Increase)/decrease in fixed deposits	(1,573)	86,233
Dividend income from unlisted equity investments	9	10
Interest received	5,914	27,616
Net cash generated from investing activities	334,159	45,519

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 RMB'000	2015 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowing raised	**191,000**	368,100
Repayment of borrowings	**(436,100)**	(367,100)
Dividend paid	**(14,782)**	—
Advance from a director	**160,337**	80,500
Repayment to a director	—	(103,800)
(Repayment to)/advance from a staff	**(14,000)**	14,000
Repurchase of equity interests of Chanhigh Landscape by Chanhigh HK from Peng Family	**(159,370)**	—
Net cash used in financing activities	**(272,915)**	(8,300)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**46,583**	29,722
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**61,482**	31,760
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**108,065**	61,482
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances (note 23)	**108,065**	61,482

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is 17th and 18th Floors, Cang Hai Industry Building, No. 3388 Cang Hai Road, Yinzhou District, Ningbo City, Zhejiang Province, People's Republic of China (the "PRC").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 18 to the consolidated financial statements.

In the opinion of the directors, as at 31 December 2016, Peng Family is the ultimate controlling parties (the "Controller Shareholders") of the Company.

2. BASIS OF PREPARATION

Pursuant to the group reorganisation as more fully explained in the section headed "Reorganisation" in "History, Development and Reorganisation" section of the prospectus dated 21 March 2017 issued by the Company (the "Group Reorganisation"), the Company became the holding company of the companies now comprising the Group on 9 May 2016. As the Group Reorganisation involved only the insertion of new holding companies at the top of the existing group and did not result in any change in economic substance, the consolidated financial statements have been prepared as a continuation of the existing group using the principles of merger accounting.

These consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(a) Application of new and revised IFRSs

In the current year, the Group has adopted all the new and revised IFRSs issued by the IASB that are relevant to its operations and effective for its accounting year beginning on 1 January 2016.

(b) New and revised IFRSs in issue but not yet effective

The Group has not early applied new and revised IFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2016. These new and revised IFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 7 Statement of Cash Flows: Disclosure initiative	1 January 2017
Amendments to IAS 12 Income Taxes: Recognition of deferred tax assets for unrealised losses	1 January 2017
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to IFRS 2 Share-based Payment: Classification and measurement of share-based payment transactions	1 January 2018
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
IFRS 16 Leases	1 January 2019
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or contribution of assets between an investor and its associate or joint venture	To be determined

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

(b) New and revised IFRSs in issue but not yet effective *(continued)*

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course.

IFRS 9 Financial Instruments

The standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The standard introduces a new approach to the classification of financial assets which is based on cash flow characteristics and the business model in which the asset is held. A debt instrument that is held within a business model whose objective is to collect the contractual cash flows and that has contractual cash flows that are solely payments of principal and interest on the principal outstanding is measured at amortised cost. A debt instrument that is held within a business model whose objective is achieved by both collecting the contractual cash flows and selling the instruments and that has contractual cash flows that are solely payments of principal and interest on the principal outstanding is measured at fair value through other comprehensive income. All other debt instruments are measured at fair value through profit or loss. Equity instruments are generally measured at fair value through profit or loss. However, an entity may make an irrevocable election on an instrument-by-instrument basis to measure equity instruments that are not held for trading at fair value through other comprehensive income.

The requirements for the classification and measurement of financial liabilities are carried forward largely unchanged from IAS 39 except that when the fair value option is applied changes in fair value attributable to changes in own credit risk are recognised in other comprehensive income unless this creates an accounting mismatch.

IFRS 9 introduces a new expected-loss impairment model to replace the incurred-loss impairment model in IAS 39. It is no longer necessary for a credit event or impairment trigger to have occurred before impairment losses are recognised. For financial assets measured at amortised cost or fair value through other comprehensive income, an entity will generally recognise 12-month expected credit losses. If there has been a significant increase in credit risk since initial recognition, an entity will recognise lifetime expected credit losses. The standard includes a simplified approach for trade receivables to always recognise the lifetime expected credit losses.

The de-recognition requirements in IAS 39 are carried forward largely unchanged.

IFRS 9 substantially overhauls the hedge accounting requirements in IAS 39 to align hedge accounting more closely with risk management and establish a more principle based approach.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

(b) New and revised IFRSs in issue but not yet effective *(continued)*

IFRS 9 Financial Instruments (continued)

The Group's financial assets that are currently classified as available-for-sale include an unlisted equity security. The unlisted equity security is currently measured at cost less impairment with any impairment losses recognised in profit or loss. IFRS 9 requires fair value measurement with fair value changes recognised in other comprehensive income without recycling.

The new expected credit loss impairment model in IFRS 9 may result in the earlier recognition of impairment losses on the Group's trade receivables and other financial assets. The Group is unable to quantify the impact until a more detailed assessment is completed.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces all existing revenue standards and interpretations.

The core principle of the standard is that an entity recognises revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to become entitled in exchange for those goods and services.

An entity recognises revenue in accordance with the core principle by applying a 5-step model:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies a performance obligation

The standard also includes comprehensive disclosure requirements relating to revenue.

The Group is currently assessing the impacts of adopting IFRS 15 on the consolidated financial statements and has identified the following areas that are likely to be affected:

The Group currently recognises revenue from construction contracts over time by reference to the stage of completion of the contract activity in accordance with the requirements in IAS 11 Construction Contracts. Under IFRS 15 revenue is recognised over time only if specific criteria are met otherwise revenue is recognised at a point in time which may not be until completion.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

(b) New and revised IFRSs in issue but not yet effective *(continued)*

IFRS 15 Revenue from Contracts with Customers (continued)

IFRS 15 also introduces new requirements on accounting for contract modifications (variations) and variable consideration (such as claims and incentive payments) which may impact the timing of revenue recognition over the contract period.

In addition, certain costs of obtaining construction contracts which are currently expensed may need to be capitalised.

The Group is unable to estimate the impact of the new standard on the consolidated financial statements until a more detailed analysis is completed.

IFRS 16 Leases

IFRS 16 replaces IAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). IFRS 16 carries forward the accounting requirements for lessors in IAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

The Group's office property leases are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under IFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

As disclosed in note 33, the Group's future minimum lease payments under non-cancellable operating leases for its office properties amounted to RMB1,944,000 as at 31 December 2016. The Group will need to perform a more detailed assessment in order to determine the new assets and liabilities arising from these operating leases commitments after taking into account the transition reliefs available in IFRS 16 and the effects of discounting.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgements in the process of applying the Group's accounting policies. The areas involving a higher degree of judgements or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Consolidation *(continued)*

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Foreign currency translation *(continued)*

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Plant and machinery	5-10 years
Office equipment, furniture and fixtures	5-10 years
Motor vehicles	5 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(d) Operating leases

The Group as lessee

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they have been agreed with the customer and are capable of being reliably measured. If the variations have not been agreed with customer, variations will be recognised only to the extent of contract cost incurred that it is probable will be recoverable.

Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

The Group uses the "percentage-of-completion method" to determine the appropriate amount of revenue in a given period. When the outcome of a construction contract can be estimated reliably, revenue from a fixed price contract is recognised on the percentage-of-completion method, measured by reference to the work certified of the relevant contracts and the proportion of costs incurred to date to the estimated total costs of the relevant contracts. Revenue from a cost plus construction contract 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 costs of the relevant contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that are probable to be recoverable. When it is probable that total contracts costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Construction contracts in progress at the end of the reporting period are recorded at the amount of costs incurred plus recognised profits less recognised losses and progress billings, and are presented in the consolidated statement of financial position as "Gross amount due from customers for contract work". When progress billings exceed costs incurred plus recognised profits less recognised losses, the surplus is recorded in the consolidated statement of financial position as "Gross amount due to customers for contract work". Progress billings not yet paid by the customer are included in the consolidated statement of financial position under "Trade and bills receivables". Amounts received before the related work is performed are included in the consolidated statement of financial position under "Receipts in advance".

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(g) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial assets within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility. Typically trade and other receivables, bank balances and cash are classified in this category.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Financial assets *(continued)*

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income and accumulated in the investment revaluation reserve, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss. Interest calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less impairment losses.

(h) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

(i) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management are also included as a component of cash and cash equivalents.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(k) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(l) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(m) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(n) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenue from construction contracts is recognised based on the stage of completion of the contract activity as detailed in note 4(e) above.

Maintenance service income is recognised when the service is rendered.

Interest income is recognised on a time-proportion basis using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are 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, until such time as 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 eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(r) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Taxation *(continued)*

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(s) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount 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. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Impairment of financial assets

At the end of each reporting period, the Group assesses whether its financial assets are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected.

For trade receivables that are assessed not to be impaired individually, the Group assesses them collectively for impairment, based on the Group's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

Only for trade and other receivables, the carrying amount is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

(u) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(v) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

5. KEY SOURCES OF 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 discussed below.

(a) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts, in particular of a loss event, requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

As at 31 December 2016, accumulated impairment loss for bad and doubtful debts amounted to RMB1,040,000 (2015: RMB1,040,000).

(b) Revenue and profit recognition

As disclosed in note 4(e) to the consolidated financial statements, revenue recognition on a construction contract is dependent on management's estimation of the total outcome of the construction contracts, as well as the work done to date. The Group estimates the percentage of completion of the construction contracts by reference to the proportion of contract costs incurred for work performed to date to the estimated total costs for the contracts. When the final cost incurred by the Group is different from the amounts that were initially budgeted, such differences will impact the revenue and profit or loss recognised in the period in which such determination is made. Budget cost of each project will be reviewed periodically and revised accordingly where significant variances are noted during the revision. During the year, approximately RMB1.55 billion (2015: RMB1.01 billion) of revenue from construction contracts was recognised.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

6. FINANCIAL RISK MANAGEMENT *(continued)*

(b) Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables, cash and bank balances and amount due from related companies. In order to minimise credit risk of trade and bill receivables, the directors have delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. It has policies in place to ensure that sales are made to customers with an appropriate credit history. In addition, the directors review the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

The Group has no significant concentrations of credit risk.

Amounts due from related companies are closely monitored by the directors.

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Except for the financial guarantees given by the Group as set out in note 30, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at each of the end of the reporting period is disclosed in note 30.

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

	Less than 1 year or on demand RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2016					
Trade payables	**895,397**	—	—	—	**895,397**
Accruals and other payables	**54,191**	—	—	—	**54,191**
Amount due to a director	**160,337**	—	—	—	**160,337**
Borrowings	**62,537**	—	—	—	**62,537**
At 31 December 2015					
Trade payables	696,888	—	—	—	696,888
Accruals and other payables	38,854	—	—	—	38,854
Borrowings	313,877	—	—	—	313,877
Financial guarantees	81,000	—	—	—	81,000

6. FINANCIAL RISK MANAGEMENT *(continued)*

(d) Interest rate risk

The Group's exposure to interest rate risk arises from its bank deposits and bank borrowings.

These deposits and borrowings bear interests at variable rates varied with the then prevailing market condition.

	2016 RMB'000	2015 RMB'000
100 basis points	376	(1,681)
(100) basis points	(376)	1,681

The sensitivity analysis above indicates the impact on the Group's profit for the year and retained profits that would have arisen assuming that there is an annualised impact on interest income and expense by a change in interest rates.

(e) Categories of financial instruments at 31 December

	2016 RMB'000	2015 RMB'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)	822,330	1,077,826
Available-for-sale financial assets	64	64
Financial liabilities:		
Financial liabilities at amortised cost	1,170,925	1,041,842

(f) Fair values

Except as disclosed in note 19, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2016 RMB'000	2015 RMB'000
Revenue from construction contracts	**1,551,858**	1,006,339

8. OTHER GAINS AND INCOME

	2016 RMB'000	2015 RMB'000
Interest income on:		
Amounts due from related parties	**5,513**	24,569
Bank deposits	**360**	2,814
Others	**41**	233
Total interest income for financial assets that are not at fair value through profit or loss	**5,914**	27,616
Bad debt recovery	**724**	—
Compensation income	**45**	8
Dividend income from unlisted equity investments	**9**	10
Government incentives and awards (note)	**974**	1,835
Exchange gain	**9**	—
	7,675	29,469

Note: Government incentives and awards mainly related to the incentive and awards received from the local government authority for the achievement of the Group.

9. SEGMENT INFORMATION

The Group has four operating segments as follows:

Landscape construction	—	Variety of municipal and private landscaping projects such as planting of trees, modifying the layout of land, carrying out foundation work for landscape construction, building and construction of parks, etc.
Municipal works construction	—	Mainly municipal or local government works such as municipal road construction, water and lighting works, etc.
Building works	—	Construction of gas stations, auto repair shops, office building and temporary warehouse, etc.
Others	—	Maintenance and heritage restoration services and undertaking renovation works.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technologies and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements.

Segment revenue is measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income.

The directors assess the performance of the operating segments based on a measure of segment results. Unallocated income, unallocated corporate expenses, finance costs, income tax expense and other major items that are isolated and non-recurring in nature are not included in segment results.

Segment assets mainly consist of current assets and non-current assets as disclosed in the consolidated statement of financial position except unallocated cash and bank balances, amounts due from related companies and other unallocated assets.

Segment liabilities mainly consist of current liabilities as disclosed in the consolidated statement of financial position except amount due to a director, current tax liabilities, borrowings, trade and other payables and others.

9. SEGMENT INFORMATION *(continued)*

(i) Information about operating segment profit or loss, assets and liabilities:

	Landscape construction RMB'000	Municipal works construction RMB'000	Building works RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2016					
External revenue	628,200	708,783	161,656	53,219	1,551,858
Segment results	94,251	83,877	11,052	5,446	194,626
At 31 December 2016					
Segment assets	538,648	539,162	86,764	43,286	1,207,860
Segment liabilities	(17,342)	(8,120)	(245)	(1,321)	(27,028)

	Landscape construction RMB'000	Municipal works construction RMB'000	Building works RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2015					
External revenue	410,230	528,746	51,261	16,102	1,006,339
Segment results	63,645	62,656	3,598	2,636	132,535
At 31 December 2015					
Segment assets	412,211	367,014	52,430	11,365	843,020
Segment liabilities	(22,356)	(22,750)	(299)	(626)	(46,031)

9. SEGMENT INFORMATION *(continued)*

(ii) Reconciliation of operating segment revenue and profit or loss

	2016 RMB'000	2015 RMB'000
Revenue		
Total revenue of reportable segments	**1,551,858**	1,006,339
Elimination of intersegment revenue	—	—
Consolidated revenue	**1,551,858**	1,006,339
Profit and loss		
Total profits of reportable segments	**194,626**	132,535
Elimination of intersegment profits	—	—
Unallocated amounts:		
Interest income	**5,914**	27,616
Government incentives and awards	**974**	1,835
Depreciation	**(486)**	(676)
Finance costs	**(9,503)**	(20,039)
Employee benefits expense	**(9,419)**	(5,662)
Listing expenses	**(18,159)**	—
Others	**(13,461)**	(8,391)
Consolidated profit before tax	**150,486**	127,218

9. SEGMENT INFORMATION *(continued)*

(iii) Reconciliation of segment assets and liabilities

	2016 RMB'000	2015 RMB'000
Assets		
Total assets of reportable segments	**1,207,860**	843,020
Amounts due from related companies	**—**	330,672
Bank and cash balances	**111,308**	63,152
Prepayments, deposits and other receivables	**206,759**	230,536
Others	**2,512**	2,135
Consolidated total assets	**1,528,439**	1,469,515
Liabilities		
Total liabilities of reportable segments	**27,028**	46,031
Trade payables	**895,397**	696,888
Accruals and other payables	**56,809**	52,657
Borrowings	**61,000**	306,100
Current tax liabilities	**67,281**	38,470
Amount due to a director	**160,337**	—
Others	**—**	2,634
Consolidated total liabilities	**1,267,852**	1,142,780

(iv) Geographical information

Based on the locations of the customers, all the revenues are earned in the PRC and all non-current assets of the Group are located in the PRC.

During the year, no revenue from any single customer attributes to 10% or more of the Group's revenue (2015: Nil).

10. FINANCE COSTS

	2016 RMB'000	2015 RMB'000
Interest on bank borrowings	**9,503**	20,039

11. INCOME TAX EXPENSE

	2016 RMB'000	2015 RMB'000
Current tax - PRC Provision for the year	42,482	32,039

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year (2015: Nil).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

As at 31 December 2016, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is approximately RMB11,926,000 (2015: RMB7,767,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing for reversal of the temporary differences and it is probable that such differences will not reverse in foreseeable future.

For the year ended 31 December 2016, one of the subsidiaries of the Company incorporated in the PRC, 宣城市滄海園林工程有限公司 (Xuancheng Chanhigh Municipal Landscape Engineering Limited) ("Xuancheng Landscape"), is assessed and paid the PRC Enterprise Income Tax ("EIT") on a deemed profit basis which is calculated by first multiplying an applicable percentage determined by the relevant tax authority of 4% (2015: 4%) and then applying a preferential enterprise income tax rate of 20% on 50% reduced assessable profit as Xuancheng Landscape is qualified as a small and low-profit enterprise.

For the year ended 31 December 2016, the EIT of Chanhigh Landscape has been provided at a rate of 25% (2015: 25%).

The reconciliation between the income tax expense and the product of profit before tax multiplied by the PRC EIT rate is as follows:

	2016 RMB'000	2015 RMB'000
Profit before tax	150,486	127,218
Tax at the EIT of 25% (2015: 25%)	37,622	31,805
Tax effect of income that is not taxable	(181)	—
Tax effect of expenses that are not deductible	5,024	206
Tax effect of using deemed profit method	17	28
Income tax expense	42,482	32,039

12. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging the following:

	2016 RMB'000	2015 RMB'000
Auditors' remuneration (included under the listing expenses)	2,698	—
Cost of services rendered	1,333,225	839,205
Depreciation	486	676
Listing expenses	18,159	—
Operating lease charges - land and buildings	1,195	605

Cost of services rendered includes staff costs and depreciation of approximately RMB12,559,000 for the year ended 31 December 2016 (2015: RMB13,456,000) which are included in the amounts disclosed separately.

13. EMPLOYEE BENEFITS EXPENSE

	2016 RMB'000	2015 RMB'000
Employee benefits expense:		
Salaries, bonuses and allowances	16,031	12,856
Retirement benefit scheme contributions	5,213	5,477
	21,244	18,333

The five highest paid individuals in the Group during the year included two directors (2015: Nil) and whose emoluments are reflected in the analysis presented in note 14. The emoluments of the remaining three (2015: five) individuals are set out below:

	2016 RMB'000	2015 RMB'000
Basic salaries and allowances	942	298
Discretionary bonus	—	—
Retirement benefit scheme contributions	51	132
	993	430

The emoluments fell within the following band:

	Number of individuals	
	2016	2015
Nil to HK$1,000,000	3	5

14. BENEFITS AND INTERESTS OF DIRECTORS

(a) The emoluments of each director were as follows:

	Fees RMB'000	Salaries and allowances RMB'000	Discretionary bonus RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Year ended 31 December 2016					
Executive directors					
Mr. Peng Daosheng	—	70	—	—	70
Mr. Peng Tianbin	—	67	—	24	91
Mr. Peng Youghui	—	121	—	43	164
Non-executive director					
Ms. Wang Sufen	—	—	—	—	—
	—	258	—	67	325
Year ended 31 December 2015					
Executive directors					
Mr. Peng Daosheng	—	62	—	—	62
Mr. Peng Tianbin	—	42	—	18	60
Mr. Peng Yonghui	—	42	—	18	60
Non-executive director					
Ms. Wang Sufen	—	—	—	—	—
	—	146	—	36	182

Note:

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. No director has waived or agreed to waive any emoluments during the year (2015: Nil).

14. BENEFITS AND INTERESTS OF DIRECTORS *(continued)*

(b) The information about guarantees or security provided to certain controlled bodies corporate and connected entities of Peng Family in respect of loans, quasi-loans or credit transactions is as follows:

Name of the borrower	Nature of connection	Nature of guarantee or security	Maximum liability that may be incurred under the guarantee at the beginning of the year RMB'000	Maximum liability that may be incurred under the guarantee at the end of the year RMB'000	Maximum liability that may be incurred under the guarantee during the year RMB'000	Amounts or liabilities incurred during the year for the purpose of fulfilling the guarantee or discharging the security RMB'000
At as 31 December 2016						
Loan:						
滄海控股集團有限公司 (Chanhigh Holdings Group Limited ("CHHG"))	Controlled body corporate of Peng Family	Guarantee	65,000	—	65,000	—
寧波市鄞州天賓貿易有限公司	Controlled body corporate of Peng Family	Guarantee	16,000	—	16,000	—
As at 31 December 2015						
Loan:						
CHHG	Controlled body corporate of Peng Family	Guarantee	75,000	65,000	75,000	—
寧波市鄞州天賓貿易有限公司	Controlled body corporate of Peng Family	Guarantee	27,000	16,000	27,000	—

(c) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

15. DIVIDEND

During the year ended 31 December 2016, the Company's subsidiary made the following distributions to its then shareholders:

	2016 RMB'000	2015 RMB'000
Dividends declared and paid/payable to its then shareholders during the year by:		
Chanhigh Landscape	14,782	—

The rate of dividend and the number of shares ranking for dividend is not presented as such information is not meaningful.

16. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following:

	2016 RMB'000	2015 RMB'000
Earnings		
Earnings for the purpose of calculating basic earnings per share	108,004	95,179

	2016 '000	2015 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	449,998	449,998

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share for both periods has been adjusted for the effect of the capitalisation issue as more fully explained in note 24(e) to the consolidated financial statements.

17. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery RMB'000	Office equipment, furniture and fixtures RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost				
At 1 January 2015	12,545	725	211	13,481
Additions	89	114	450	653
At 31 December 2015 and 1 January 2016	12,634	839	661	14,134
Additions	81	512	270	863
At 31 December 2016	12,715	1,351	931	14,997
Accumulated depreciation				
At 1 January 2015	10,686	513	188	11,387
Charge for the year	563	67	46	676
At 31 December 2015 and 1 January 2016	11,249	580	234	12,063
Charge for the year	289	98	99	486
At 31 December 2016	11,538	678	333	12,549
Carrying amount				
At 31 December 2016	1,177	673	598	2,448
At 31 December 2015	1,385	259	427	2,071

18. INVESTMENTS IN SUBSIDIARIES – THE COMPANY

	2016 RMB'000	2015 RMB'000
Investment in a subsidiary	—	—

The amounts due from a subsidiary is unsecured, interest-free and have no fixed repayment terms.

Particulars of the subsidiaries as at 31 December 2016 are as follows:

Name	Place of incorporation/ establishment and operation	Particulate of issued share capital	Equity interests attributable to the Group		Principal activities
			Direct	Indirect	
Chanhigh Investments Limited ("Chanhigh Investments")	British Virgin Islands	United States Dollar 2	100%	—	Investment holding
Chanhigh Hong Kong Limited	Hong Kong	HK$1	—	100%	Investment holding
Chanhigh Landscape	The PRC	Registered capital of RMB152,000,000	—	100%	Investment holding and provision of services of municipal work and landscape construction and the related services
Xuancheng Landscape	The PRC	Registered capital of RMB100,000	—	100%	Provision of services of municipal work and landscape construction and the related services

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016 RMB'000	2015 RMB'000
Non-current assets:		
Unlisted equity investments	64	64

The unlisted equity investments were carried at cost as they do not have a quoted market price in an active market and their carrying value cannot be reliably measured.

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS *(continued)*

Included in the unlisted equity investments, the Group invested RMB51,000 to set up 合肥綠群市政園林有限公司 (Hefei Lvqun Municipal Works and Landscape Company Limited) ("Hefei Landscape"), a company incorporated in the PRC, in 2013 and owned 51% equity interests in Hefei Landscape. Due to the Group could not appoint any director to Hefei Landscape in accordance with the shareholders' agreement, the Group is unable to exercise control or significant influence over Hefei Landscape. The investment is classified as available-for-sale financial assets. In June 2016, all equity owners of Hefei Landscape resolved to dissolve Hefei Landscape and had submitted the application of dissolution Hefei Landscape accordingly. The liquidation process is expected to be completed in May 2017. According to the latest available information provided by the Group, no impairment loss on the investment cost of Hefei Landscape to be recognised as at 31 December 2016 (2015: Nil) as the net asset value of Hefei Landscape attributable to the Group is above its investment cost.

20. TRADE AND OTHER RECEIVABLES

	2016 RMB'000	2015 RMB'000
Trade and bills receivables		
Trade receivables	512,540	454,446
Bill receivables	1,300	1,200
	513,840	455,646
Utility deposits	—	50
Prepayments		
Advance of suppliers	4,812	2,180
Listing expenses	4,765	—
	9,577	2,180
Other receivables		
Construction contracts performance guarantees and deposit for tender	115,999	142,410
Retentions receivables (note 2)	78,239	75,609
Others (note 1)	2,944	10,287
	197,182	228,306
	720,599	686,182

20. TRADE AND OTHER RECEIVABLES *(continued)*

Included in the trade receivables were amount due from CHHG, the then immediate parent of Chanhigh Landscape and 湖州滄湖建設投資有限公司 (Huzhou Canghu Construction Investment Company Limited) ("Huzhou Canghu"), a related company of the Group, of approximately RMB20,000 (2015: RMB12,181,000) and RMB259,000 (2015: Nil) respectively as at 31 December 2016.

Trade and bills receivables represented the construction contracts and rendering of services receivables from the customers at each of the reporting dates. The Group's trading terms with its customers are mainly on credit. The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by the directors.

The ageing analysis of trade and bills receivables, based on the contract terms for the works certified is as follows:

	2016 RMB'000	2015 RMB'000
0 to 90 days	180,870	124,101
91 to 180 days	76,059	60,852
181 to 365 days	86,373	106,869
Over 1 year but less than 2 years	89,521	115,079
Over 2 years but less than 3 years	63,718	48,745
Over 3 years	17,299	—
	513,840	455,646

As at 31 December 2016 and 2015, no trade and bills receivables were individually determined to be impaired.

As of 31 December 2016 and 2015, no trade and bills receivables were past due but not impaired. Based on past experience, management believes that no provision for impairment is necessary in respect of the trade and bills receivables as there has not been a significant change in credit quality and the balances are still considered recoverable.

The carrying amount of the Group's trade and bills receivables are denominated in RMB.

20. TRADE AND OTHER RECEIVABLES *(continued)*

Note:

1. Included in others, is a loan to a third party of RMB2,152,000 as at 31 December 2015 was unsecured, with no fixed repayment term and interests bearing at 0.662% per month for the year ended 31 December 2015.

2. The ageing analysis of retention receivables past due but not impaired are as follows:

	2016 RMB'000	2015 RMB'000
Not yet due	40,211	51,895
Within 1 year	29,989	13,369
Over 1 year but less than 2 years	8,039	10,345
	78,239	75,609

The movement in the allowance for impairment loss of other receivables is as follows:

	2016 RMB'000	2015 RMB'000
Balance at beginning and end of year	1,040	1,040

21. GROSS AMOUNT DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	2016 RMB'000	2015 RMB'000
Contract costs incurred plus recognised profits less recognised losses to date	4,236,842	2,638,445
Less: Progress billings	(3,551,816)	(2,273,495)
	685,026	364,950
Gross amount due from customers for contract work	694,020	387,374
Gross amount due to customers for contract work	(8,994)	(22,424)
	685,026	364,950

In respect of construction contracts in progress at 31 December 2016, retentions receivables included in other receivables are RMB78,239,000 (2015: RMB75,609,000), in which RMB35,274,000 (2015: RMB42,962,000) is expected to be recovered after more than twelve months.

Advances received in respect of construction contracts at 31 December 2016 amounted to RMB18,034,000 (2015: RMB23,584,000).

22. AMOUNTS DUE FROM/TO A DIRECTOR AND RELATED COMPANIES

(a) Amounts due to a director

	The Group 2016 RMB'000	The Group 2015 RMB'000
Mr. Peng YH	160,337	—

Note: The amounts due to a director are unsecured, interest-free and have no fixed terms of repayment. The amounts due of RMB159,369,569 has been fully settled through capitalisation and issue of 1,000 ordinary shares of the Company to each of Vast Base Investments Limited ("Vast Base") and TEUR Holdings Limited ("TEUR") in March 2017, and the remaining amounts due repaid to the director in March 2017.

(b) Amounts due from related companies are as follows (note 1, 2 and 3)

	As at 1 January 2016 RMB'000	As at 31 December 2016 RMB'000	Maximum outstanding balance during the year ended 31 December 2016 RMB'000	Annualised interest rate
At 31 December 2016				
寧波滄海農業發展有限公司 (Ningbo Chanhigh Agricultural Development Limited) ("Chanhigh Agricultural")	51,502	—	55,408	5.4%
滄海房地產股份有限公司	2,215	—	3,000	Nil
長興滄海房地產開發有限公司	2,900	—	3,900	Nil
寧波城展物業服務有限公司	—	—	2,900	Nil
寧波昆侖濱海酒店管理有限公司	40,650	—	41,650	5.4%
CHHG	27,943	—	33,443	Nil
寧波市鄞州天賓貿易有限公司	86,700	—	151,964	5.4%
寧波甬良物產有限公司	118,762	—	149,312	5.9%
	330,672	—		

22. AMOUNTS DUE FROM/TO A DIRECTOR AND RELATED COMPANIES *(continued)*

(b) Amounts due from related companies are as follows (note 1, 2 and 3) *(continued)*

	As at 1 January 2015 RMB'000	As at 31 December 2015 RMB'000	Maximum outstanding balance during the year ended 31 December 2015 RMB'000	Annualised interest rate
At 31 December 2015				
Chanhigh Agricultural	44,100	51,502	51,502	7.4%
滄海房地產股份有限公司	61,930	2,215	84,330	7.4%
長興滄海房地產開發有限公司	7,250	2,900	7,360	8.2%
寧波城展物業服務有限公司	62,200	—	66,700	7.4%
寧波昆侖濱海酒店管理有限公司	39,400	40,650	40,650	7.4%
CHHG	1,655	27,943	27,943	7.4%
寧波市鄞州天賓貿易有限公司	46,450	86,700	86,700	7.4%
寧波甬良物產有限公司	—	118,762	196,450	8.2%
	262,985	330,672		

Notes:

1. Peng Family is interested in the transactions above to the extent that they are ultimate beneficial shareholders of the captioned companies.

2. The amounts due from the related companies are non-trade in nature, unsecured, with interests charged at 0.4%-0.7% per month and have no fixed terms of repayment.

3. The amounts due from the related companies has no overdue nor not paid and no provision for doubtful debts was made during the year.

23. BANK AND CASH BALANCES

	2016 RMB'000	2015 RMB'000
Cash at banks and on hand	108,065	61,482
Deposits with initial term of over three months	3,243	1,670
	111,308	63,152

The interest rates on deposits with initial terms over three months, were 0.3% to 3.5% (2015: 0.3% to 3.5%) per annum for the year ended 31 December 2016.

The carrying amounts of the bank and cash balances are denominated in the following currencies:

	2016 RMB'000	2015 RMB'000
RMB	111,126	63,152
HK$	182	—
	111,308	63,152

Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

24. PAID IN CAPITAL

		The Company	
	Note	Number of shares '000	Amount HK$'000
Authorised:			
Upon incorporation on 1 April 2016	(a)	38,000	380
Issued and fully paid:			
Upon incorporation on 1 April 2016	(a)	—	—
Issue of 1,998 shares at nil paid	(b)	2	—
At 31 December 2016		2	—

24. PAID IN CAPITAL *(continued)*

Note:

(a) The Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability on 1 April 2016 with an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each. On the same day, the initial subscribing shareholder transferred the one issued share to Vast Base at par and allotted and issued one issued share to TEUR at par.

(b) On 11 April 2016 each of Vast Base and TEUR transferred one ordinary share of Chanhigh Investments to the Company in consideration of the Company allotted and issued 999 ordinary shares of HK$0.01 each of the Company to Vast Base and TEUR.

(c) On 15 March 2017, pursuant to a resolution passed by the directors of the Company to capitalise the amount due to a director, Mr. Peng Yonghui which amounted to RMB159,369,569 by allotting and issuing 1,000 ordinary shares each of HK$0.01 of the Company to Vast Base and TEUR credited as fully paid.

On the same date, the authorised share capital of the Company was increased from HK$380,000 to HK$20,000,000 by the creation of additional 1,962,000,000 shares of HK$0.01 each.

(d) Pursuant to written resolutions passed on 15 March 2017, the shareholders of the Company approved the allotment and issue of 150,000,000 new ordinary shares of HK$0.01 each of the Company (the "New Shares") in connection with the global offering of shares by the Company. 150,000,000 New Shares, issued on 30 March 2017, at HK$2.17 each for a total cash consideration, before expenses, of HK$325.5 million and fully paid-up, rank pari passu in all respects with the existing issued and fully paid-up shares of the Company.

(e) Pursuant to written resolutions passed on 15 March 2017, the shareholders of the Company approved as a result of the issuance of 150,000,000 New Shares pursuant to the global offering as mentioned in note (d) above, an amount of HK$4,499,960 standing to the credit of the share premium account of the Company was capitalised by applying such sum forwards paying up in full at par for allotment and issue to each of Vast Base and TEUR of 224,998,000 ordinary shares respectively before the completion of the global offering.

The paid in capital as presented in the consolidated statement of the financial position as at 31 December 2015 represented the equity capital of Chanhigh Landscape.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

25. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	2016 RMB'000
Non-current assets		
Investments in subsidiaries	18	—
Total non-current assets		—
Current assets		
Amount due from a subsidiary	18	159,370
Total current assets		159,370
TOTAL ASSETS		159,370
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Paid in capital	24	—
Reserves	25(b)	—
Total equity		—
Current liabilities		
Amount due to a director	22	159,370
Total current liabilities		159,370
TOTAL EQUITY AND LIABILITIES		159,370

Approved by the Board of Directors on 19 April 2017 and are signed on its behalf by:

Peng Yonghui
Director

Peng Tianbin
Director

25. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(continued)*

(b) Reserve movement of the company

	Retained profits RMB'000
As at date of incorporation	—
Total comprehensive income for the period	—
At 31 December 2016	—

26. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Other reserve

Other reserve arose as a result of the Group Reorganisation and represented the difference between the consideration of repurchase of equity interests in Chanhigh Landscape by Chanhigh HK over the registered capital of Chanhigh Landscape.

(ii) Statutory surplus reserve

The statutory surplus reserve, which is non-distributable, is appropriated from the profit after taxation of the Group's PRC subsidiaries under the applicable laws and regulations in the PRC.

27. TRADE PAYABLES

	2016 RMB'000	2015 RMB'000
Trade payables	895,397	696,888

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	2016 RMB'000	2015 RMB'000
0 to 90 days	189,706	203,542
91 to 180 days	92,796	113,705
181 to 365 days	233,401	167,541
Over 1 year but less than 2 years	289,616	138,472
Over 2 year but less than 3 years	55,917	59,125
Over 3 years	33,961	14,503
	895,397	696,888

The carrying amount of the Group's trade payables are denominated in RMB.

28. ACCRUALS AND OTHER PAYABLES

	2016 RMB'000	2015 RMB'000
Accrued staff costs	13,807	10,997
Accrued expense	5,093	7,155
Accrued listing expense	8,470	—
Accrued rental expense (note 1)	548	—
Advance from a staff (note 2)	—	14,000
Other tax payables	24,030	2,220
Deposit from suppliers	2,618	13,803
Others	2,243	4,482
	56,809	52,657

Note 1: The accrued rent was due to a related company, 寧波市鄞州天賓貿易有限公司.

Note 2: The advance from a staff was interest-free, unsecured and repayable on demand.

29. BORROWINGS

	2016 RMB'000	2015 RMB'000
Bank loans repayable within one year	61,000	306,100

The carrying amount of the Group's borrowings are denominated in RMB.

The average interest rate per annum at the end of each year were as follows:

	2016	2015
Bank loans	5.43%	5.63%

The Group's borrowings of RMB Nil as at 31 December 2016 (2015: RMB18,800,000) were arranged at fixed rates and expose the Group to fair value interest rate risk. Other borrowings of RMB61,000,000 as at 31 December 2016 (2015: RMB287,300,000) were arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

As at 31 December 2015, borrowings of RMB306,100,000 were secured by the following:

(a) Unlimited guarantees from directors of the Group;

(b) Unlimited guarantees from related companies; and

(c) Legal charge over the land and properties of related companies.

As at 31 December 2016, borrowings of RMB61,000,000 were unsecured.

30. FINANCIAL GUARANTEE CONTRACTS

As at 31 December 2015, a subsidiary of the Company issued guarantees to several banks in respect of banking facilities granted to some related companies and independent third parties.

The directors do not consider it probable that a claim will be made against the subsidiary under the guarantees. The maximum liability of the Group under the guarantees is the outstanding amount of the bank loans drawn under the guarantees amounted to approximately RMB81,000,000 as at 31 December 2015.

The fair value of the guarantee at date of inception is not material and is not recognised for the year end 31 December 2015.

As at 31 December 2016, no financial guarantees are issued by the Group.

31. CONTINGENT LIABILITIES

As at 31 December 2016, the Group is a defendant in a law suit claiming of approximately RMB2.8 million. The Group intends to contest the claim. While the final outcome of the proceedings is uncertain, it is the directors' opinion that the ultimate liability, if any, will not have a material impact on the Group's financial position.

32. CAPITAL COMMITMENTS

As at 31 December 2016 and 2015, the Group did not have any capital commitments.

33. LEASE COMMITMENTS

At 31 December 2016, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2016 RMB'000	2015 RMB'000
Within one year	1,641	1,490
In the second to fifth years inclusive	300	1,464
After five years	3	4
	1,944	2,958

Operating lease payments represent rentals payable by the Group for its offices and director's quarter. Leases are negotiated for an average term of 1 to 4 years and rentals are fixed over the lease terms and do not include contingent rentals.

34. RELATED PARTY TRANSACTIONS

(a) In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Group had the following transactions with its related parties during the year:

	2016 RMB'000	2015 RMB'000
Contract revenues from CHHG	2,257	—
Contract revenues from Huzhou Canghu	28,393	—
Interest income from related companies	5,513	24,569
Rental expenses paid to a related company	1,150	605

Peng Family is interested in the transactions above to the extent they are ultimate beneficial shareholders of the related companies.

34. RELATED PARTY TRANSACTIONS *(continued)*

(b) The remuneration of directors and other members of key management during the year was as follows:

	2016 RMB'000	2015 RMB'000
Salaries and other benefits	1,058	146
Retirement benefits scheme contributions	67	36
	1,125	182

(c) As at 31 December 2016, no personal guarantees was given by the directors. As at 31 December 2015, personal guarantees were given by the directors against the banking facilities granted to the Group at nil consideration.

35. EVENTS AFTER THE REPORTING PERIOD

On 31 March 2017, the Company has successfully listed on the Main Board of the Hong Kong Stock Exchange.

"AGM"	the annual general meeting of the Company to be held on Thursday, 1 June 2017
"Acting-in-Concert Confirmation"	an acting-in-concert confirmation dated 20 March 2011 executed by Mr. Peng YH, Mr. Peng TB, Mr. Peng DS and Ms. Wang SF whereby the Peng Family confirmed that, inter alia, it has a common control and influence on the management, operations and voting rights of Chanhigh Landscape and its subsidiaries
"Articles of Association"	the articles of association of the Company, as amended from time to time
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	audit committee of the Company, comprising all the independent non-executive Directors, namely Mr. Fan Rong, Mr. Shi Weixing and Mr. Yang Zhongkai
"Auditor"	RSM Hong Kong
"Beautiful China"	a development strategy proposed by the PRC government in the 13th Five-year Plan to 2015 highlighting the prominent position of ecological civilisation construction to achieve sustainable development
"Board of Directors" or "Board"	the board of Directors
"Board Committees"	the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategy Committee
"BVI"	the British Virgin Islands
"Canghu"	Huzhou Canghu Construction Investment Company Limited (湖州滄湖建設投資有限公司), a limited liability company established in the PRC which is indirectly owned as to 72.7% by CHHG, 20% by Huzhou Nantaihu Municipal Construction Company Limited (湖州南太湖市政建設有限公司) (an Independent Third Party) and 7.3% by Mr. Peng TB and his spouse
"Cayman Islands Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"CHHG"	Chanhigh Holding Group Limited (滄海控股集團有限公司), formerly known as Ningbo Chanhigh Investment Ltd. (寧波滄海投資有限公司) and Ningbo Chanhigh Holding Group Ltd. (寧波滄海控股集團有限公司), a limited liability company established in the PRC on 26 April 2005, which is owned as to 30% by Mr. Peng TB, 20% by Mr. Peng DS and 50% by Ms. Wang SF, and a connected person of the Company
"Chanhigh Investments"	Chanhigh Investments Limited (滄海投資有限公司), a limited liability company established in the BVI on 15 March 2016, which is a wholly-owned subsidiary of the Company

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"Chanhigh HK"	Chanhigh Hong Kong Limited (滄海香港有限公司), a limited liability company established in Hong Kong on 30 March 2016, which is wholly owned by Chanhigh Investments
"Chanhigh Landscape"	Zhejiang Chanhigh Municipal Landscape Construction Limited (浙江滄海市政園林建設有限公司), formerly known as Yin County Shanshui Landscape Engineering Limited (鄞縣山水園林工程有限公司), Ningbo Shanshui Landscape Construction Limited (寧波山水園林建設有限公司) and Ningbo Shanshui Construction Limited (寧波山水建設有限公司), a limited liability company established in the PRC on 22 February 2001, which is a wholly-owned subsidiary of Chanhigh HK and an indirect wholly-owned subsidiary of the Company
"CG Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China, which for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Company"	Chanhigh Holdings Limited (滄海控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 1 April 2016
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to the Peng Family, Vast Base and TEUR
"Director(s)"	the director(s) of the Company
"EIT"	the PRC Enterprise Income Tax
"EIT Law"	the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法), as amended or supplemented from time to time
"Global Offering"	the Hong Kong Public Offering and the International Placing
"Group"	the Company and its subsidiaries
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars", "HK$" or "HKD"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"IFRS"	the International Financial Reporting Standards, as issued by the International Accounting Standards Board
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange

"Listing Date"	the date on which dealings in the Shares on the Main Board commence, which was 31 March 2017
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix 10 of the Listing Rules
"Mr. Peng DS"	Mr. Peng Daosheng (彭道生), the founder and an executive Director, a member of the Peng Family, spouse of Ms. Wang SF, and father of Mr. Peng TB and Mr. Peng YH
"Mr. Peng TB"	Mr. Peng Tianbin (彭天斌), an executive Director and chairman of the Company, a member of the Peng Family, son of Mr. Peng DS and Ms. Wang SF, and brother of Mr. Peng YH
"Mr. Peng YH"	Mr. Peng Yonghui (彭永輝), an executive Director and chief executive officer of the Company, a member of the Peng Family, son of Mr. Peng DS and Ms. Wang SF, and brother of Mr. Peng TB
"Mr. Tong"	Mr. Tong Tai Alex (湯泰), the chief financial officer and company secretary of the Company
"Ms. Wang SF"	Ms. Wang Sufen (王素芬), a non-executive Director, a member of the Peng Family, spouse of Mr. Peng DS, and mother of Mr. Peng TB and Mr. Peng YH
"Nomination Committee"	nomination committee of the Company, comprising two independent non-executive Directors, namely Mr. Shi Weixing and Mr. Yang Zhongkai and one executive Director, namely Mr. Peng YH
"Peng Family"	Mr. Peng DS, Ms. Wang SF, Mr. Peng TB and Mr. Peng YH
"PPP"	Public-Private-Partnership, a business model in which public infrastructure projects are financed, built and operated by way of partnership between the public sector and the private sector
"PRC government"	the government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and their instrumentalities thereof or, where the context requires, any of them
"Prospectus"	the prospectus issued by the Company dated 21 March 2017
"PYH Family Trust"	The Peng Yong Hui Family Trust, a discretionary trust set up by Mr. Peng YH, the beneficiaries of which shall include Mr. Peng YH and his descendants who carry the "PENG" (彭) surname

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"PTB Family Trust"	The Peng Tian Bin Family Trust, a discretionary trust set up by Mr. Peng YH, the beneficiaries of which shall include Mr. Peng TB and his descendants who carry the "PENG" (彭) surname
"Remuneration Committee"	remuneration committee of the Company, comprising two independent non-executive Directors, namely Mr. Yang Zhongkai and Mr. Shi Weixing and one executive Director namely Mr. Peng TB
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Sponge City"	a city that can hold, clean and drain water in a natural way using an ecological approach through the implementation of green infrastructure with increased ability to control flood and manage storm disasters
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	strategy committee of the Company, comprising two executive Directors, namely Mr. Peng TB and Mr. Peng YH, and one independent non-executive Director, namely Mr. Fan Rong
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"TEUR"	TEUR Holdings Limited (天鈺控股有限公司), a company incorporated under the laws of BVI with limited liability on 15 March 2016, and is wholly-owned by Mr. Peng YH as the Trustee of the PTB Family Trust
"Trustee"	Mr. Peng YH, the trustee of the PYH Family Trust and the PTB Family Trust
"Vast Base"	Vast Base Investments Limited (浩程投資有限公司), a company incorporated under the laws of BVI with limited liability on 15 March 2016, and is wholly-owned by Mr. Peng YH as the Trustee of the PYH Family Trust
"VAT"	value-added tax
"YZTB"	Ningbo Yinzhou Tianbin Trading Limited (寧波市鄞州天賓貿易有限公司), a company owned as to 90.18% by CHHG and as to 9.82% by Ms. Wang SF
"%"	per cent.