



China Greenland Broad Greenstate Group Company Limited

中國綠地博大綠澤集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code : 1253)



Interim
Report 2019





博採眾長
Eclectic

大有作為
Accomplishment

精益求精
Excelsior

深生不息
Continuous

博大 精深



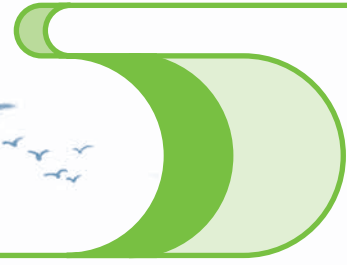


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Corporate Information



COMPANY NAME

China Greenland Broad Greenstate Group Company Limited

PLACE OF LISTING OF SHARES

The Stock Exchange of Hong Kong Limited — main board

STOCK CODE

1253

STOCK NAME

GREENLAND BROAD

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

Mr. Dai Guoqiang
Dr. Jin Hexian
Dr. Chan Wing Bun

COMPANY SECRETARY

Ms. Sun Ah Tsang

AUTHORIZED REPRESENTATIVES

Ms. Zhu Wen
Ms. Sun Ah Tsang

AUDIT COMMITTEE

Dr. Chan Wing Bun (*Chairman*)
Mr. Dai Guoqiang
Dr. Jin Hexian

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Floor 8, Block D3, 5th Building, Hongqiao World Center
1588 Lane, Zhuguang Road
Shanghai, PRC

PLACE OF BUSINESS IN HONG KONG

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

Corporate Information

AUDITOR

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

PRINCIPAL BANK

Bank of Shanghai Changning Branch

COMPANY WEBSITE

www.greenland-broadgreenstate.com.cn

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Financial Summary



For the six months ended 30 June

	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)	Change RMB'000	%
Revenue	353,941	617,632	(263,691)	(42.69)
Gross profit	95,451	164,368	(68,917)	(41.93)
Profit before taxation	63,141	84,169	(21,028)	(24.98)
Net profit attributable to owners of the Parent	50,857	65,131	(14,274)	(21.92)

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)	Change RMB'000	%
Total assets	3,783,846	3,395,328	388,518	11.44
Total equity attribute to owners of the Parent	896,779	844,948	51,831	6.13

For the six months ended 30 June

	2019 (Unaudited)	2018 (Unaudited)
Profit ability ratio (%)		
Gross profit margin	27.0%	26.6%
Net profit margin	14.4%	10.6%
Return on assets	1.3%	1.5%
Return on equity	5.0%	7.5%

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Working Capital data		
Current ratio (time)	1.0	1.1
Gearing ratio (%)	71.2	69.4

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors of China Greenland Broad Greenstate Group Company Limited and its subsidiaries, I am pleased to present you with the unaudited consolidated interim results of the Group for the six months ended 30 June 2019.

After experiencing the macro-environmental factors such as the slowdown of economic growth, de-leveraging by central government, and financial regulatory period of financial market, the development of PPP patterns tended to tighten. Although PPP is still facing the management of project list by the Ministry of Finance of the PRC (“**Ministry of Finance**”) subsequent to the period of adjustment and regularization, it remains an important financing tool. The Notice of Strengthening the Investment and Constructing Management of PPP Projects in Accordance with Laws and Regulations (《關於依法依規加強PPP項目投資和建設管理的通知》) issued by the National Development and Reform Commission in 2019 allowed the local governments, social capitals, consulting service institutions and financial institutions to launch PPP projects in more compliant manners. Against the backdrop of vigorous development of infrastructures and public services, PPP patterns, as an important option of infrastructural investment and finance patterns, will usher into a new chapter.

Since incorporation, the Group has been making continuous efforts in promoting ecological conservation in landscaping projects and targeted to become a leader in the industry. The Group has developed a well-established pattern of development featuring “capital+technology+whole industry chain”. The Group has actively implemented the spirit of “strategic policy, precise operation, refined management and shared interests”. Besides, the Group has complied with the market practices and moved in line with trends, with an aim to achieve a win-win situation with governments, customers and society.

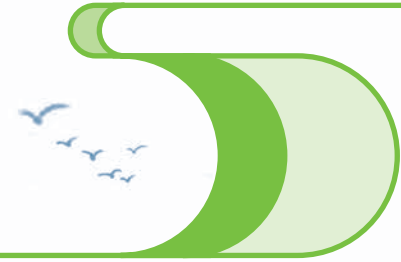
During the Reporting Period, the Group recorded a total revenue of RMB353.94 million, representing a decrease of 42.69% as compared to the corresponding period of last year. During the Reporting Period, the Group has excluded the revenue of Hangzhou Zhongling Gardenview Design Company Limited* (杭州中靈園林景觀設計有限責任公司), which was disposed last year. During the Reporting Period, the Group recorded the gross profit margin and net profit margin of 27.0% and 14.4%, respectively, both representing an increase as compared to last year, mainly attributable to the efforts the Group made during the Reporting Period to proactively adjust the pace of project implementation, adopt more scientific and efficient management models, make appropriate arrangements as to the progress of construction and significantly reduce administrative expenses, as a result of which the results of operations of the Group has been recovering. It is expected that the Group will speed up the launching of projects orderly in the second half of 2019.

MARKET REVIEW

In recent years, the ecological restoration market in the PRC and its investments in ecological protection had been expanding and increasing continuously. It is expected that during the 13th Five-Year Plan period, investment in ecological protection and environmental treatment in the PRC will be further increased, and the eco-environmental protection industry will develop rapidly.

The National Conference on Ecological Environmental Protection put forward the idea that we must be determined to win the Blue Sky Defense War, the Clean Water Defense War and the Pure Land Defense War. As such, certain policies such as the “Opinions on Promoting the Implementation of Ultra-low Emission Standards in the Steel Industry” (《關於推進實施鋼鐵行業超低排放的意見》), the “Plan on the Protection and Restoration of Yangtze River” (《長江保護修復攻堅戰行動計劃》) and the “Working Plan on the Pilot Construction of No-waste Cities” (《“無廢城市”建設試點工作方案》) had been introduced, and as a result, the achievements in the air control continued to consolidate, the importance of water treatment attracted more attention, the supervision of the solid waste disposal became more stringent, and the monitoring requirements related to gas, water and soil had been further upgraded. Treatment in sub-divisions is still in huge demand. In recent years, numerous gardening enterprises had expanded their business into the ecological environment sector, boosting the overall demand for environmental protection.

Chairman's Statement



On 5 March 2019, Mr. Li Keqiang, the Premier of the PRC, proposed in the government work report that, we should innovate project financing methods, appropriately reduce the capital-fund ratio of infrastructure projects and other projects, make good use of developmental financial instruments and attract more private capital to participate in the construction of projects in key fields. Besides, we should implement those policies supporting private investments and promote the cooperation between government and social capital in an orderly manner. On 7 March 2019, the Ministry of Finance issued the "Implementation Opinions on Promoting the Standardized Development of Government-and-Social-Capital Cooperation" (《關於推進政府和社會資本合作規範發展的實施意見》), which stipulated six conditions that a standardized PPP project should have, and expressly indicated the prudence requirements for the new government-paid projects. Due to the large demand for funds of PPP, special debts of local governments can be used as capital funds to participate in the project investments pursuant to the latest guidance documents promulgated, which means local governments can moderately increase leverage in the PPP and will hence greatly relieve the financing pressure faced by social capital.

According to the PPP Center of the Ministry of Finance, by the end of June 2019, there were 9,036 projects included in the PPP comprehensive information platform project database of the Ministry of Finance with an investment amount of RMB13.6 trillion, a total of 5,811 projects launched with an investment amount of RMB8.8 trillion and a successful launching rate of 64.3% as well as a total of 3,446 projects commenced with an investment amount of RMB5.1 trillion and a successful commencing rate of 59.3%. In particular, transportation, municipal projects, and ecological construction and environmental protection ranked top three by accumulated investment amount since 2014, and the above sectors also ranked top places by net increase in investment amount in the first half of 2019.

Proactive promotion of projects

During the Reporting Period, the Group completed several PPP projects, such as Shenhou Old Street Reconstruction, Shenhou Theme Park and Xiaohe River Waterfront Landscape in Yuzhou, Henan Province, which won the 2018 Quality Construction Award of the Shanghai "Gardening Cup"* (上海市"園林杯"優質工程獎). Meanwhile, the Group also promoted landscape projects in other regions, such as the PPP project of Jue River Wetland Park and related construction in Changning New District, Xi'an* (西安常寧新區澗河濕地公園及相關工程建設), the PPP project of Quanzhou Haixi Botanic Garden* (泉州海西植物園), the PPP project of Zhaoqing High-Tech Zone Bureau General Hill Sports Park* (肇慶高新區將軍山體育公園), Public Welfare Construction Project of the Nanning Garden Expo and Scenery Area* (南寧園博園田園風光區(EPC)公益性建設項目), the PPP project for the construction of Qishan County Taiping Tower Square* (岐山縣太平塔廣場), the PPP project for the construction of road and ancillary facilities of Shanghe Economic Development Zone* (商河經濟開發區道路及配套設施工程), the PPP project for the construction of Nanhu Ecological and Cultural Park in Gushi County, Henan Province* (河南省固始縣南湖生態文化園建設), the PPP project of Huiji River Wetland Park in Xiangfu District, Kaifeng City, Henan Province* (河南省開封市祥符區惠濟河濕地公園), the PPP project of phase I for the comprehensive development of tourism in Mianzhu City* (綿竹市全局旅遊一期), the PPP project for the construction of comprehensive treatment of ecological environment of Jiuqu River of Zhenping County* (鎮平縣九曲河生態環境綜合治理工程) and the Engineering Procurement Construction ("EPC") project of the restoration and construction of related facilities of Sheqi County Shedian Town Gumatou* (社旗縣賒店鎮古碼頭恢復暨配套基礎設施建設項目).

Following what the government advocates and what the market calls for

Currently, the Group's main business spreads all over the country. In 2018, it has completed the strategic layout of the seven business headquarters across China, which facilitates it to give full play to the respective advantages in each regions, and actively explores opportunities for cooperation with the local government and seek for other potential customers, so as to lay a good foundation for undertaking more projects in the future. In addition, with its comprehensive solution capabilities along the whole industry chain and a good track record in previous and ongoing projects, the Group has proved its ability to make full use of its advantages and local potential resources to formulate customized ecological construction plans catering to local development needs for the government, which has helped it gained a foothold in the competitive market.

Chairman's Statement

Adhere to research and development innovation

While continuing to promote the landing of various projects, the Group has carried out patent technology development and research for each project, and made substantial progress in plant cultivation, soil improvement and water ecological treatment. On the basis of accumulation of existing technology, engineering experience and product advantages, the Group has continuously invested a large amount of funds in establishing the enterprise's technology center, adhering to the principle of independent development, supplemented by the introduction, digestion and absorption of other technologies. The Group has constantly strengthened the cooperation of industry, education and research, and the construction of intellectual property rights, and actively realized the industrialization of science and technology. During the Reporting Period, several research and development projects were completed by the Group, including research on improvement of key technologies for salt control and salt elimination as well as construction implementation in saline area, research on improvement of key technologies in ecological restoration of constructed wetland water environment and ecological treatment of polluted water area, research on improvement of key technologies in construction and demonstration application of urban near-natural wetland aquatic plant communities, technology research on biological treatment of garden organic waste.

PROSPECT

PPP model is the development model of infrastructure and public utility projects vigorously promoted by China during the 13th Five-Year Plan period, which has received positive responses from governments at all levels and various social capital. In line with the current strong support of various national policies, the future development of PPP will enter into a steady and sustainable stage.

Given the tightening liquidity and strict regulation on local government debts, the Group has actively revitalized the projects in stock, enhanced project funds recovery, strictly controlled the quality of the projects, and focused on research and development. Currently, the Group has a sufficient reserve of orders, which are growing steadily and orderly.

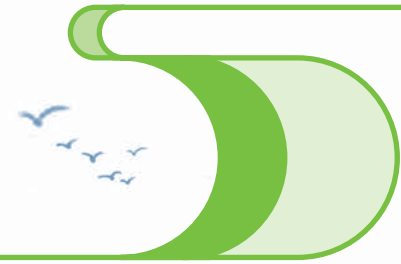
In the future, the Group will continue to respond to the national call of ecological civilization construction and make scientific planning for relevant ecological landscape construction in accordance with the requirements of "distinctive features, industrial development, green ecology, beautiful and livable". The Group will promote the development of local economy, improve the lives of local residents, and realize the sustainable development of the projects according to local conditions, actively build a beautiful home with "green mountains, clean water, blue sky, green land, charming city and harmonious relation", and thus facilitate the construction of a beautiful China.

Mr. Wu Zhengping

Chairman and Chief Executive Officer

29 August 2019

Management Discussion and Analysis



INDUSTRY REVIEW

In 2018, it was more difficult for landscaping enterprises to obtain financing with the tightening of social financing environment. In 2019, as supported by favorable national policies and under the regulation of relevant regulatory policies, the landscaping industry is expected to recover and get back on track gradually. The newly-launched PPP projects recorded a year-on-year increase and projects in relation to ecological construction and environmental protection ranked among the top of PPP management projects and launched projects. Through rapid development in five to six years, the PPP projects have stepped from the construction period into the operation period.

In view of the long settlement period of municipal PPP projects as well as partners' differences in the project progress assessment and payment arrangements, landscaping enterprises bore greater pressure of advancing capital for their PPP projects undertaken. Based on the comprehensive consideration of the future payment capacity of project contractors, landscaping enterprises preferred to the PPP projects in progress or approved PPP projects. Since the second half of 2018, the monetary policy has gradually shifted from tight to moderate; and in 2019, with the improving social financing environment and overall financing performance of enterprises, the management condition of landscaping enterprises has been improved as well.

BUSINESS REVIEW

The Group adopted the operation model of the whole industry chain, from research, planning to construction and operation, to provide integrated solutions regarding eco-construction to the government authorities and state-owned enterprises. The Group is a diversified industry chain investment platform under the eco-construction line of Greenland, a Fortune Global 500 companies. Since the establishment of the seven major operating headquarters, the Group has been operating in six sectors comprising project investment, design planning, project construction, business operation, seedling research and cultural tourism management across the PRC.

During the Reporting Period, the Group recorded a total revenue of RMB353.94 million, net profit attributable to owners of the Parent of RMB50.86 million, gross profit margin of 27.0%, and net profit margin of 14.4%. During the Reporting Period, the Group has excluded the revenue of Hangzhou Zhongling Gardenview Design Company Limited* (杭州中靈園林景觀設計有限責任公司), which was disposed last year, thus, the total revenue of the Group recorded a decrease as compared to the corresponding period last year. Based on the completion of the nationwide large-scale layout last year, and under the strategy of high-quality and scientific development this year, the Group actively adjusted the pace of project implementation and made appropriate arrangements for the construction progress, resulting a synchronous increase of gross profit margin and net profit margin.

On 17 January 2019, Broad Greenstate Ecological, Shanghai Dongjiang Building Survey and Design Engineering Co., Ltd.* (上海東江建築勘察設計工程有限公司) (“**Shanghai Dongjiang**”), each being an indirect wholly-owned subsidiary of the Group, and Shanghai Luwu Business Management Consulting Center (LLP)* (上海鹿屋企業管理諮詢中心(有限合夥)), an indirectly-owned subsidiary of the Group, successfully tendered for a PPP project in respect of the construction of phase I of comprehensive tourism in Mianzhu City (綿竹市全域旅遊一期) with a total investment amount of RMB1,908 million and a cooperation period of 20 years (including 2 years of construction and 18 years of operation).

Management Discussion and Analysis

On 20 March 2019, Broad Greenstate Ecological, Zhongbo Construction Engineering Group Co., Ltd.* (中博建設工程集團有限公司) (“**Zhongbo Construction**”), an indirect non-wholly-owned subsidiary of the Group, Shanghai Zhuchen Business Management Consulting Center (LLP)* (上海祝琛企業管理諮詢中心(有限合夥)) (“**Shanghai Zhuchen**”), an indirectly-owned subsidiary of the Group and Heilongjiang Province Hualong Construction Co., Ltd.* (黑龍江省華龍建設有限公司), an independent third party, successfully tendered for a PPP project in respect of the construction of comprehensive treatment of ecological environment of Jiuqu River of Zhenping County (鎮平縣九曲河生態環境綜合治理工程).

On 25 March 2019, Broad Greenstate Ecological, successfully won a bid issued by Sheqi County Ancient City Development and Construction Company Limited* (社旗縣古城開發建設有限公司) for the EPC project of the restoration and construction of ancillary infrastructure of Sheqi County Shedian Town Gumatou (社旗縣賒店鎮古碼頭恢復暨配套基礎設施建設EPC項目).

Qualifications and Licenses

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

Management Discussion and Analysis



COST CONTROL

The Group has always adhered to a scientific, reasonable and economical operation practice to increase revenue and reduce expenditure during the Reporting Period.

In respect of policy, the Group carried out comprehensive budget management covering budget, control, supervision, analysis and appraisal in order to increase the capital utilization efficiency. As developed from traditional construction enterprise to an integrated enterprise with integrated capabilities of investment and financing, strategic planning, design, construction and operation, the Group was increasingly mature in relation to the control of construction cost. The Group implemented relevant management methods with practice, such as Administrative Measures on Design Subcontracting (《設計分包管理辦法》) according to relevant national laws and regulations.

In respect of system, the Group independently invested in and developed a set of online project information management system to conduct comprehensive supervision and control of the progress of projects at different stages. With decomposing each stage of PPP full lifecycle and establishing task supervision system on Office Automation (“**OA**”) platform in 2018, the Group optimized and upgraded OA system for several times in line with the needs of business during the Reporting Period, which improved the efficiency of task processing and saved resources.

In respect of manpower, the Group established a team of management personnel with rich experiences in procurement and engineering management, strengthening process management and cost supervision.

QUALITY CONTROL

Being a group company with landscape construction as its core business, quality control is of the utmost importance for the Group. The Group has also conducted quality control in three aspects, which include policy, system and manpower.

In respect of the policy and system, sound and comprehensive processes were established, coupled with optimized systems for quality control; as for manpower, well-experienced project managers were employed to control engineering quality on a comprehensive basis. The Group adopted a standard quality control system for the construction enterprises which are under cooperation and newly cooperated. As of now, the quality management system of the Group has been accredited by ISO9001, ISO14001 and OHSAS18001.

RESEARCH AND DEVELOPMENT

The Group has been constantly carrying out projects while conducting development and research in respect of a number of patented technologies, and successfully made substantial progress in plant cultivation, soil improvement and water ecological treatment. Currently, the Group has owned a number of patented technologies and patented products with independent intellectual properties rights, and acquired core technologies in the field of ecological construction, which contributes strong competitive advantages in the industry. The Group has a total of four invention patents, 20 provincial and ministerial construction methods, 46 utility model patents, three software copyrights, one invention patent under application and three new cultivars at the reproductive stage, all of which relate to sewage treatment, saline-alkali land restoration, ecological restoration, garden plants, construction and other fields.

Management Discussion and Analysis

FUTURE DEVELOPMENT

In 2019, the National People's Congress and the Chinese People's Political Consultative Conference proposed to strengthen pollution prevention and ecological construction for continuously improving the quality of ecological environment and vigorously promoting green development. Ecological environment construction has been raised to an unprecedented height. Though there are still various irregularities in the industry, it is expected that with the end of the clean-up of non-compliant PPP projects, the PPP model will continue to be one of the important ways for cooperation between the governments and enterprises on large-scale infrastructure projects.

In respect of the prospect of PPP model, the Group believes that project operation will be paid more attention to the quality, the review process for projects in progress will be more stringent, and as a result, the subsequent development shall be more reasonable.

In view of the cumulative data, social finance data has achieved high growth as a whole in the first half of 2019, which was mainly due to the social finance increased significantly in January and March, reflecting that the low social finance growth since 2018 came to an end. The finance environment tend to be loosened as a whole. Given that the overall economy will subsequently step into a structurally loose stage and the investment in infrastructure will continue, it is estimated that the fiscal expenditure will be expanded in the second half of the 2019. Together with the improvement of finance environment, PPP projects going slow in the early stage shall be accelerated.

As a listed company on the Main Board of the Stock Exchange, the Group has been committed to the mission of satisfying our customers and winning investors appetite. The Group promotes the application of high technologies in project construction and operation through its innovative business model, strictly controls project quality, focuses on the monetization of the projects, strengthens cooperation between internal and external parties, and accelerates its regional layout business expansion. As the backbone of ecological civilization and beautiful China construction, the Group upholds its social responsibility as "a leader in ecological and humanity homeland construction, a pioneer of development of sustainable environment". The Group also strives to achieve its strategic vision of "to enhance the regional core values with first-class ecological environment and to promote the harmonious upgrading of our homelands with deep humanities construction", endeavoring to become an advocate and practitioner of the ecological and humanistic environment construction.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018.

There have been no changes in the risk management department during the Reporting Period or in any risk management policies.

Management Discussion and Analysis



Foreign currency risk

The Group's businesses are located in PRC and nearly all transactions are conducted in Renminbi. As nearly all of the Group's assets and liabilities were denominated in RMB, the Group was not subject to significant foreign currency risk as at 30 June 2019. As at 30 June 2019, the Group's assets and liabilities denominated in US dollars ("USD") and HKD were mainly held by the Company and a subsidiary incorporated outside PRC which had HKD as their functional currencies. The Company and the subsidiary incorporated outside PRC also held corporate bonds denominated in USD and other payable denominated in RMB, from which foreign currency exposure arises.

Credit risk

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

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

Liquidity risk

Compared to the year ended 31 December 2018, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

Capital management

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

The Group monitors capital using a gearing ratio, which is net debt divided by the capital plus net debt. Net debt includes interest-bearing bank and other borrowings, corporate bonds, trade and bills payables, other payables and accruals, less cash and bank balances. Capital includes total equity. As at 30 June 2019, the gearing ratio of the Group was 71% (as at 31 December 2018: 69%).

The Group does not use financial instruments for hedging purposes, nor hedge its foreign currency net investments in currency lending and/or other foreign currency hedging instruments.



Management Discussion and Analysis

CASH AND BANK BALANCES AND PLEDGED DEPOSITS

	30 June 2019 (Unaudited) RMB'000	31 December 2018 (Audited) RMB'000
Cash and bank balances	373,792	431,093
Time deposits	229,500	13,950
	603,292	445,043
Less: Pledged time deposits		
Pledged for construction contracts	213,500	13,950
Restricted Cash	16,000	—
Cash and bank balances	373,792	431,093

At the end of the Reporting Period, the cash and bank balances of the Group denominated in USD amounted to RMB1,727,000 (31 December 2018: RMB1,723,000) and denominated in HKD amounted to RMB1,618,000 (31 December 2018: RMB798,000).

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

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

CONTINGENT LIABILITIES

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

	30 June 2019 (Unaudited) RMB'000	31 December 2018 (Audited) RMB'000
Guarantees given to banks in connection with facilities granted to third parties	—	34,300
Guarantees given to a bank in connection with facilities granted to joint ventures	200,000	140,000
	200,000	174,300

As at 30 June 2019, the banking facilities guaranteed by the Group to third parties and joint ventures were utilised to the extent of approximately RMB200,000,000 (31 December 2018: RMB174,300,000).

Management Discussion and Analysis



BANK AND OTHER BORROWINGS

As at 30 June 2019, the Group's total outstanding bank and other borrowings amounted to RMB789,230,000 (31 December 2018: RMB713,150,000).



Other Information and Corporate Governance Highlights

CORPORATE INFORMATION AND GLOBAL OFFERING

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

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

As at 30 June 2019, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were (i) recorded in the register required to be kept under section 352 of the SFO, or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director/ Chief Executive	Nature and Number of Shares/underlying Shares held ⁽¹⁾				Approximate Percentage of Issued Share Capital
	Personal interest	Corporate interest	Spouse interest	Total interest	
Mr. Wu Zhengping ⁽²⁾⁽³⁾⁽⁴⁾	9,000,000	991,321,041	6,750,000	1,007,071,041	30.12%
Ms. Xiao Li ⁽²⁾⁽³⁾⁽⁴⁾	6,750,000	—	1,000,321,041	1,007,071,041	30.12%
Ms. Zhu Wen ⁽⁴⁾	1,500,000	—	—	1,500,000	0.04%

Notes:

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

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

Other Information and Corporate Governance Highlights



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

As at 30 June 2019, so far as the Directors are aware, the following persons (not being a Director or chief executive of the Company) had or deemed or taken to have interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register required referred to therein, were as follows:

Name of Shareholder	Nature of Interest	Number of Shares/ underlying Shares held ⁽¹⁾	Approximate Percentage of Issued Shares
Broad Landscape International ⁽²⁾	Beneficial owner	991,321,041	29.66%
Eastern Greenstate International ⁽²⁾	Beneficial owner	306,313,662	9.16%
Greenland ⁽³⁾	Interest in a controlled corporation	991,321,041	29.66%
Greenland Financial Holdings Company Limited (綠地金融投資控股集團有限公司) ⁽³⁾	Interest in a controlled corporation	991,321,041	29.66%
Greenland Financial ⁽³⁾	Beneficial owner	991,321,041	29.66%
Cithara Global Multi-Strategy SPC-Series 6 SP	Beneficial owner	235,365,000	7.04%
Cithara Investment International Limited	Investment Manager	236,073,000	7.06%

Notes:

- (1) All the above Shares are held in long position (as defined under Part XV of the SFO).
- (2) Broad Landscape International is owned as to 86.92% and 13.08% by Mr. Wu Zhengping and Ms. Xiao Li and its interest duplicate certain interests of Mr. Wu Zhengping disclosed under the section "Directors' and Chief Executives' Interests and Short Position in Shares, Underlying Shares and Debentures".
- (3) Greenland wholly owns Greenland Financial Holdings Company Limited which in turn wholly owns Greenland Financial so that Greenland and Greenland Financial Holdings Company Limited are deemed to be interested in the Shares in which Greenland Financial is interested for the purpose of Part XV of the SFO.

Save as disclosed above, as of the date of this interim report, the Directors have not been notified by any person (not being the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

Other Information and Corporate Governance Highlights

SHARE OPTION SCHEME

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

Purpose

The purposes of the Share Option Scheme are to attract and retain the best available personnel, to provide additional incentive to employees, directors, consultants and advisers of the Group and to promote the success of the business of the Group.

Participants of the Share Option Scheme

The Board may offer any employee (whether full-time or part-time), Director, consultant or adviser of the Group (the “**Eligible Person**”) options to subscribe for Shares at a price determined in accordance with the terms of the Share Option Scheme.

Maximum number of Shares

The total number of Shares which may be granted under the Share Option Scheme and under any other schemes of the Company shall not in aggregate exceed 10% of the issued share capital of the Company as at the Listing Date, being 306,720,000 Shares (the “**Scheme Mandate Limit**”) unless Shareholders’ approval has been obtained. Options lapsed in accordance with the Share Option Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit.

Notwithstanding the foregoing, the Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company shall not exceed 30% of the issued share capital of the Company from time to time.

As at the date of this interim report, a total of 125,617,856 share options, representing approximately 3.76% of the issued share capital of the Company, is available for issue under the Share Option Scheme.

Maximum entitlement of each participant

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

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

Other Information and Corporate Governance Highlights



Offer period

An offer of grant of an option shall remain open for acceptance by the Eligible person concerned for such period of not less than three business days as determined by the Board, provided that no such offer shall be open for acceptance after the expiry of the Share Option Scheme or after the Share Option Scheme has been terminated in accordance with the provisions thereof. An option may be exercised in whole or in part by the option holder in accordance with the terms of the Share Option Scheme at any time during the exercise period to be notified by the Board to each option holder upon the grant of options, such period shall not exceed ten years from the date of grant of the relevant option.

Minimum period for which an option must be held before it can be exercised

The Company may specify a minimum holding period and performance conditions which must be satisfied before options can be exercised by the option holders.

Amount payable for options

Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company as consideration for the grant, which is in no circumstances be refundable.

Basis of determining the exercise price

The amount payable for each Share to be subscribed for under an option pursuant to the Share Option Scheme in the event of the option being exercised shall be determined by the Board and shall be not less than the greater of:

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

Life of the Share Option Scheme

The Share Option Scheme will remain in force for a period to be notified by the Board, such period shall not exceed the period of ten (10) years commencing from 25 June 2014. Unless otherwise terminated earlier by the Company by resolution in general meeting or the Board, as at 30 June 2019, the Share Option Scheme has a remaining life of approximately five (5) years.



Other Information and Corporate Governance Highlights

Since the effective date of the Share Option Scheme and up to the end of the Reporting Period, the Company has granted a total of 223,017,856 share options to eligible grantees, including the Company's directors and other employees of the Group, on 1 September 2015 and 12 June 2018, while a total of 97,400,000 shares were lapsed and no share option had been exercised under the Share Option Scheme. Details of the movement in the share options under the Share Option Scheme during the Reporting Period and outstanding as at 30 June 2019 were as follows:

Grantees	Date of grant	Options granted	Number of Options					Held at 30 June 2019	Exercise price per Share (HK\$)	Vesting and Exercise period
			Held at 1 January 2019	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ Forfeited ⁽¹⁾ during the Reporting Period	Lapsed ⁽²⁾ during the Reporting Period			
Wu Zhengping	1 Sept 2015	30,000,000	—	—	—	—	—	—	1.24	1 Sept 2017–31 Aug 2018
			—	—	—	—	—	—		1 Sept 2018–31 Aug 2019
			9,000,000	—	—	—	9,000,000	—		1 Sept 2019–31 Aug 2020
			9,000,000	—	—	—	—	9,000,000		1 Sept 2020–31 Aug 2021
Xiao Li	1 Sept 2015	22,500,000	—	—	—	—	—	—	1.24	1 Sept 2017–31 Aug 2018
			—	—	—	—	—	—		1 Sept 2018–31 Aug 2019
			6,750,000	—	—	—	6,750,000	—		1 Sept 2019–31 Aug 2020
			6,750,000	—	—	—	—	6,750,000		1 Sept 2020–31 Aug 2021
Zhu Wen	1 Sept 2015	5,000,000	—	—	—	—	—	—	1.24	1 Sept 2017–31 Aug 2018
			—	—	—	—	—	—		1 Sept 2018–31 Aug 2019
			1,500,000	—	—	—	1,500,000	—		1 Sept 2019–31 Aug 2020
			1,500,000	—	—	—	—	1,500,000		1 Sept 2020–31 Aug 2021
Other employees (in aggregate)	1 Sept 2015	55,250,000	—	—	—	—	—	—	1.24	1 Sept 2017–31 Aug 2018
			—	—	—	—	—	—		1 Sept 2018–31 Aug 2019
			4,350,000	—	—	—	4,350,000	—		1 Sept 2019–31 Aug 2020
			4,350,000	—	—	—	—	4,350,000		1 Sept 2020–31 Aug 2021
	12 Jun 2018	110,267,856	20,803,571	—	—	—	—	20,803,571	1.04	12 Jun 2020–11 Jun 2021
			20,803,571	—	—	—	—	20,803,571		12 Jun 2021–11 Jun 2022
			31,205,357	—	—	—	—	31,205,357		12 Jun 2022–11 Jun 2023
			31,205,357	—	—	—	—	31,205,357		12 Jun 2023–11 Jun 2024

Notes:

- (1) No share options were cancelled/forfeited during the Reporting Period.
- (2) 21,600,000 share options were lapsed during the Reporting Period.

Other Information and Corporate Governance Highlights



DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER

The Company's credit loan facility with Bank of Shanghai (Hong Kong) Limited (the "**RMB Lender**") has been renewed, pursuant to which the maturity date of the facility of up to RMB63,200,000 shall have a maturity date of 30 September 2019 (the "**RMB Facility**"), such facility had been entered into between the Company and the RMB Lender for the purpose of financing existing and potential projects, paying final dividend and general working capital of the Company. The RMB Facility will continue to be secured by the Share Charge and the Account Charge.

As disclosed in the announcement of the Company dated 11 September 2018, Broad Landscape International, the controlling shareholder of the Company, entered into a deed of charge over account with BOSCI International Company Limited ("**BOSCI**") on 11 September 2018 (the "**2018 Account Charge**") to secure a loan facility of RMB22,000,000 (the "**2018 Facility**") obtained by Broad Greenstate Ecological from the Bank of Shanghai Co., Ltd. Changning Branch (the "**2018 Lender**") on 28 August 2018 for the purpose of daily operation of the Company. Pursuant to the 2018 Account Charge, Broad Landscape International agreed to charge by way of first charge a bank account of Broad Landscape International (the "**2018 Account**"), all of its rights, titles and interests in or to the Account and deposited its 90,850,000 Shares (representing approximately 2.71% of the total issued share capital of the Company as at the date of the 2018 Facility) into the 2018 Account.

The total number of Shares charged by Broad Landscape International in favour of the RMB Lender and the 2018 Lender to secure the RMB Facility and 2018 Facility amounts to 441,011,440 Shares, representing approximately 13.19% of the total issued share capital of the Company as at 30 June 2019. As at the date of this interim report, the Share Charge, the Account Charge and the 2018 Account Charge have not been released.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

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

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

During the Reporting Period, the Group had not made any material acquisitions and disposal of subsidiaries and associated companies. As at 30 June 2019, the Group did not hold any significant investments.

Other Information and Corporate Governance Highlights

CORPORATE GOVERNANCE HIGHLIGHTS

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

The Company has adopted the principles and code provisions of the CG Code as set out in Appendix 14 of the Listing Rules (as amended from time to time) as the basis of the Company's corporate governance practices since the Listing Date. Throughout the Reporting Period, the Company has been in compliance with all the applicable code provisions of the CG Code with the exception of code provisions A.2.1 and E.1.2.

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

Pursuant to code provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting. On the annual general meeting of the Company held on 24 May 2019, Mr. Wu, the chairman and chief executive officer of the Board was unable to attend the annual general meeting due to other business commitments. The Board had arranged for Ms. Xiao Li, an Executive Director, the deputy chief executive officer and a member of the Nomination Committee of the Company, who was well versed in all business activities and operations of the Group, to attend and chair the annual general meeting on behalf of Mr. Wu and to respond to questions from Shareholders. The Company will arrange for a more flexible schedule in order to facilitate the chairman to attend future annual general meeting of the Company.

UPDATE ON DIRECTORS' INFORMATION

The remuneration of Ms. Chen Min, an executive Director, was increased from RMB376,933 per annum to RMB530,386.76 per annum with effect from January 2019.

Mr. Dai Guoqiang, an independent non-executive Director, has been appointed as an independent director of Liqun Commercial Group Co., Ltd.* (利群商業集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601366.SH), since April 2019. In addition, Mr. Dai has also been appointed as an executive director of Shanghai Niaozhi Literature and Art Creation Company Limited* (上海裊之文學藝術創作有限公司) since September 2018.

Dr. Chan Wing Bun, an independent non-executive Director, has been appointed as the general manager of Greenland Finance Company Limited* (綠地金融財務有限公司), a wholly-owned subsidiary of Greenland Financial Holdings Company Limited, a substantial shareholder of the Company with effect from 1 May 2019. He became a member of Hong Kong Independent Non-Executive Directors Association* (香港獨立非執行董事協會) in May 2019. Dr. Chan has ceased to act as the managing director of Greenland (Asia) Securities Co., Limited* (綠地(亞洲)證券公司), a wholly-owned subsidiary of Greenland Financial Holdings Company Limited, with effect from 30 April 2019. Save as the above-mentioned, the license to carry out regulated activities of Type 4 and Type 9 under the Securities and Futures Commission of Dr. Chan were revoked in April 2019.

Other Information and Corporate Governance Highlights



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

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2019, the Group had 372 full time employees (as at 31 December 2018: 328) in the PRC. During the Reporting Period, the staff cost of the Group was approximately RMB14.5 million (six months ended 30 June 2018: RMB14.3 million).

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

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

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

AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL STATEMENTS

The Audit Committee was established with terms of reference in compliance with the CG Code, and comprises three members, namely Dr. Chan Wing Bun (*Chairman*), Mr. Dai Guoqiang and Dr. Jin Hexian.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

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

INTERIM DIVIDEND

The Board does not recommend the distribution of any interim dividend for the Reporting Period (for the six months ended 30 June 2018: nil).

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2019

	Notes	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
REVENUE	5	353,941	617,632
Cost of sales		(258,490)	(453,264)
Gross profit		95,451	164,368
Other income and gains	5	33,818	6,638
Administrative expenses		(35,893)	(60,771)
Impairment losses on financial and contract assets		(2,516)	—
Finance costs	6	(39,410)	(25,520)
Share of profits and losses of joint ventures		11,691	(546)
PROFIT BEFORE TAX	7	63,141	84,169
Income tax expense	8	(12,115)	(18,518)
PROFIT FOR THE PERIOD		51,026	65,651
Attributable to:			
Owners of the Parent		50,857	65,131
Non-controlling interests		169	520
		51,026	65,651
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic and diluted			
— For profit for the Period		RMB0.015	RMB0.020

Interim Condensed Consolidated Statement of Other Comprehensive Income

For the six months ended 30 June 2019

	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
PROFIT FOR THE PERIOD	51,026	65,651
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(6,252)	(3,513)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(6,252)	(3,513)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	(6,252)	(3,513)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	44,774	62,138
Attributable to:		
Owners of the parent	44,605	61,618
Non-controlling interests	169	520
	44,774	62,138

The notes on pages 30 to 59 are an integral part of these consolidated financial statements.

Interim Condensed Consolidated Statement of Financial Position

30 June 2019

	Notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	140,770	144,791
Right-of-use assets		4,018	—
Goodwill		3,060	3,060
Other intangible assets		59,278	61,091
Investment in joint ventures	12	372,843	248,415
Financial assets at fair value through profit or loss	13	16,380	12,410
Contract assets	17	513,099	513,571
Prepayments, other receivables and other assets	14	1,940	—
Deferred tax assets		6,964	6,709
Pledged deposits		200,000	450
Total non-current assets		1,318,352	990,497
CURRENT ASSETS			
Biological assets	15	30,584	31,017
Trade receivables	16	1,017,288	1,146,346
Contract assets	17	622,805	593,131
Prepayments, other receivables and other assets	14	391,525	189,744
Pledged deposits		29,500	13,500
Cash and bank balances	18	373,792	431,093
Total current assets		2,465,494	2,404,831
CURRENT LIABILITIES			
Corporate bonds	19	274,042	289,752
Trade and bills payables	20	860,092	1,003,068
Other payables and accruals	21	665,857	340,056
Interest-bearing bank borrowings	22	471,630	385,550
Short-term lease liabilities		2,446	—
Tax payable		160,648	156,671
Total current liabilities		2,434,715	2,175,097
NET CURRENT ASSETS		30,779	229,734
TOTAL ASSETS LESS CURRENT LIABILITIES		1,349,131	1,220,231

Interim Condensed Consolidated Statement of Financial Position

30 June 2019



	Notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	22	317,600	327,600
Long-term lease liabilities		1,676	—
Deferred tax liabilities		5,294	5,465
Total non-current liabilities		324,570	333,065
NET ASSETS			
EQUITY			
Equity attributable to owners of the Parent			
Share capital	23	66,396	66,396
Other reserves		830,383	778,552
		896,779	844,948
Non-controlling interests		127,782	42,218
Total equity		1,024,561	887,166

Mr. Wu Zhengping
Director

Ms. Xiao Li
Director

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

Note	Attributable to owners of the Parent							Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium account RMB'000	Share option reserve RMB'000	Other reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000		
At 1 January 2019 (audited)	66,396	151,609*	5,690*	6,740*	(3,932)*	618,445*	844,948	42,218	887,166
Effect of adoption of HKFRS 16	—	—	—	—	—	260	260	—	260
Profit for the Period	—	—	—	—	—	50,857	50,857	169	51,026
Other comprehensive Loss for the Period:									
Exchange differences related to foreign operations	—	—	—	—	(6,252)	—	(6,252)	—	(6,252)
Total comprehensive income for the Period	—	—	—	—	(6,252)	50,857	44,605	169	44,774
Equity-settled share option arrangements	—	—	1,003	—	—	—	1,003	—	1,003
Capital injection from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	5,525	5,525
Transfer to non-controlling interest	—	—	—	5,963	—	—	5,963	79,870	85,833
At 30 June 2019 (unaudited)	66,396	151,609*	6,693*	12,703*	(10,184)*	669,562*	896,779	127,782	1,024,561

* These reserve accounts comprise the consolidated other reserves of RMB830,383,000 (2018: RMB778,552,000) in the consolidated statement of financial position.

Notes	Attributable to owners of the Parent							Non-controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium account RMB'000	Share option reserve RMB'000	Other reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000		
At 1 January 2018 (audited)	66,396	190,109*	9,124*	3,471*	(1,303)*	574,840*	842,637	70,348	912,985
Profit for the Period	—	—	—	—	—	65,131	65,131	520	65,651
Other comprehensive income for the Period:									
Exchange differences related to foreign operations	—	—	—	—	(3,513)	—	(3,513)	—	(3,513)
Total comprehensive income for the Period	—	—	—	—	(3,513)	65,131	61,618	520	62,138
Acquisition of a non-controlling interest	—	(3,123)	—	—	—	—	(3,123)	(13,372)	(16,495)
Disposal of a subsidiary	—	—	—	—	—	—	—	(360)	(360)
Equity-settled share option arrangements	—	—	1,221	—	—	—	1,221	—	1,221
2018 Dividend declared	9	(38,500)	—	—	—	—	(38,500)	—	(38,500)
Transfer to non-controlling interest	—	—	—	—	—	—	—	8,336	8,336
At 30 June 2018 (unaudited)	66,396	148,486*	10,345*	3,471*	(4,816)*	639,971*	863,853	65,472	929,325

The notes on pages 30 to 59 are an integral part of these consolidated financial statements.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019



	Notes	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		63,141	84,169
Adjustments for:			
Share of profits and losses of a joint venture		(11,691)	16
Finance costs		39,410	25,520
Loss/(gain) on disposal of items of property, plant and equipment		52	(26)
Depreciation of property, plant and equipment		4,572	2,834
Depreciation of investment properties		—	364
Depreciation of right-of-use assets		1,042	—
Amortisation of other intangible assets		1,813	1,834
Amortisation of prepaid land lease payment		—	8
Fair value losses on non-equity investments at fair value through profit or loss		1	—
Impairment of trade receivables		2,318	4,053
Impairment of financial and contract asset		198	—
Loss on disposal of a subsidiary		—	530
Forfeiture of equity-settled share option arrangements		1,003	1,221
		101,859	120,523
Decrease/(increase) in trade receivables		126,627	(177,034)
Increase in prepayments, deposits and other receivables		(203,556)	(157,769)
Decrease/(increase) in biological assets		433	(479)
Increase in contracts assets		(29,400)	(246,683)
(Increase)/decrease in trade and bills payables		(142,976)	148,329
Decrease in pledged deposits for contract assets		(215,550)	—
Increase in other payables and accruals		309,697	55,609
		(52,866)	(257,504)
Cash used in operations		(52,866)	(257,504)
PRC tax paid		(8,564)	(630)
		(61,430)	(258,134)
Net cash flows used in operating activities		(61,430)	(258,134)

Interim Condensed Consolidated Statement of Cash Flows

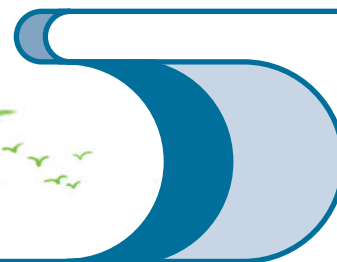
For the six months ended 30 June 2019

	Notes	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		(869)	(8,336)
Purchase of other intangible assets		—	(195)
Purchase of financial assets at fair value through profit or loss		(3,971)	(2,941)
Proceeds from disposal of items of property, plant and equipment		266	1,454
Purchase of a shareholding in joint ventures		(112,737)	(56,305)
Disposal of a subsidiary net of cash		—	(126)
Acquisition of subsidiaries		—	3,447
Acquisition of a non-controlling interest		—	(7,921)
Net cash flows used in investing activities		(117,311)	(70,923)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		401,150	182,870
Repayments of bank loans		(325,070)	(144,065)
Dividends paid		—	(38,500)
Increase amount due to related parties		16,104	—
Contribution from non-controlling shareholders		5,525	—
Partial disposal of a subsidiary to non-controlling interest		85,833	—
Principal portion of lease payments		(730)	—
Interest paid		(60,536)	(27,613)
Net cash generated from/(used in) financing activities		122,276	(27,308)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(56,465)	(356,365)
Cash and bank balances at beginning of the Period		431,093	601,313
Effect of foreign exchange rate changes, net		(836)	(92)
CASH AND BANK BALANCES AT END OF PERIOD		373,792	244,856
	18		

The notes on pages 30 to 59 are an integral part of these consolidated financial statements.

Notes to Interim Condensed Consolidated Financial Information

30 June 2019



1. CORPORATE AND GROUP INFORMATION

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

The Company is an investment holding company. For the six months ended 30 June 2019 (the “Reporting Period”, “Period”), the Company’s subsidiaries were principally engaged in the services of landscape design and gardening and the related services.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Broad Landscape International Company Limited (“Broad Landscape International”), which is incorporated in the British Virgin Islands (“BVI”).

Information about subsidiaries

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

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			direct	indirect	
Greenstate Times International Company Limited (“Greenstate Times”)	British Virgin Islands	USD50,000	100%	—	Investment holding
Greenstate International Company Limited (“Greenstate International”)	Hong Kong	HKD10,000	—	100%	Investment holding
Shanghai Qianyi Landscape Engineering Company Limited [#]	People’s Republic of China (The “PRC”)/ Mainland China	USD37,000,000	—	100%	Investment holding
Shanghai Qianyi Investing Company Limited [#]	PRC/Mainland China	RMB2,000,000	—	100%	Investment holding
Shanghai Greenstate Business Management Company Limited (“Greenstate Business”) [#]	PRC/Mainland China	RMB32,000,000	—	100%	Landscaping
Broad Greenstate Ecological Construction Group Company Limited (“Broad Greenstate Ecological”) [#]	PRC/Mainland China	RMB1,050,000,000	—	100%	Landscaping
Shanghai Jiazhuan Industrial Co., Ltd. [#]	PRC/Mainland China	RMB48,500,000	—	100%	Investment holding
Shanghai Greenstate Gardening Company Limited (“Greenstate Gardening”) [#]	PRC/Mainland China	RMB5,000,000	—	100%	Landscaping
Changxing Greenstate Ecological Gardening Company Limited [#]	PRC/Mainland China	RMB30,000,000	—	100%	Landscaping

Notes to Interim Condensed Consolidated Financial Information

30 June 2019

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

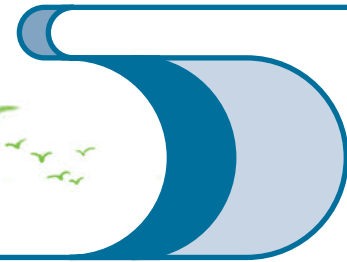
Name	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			direct	indirect	
Shanghai Dongjiang Building Survey and Design Engineering Co., Ltd. ("Shanghai Dongjiang") [#]	PRC/Mainland China	RMB13,000,000	—	100%	Design
Shanghai Dongjiang Building Landscape Engineering Co., Ltd. ("Dongjiang Landscape") [#]	PRC/Mainland China	RMB10,000,000	—	100%	Landscaping
Shanghai Bifu Investment Center LLP	PRC/Mainland China	RMB190,000,000	—	100%	Investment holding
Yuzhou City Shenhou Old Town Protection Construction Co., Ltd. [#]	PRC/Mainland China	RMB50,000,000	—	51%	Project management
Zhongbo Construction Engineering Group Co., Ltd. ("Zhongbo Construction") [#]	PRC/Mainland China	RMB321,000,000	—	85%	Landscaping
Shanghai Zhubai Enterprise Management Co., Ltd. [#]	PRC/Mainland China	RMB1,000,000	—	100%	Investment holding
Shanghai Chengtuo Virescence Technology Development Co., Ltd. ("Shanghai Chengtuo") [#]	PRC/Mainland China	RMB36,000,000	—	75%	Landscaping
Shanghai Luyou Investment Center LLP [#]	PRC/Mainland China	RMB20,000,000	—	80%	Investment holding
Shanghai Qingfu Business Management Consulting Center LLP ("Shanghai Qingfu")	PRC/Mainland China	RMB20,000,000	—	96%	Investment holding
Shanghai Zhaofu Business Management Consulting Center LLP	PRC/Mainland China	RMB20,000,000	—	100%	Investment holding
Shanghe Greenland Broad Green Spring Construction Company Limited [#]	PRC/Mainland China	RMB100,452,400	—	88%	Landscaping
Kaifeng City Xiangfu District Broad Greenstate Huiji River Wetland Park Company Limited [#]	PRC/Mainland China	RMB153,034,100	—	95%	Project management

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

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

Notes to Interim Condensed Consolidated Financial Information

30 June 2019



2. BASIS OF PRESENTATION

The unaudited interim condensed consolidated financial information for the Reporting Period has been prepared in accordance with HKAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") effective as of 1 January 2019.

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 16	<i>Leases</i>
Amendments to HKFRS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements 2015–2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 Leases, Amendments to HKAS 28 Long-term Interests in Associates and Joint Ventures and HK(IFRIC)-Int 23 Uncertainty over Income Tax Treatments, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the new and revised HKFRSs are described below:

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases — Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.



Notes to Interim Condensed Consolidated Financial Information

30 June 2019

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of property, machinery, vehicles and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., car and parking place); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank and other borrowings.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease

Notes to Interim Condensed Consolidated Financial Information

30 June 2019



3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

As a lessee – Leases previously classified as operating leases (Continued)

Impacts on transition (Continued)

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	RMB'000 (Unaudited)
Assets	
Increase in right-of-use assets	5,062
Increase in total assets	5,062
Liabilities	
Increase in lease liabilities	(4,802)
Increase in total liabilities	(4,802)
Increase in retained earnings	260

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	RMB'000 (Unaudited)
Operating lease commitments as at 31 December 2018	11,157
The impact of VAT	(531)
Operating lease commitments as at 31 December 2018 not including VAT	11,688
Weighted average incremental borrowing rate as at 1 January 2019	4.75%
Discounted operating lease commitments at 1 January 2019	4,708
Less:	
Commitments relating to short-term leases and leases of low-value assets	(94)
Lease liabilities as at 1 January 2019	4,802

Notes to Interim Condensed Consolidated Financial Information

30 June 2019

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "inventories". The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

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

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

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group included the renewal period as part of the lease term for leases of machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on production if a replacement is not readily available.

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of car or parking place that are considered of low value. The Group recognised rental expenses from short-term leases of RMB51,000 and leases of low-value assets of RMB43,000.

Notes to Interim Condensed Consolidated Financial Information

30 June 2019



4. OPERATING SEGMENT INFORMATION

The Group's principal business is providing landscape design and gardening and related services. Except for the corporate bond disclosed in Note 19, 100% of the Group's revenue and operating profit were generated from providing the service of landscaping. No operating segments have been aggregated to form the above reportable operating segment.

Information about geographical area

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

Information about major customers

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

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Customer A	85,655	—
Customer B	74,370	241,917
Customer C	56,973	—
Customer D	*	76,087

* Less than 10% of the total revenue

Notes to Interim Condensed Consolidated Financial Information

30 June 2019

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
<i>Revenue from contracts with customers</i>		
Construction contracts	345,724	613,085
Rendering of design and maintenance services	8,217	4,547
	353,941	617,632

Disaggregated revenue information for revenue from contracts with customers

Type of goods or services

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Construction contracts	345,724	613,085
Design and maintenance services	8,217	4,547
Total revenue from contracts with customers	353,941	617,632

Timing of revenue recognition

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Services transferred over time	353,941	617,632

Notes to Interim Condensed Consolidated Financial Information

30 June 2019



5. REVENUE, OTHER INCOME AND GAINS (Continued)

Disaggregated revenue information for revenue from contracts with customers
(Continued)

Timing of revenue recognition (Continued)

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Other income		
Bank interest income	931	1,197
Other interest income arising from revenue contracts*	22,015	4,782
Others	—	37
	22,946	6,016
Gains		
Government grants**	760	965
Fair value gains/(losses), net		
Unlisted non-equity investments at fair value through profit or loss	1,937	—
Foreign exchange gain/(loss), net	8,175	(343)
	10,872	622
	33,818	6,638

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

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

6. FINANCE COSTS

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Interest on bank loans, overdrafts and other borrowings	26,932	18,604
Interest on leasing liabilities	114	—
Interest on corporate bonds	12,364	6,916
Total interest expense on financial liabilities not at fair value through profit or loss	39,410	25,520

Notes to Interim Condensed Consolidated Financial Information

30 June 2019

7. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Cost of construction contracts	254,593	452,624
Cost of services provided	3,897	640
Employee benefit expenses		
Wages and salaries	9,586	12,813
Pension scheme contribution	3,961	4,205
Share option contributions	1,003	1,221
	14,550	18,239
Depreciation of items of property, plant and equipment	4,572	2,834
Depreciation of right-of-use assets	1,042	—
Depreciation of items of investment properties	—	364
Amortisation of other intangible assets	1,813	1,834
Amortisation of prepaid land lease payment	—	8
Impairment of trade receivables	2,313	4,053
Impairment of contract assets	198	—
Impairment of financial assets included in prepayment, other receivables and other assets	5	—
Consulting fees	4,203	4,516
Auditors' remuneration	1,100	1,200
Gain on disposal of items of property, plant and equipment	52	(26)
Loss on disposal of a subsidiary	—	530
Minimum lease payments under operating lease: Land and buildings	319	6,031

Notes to Interim Condensed Consolidated Financial Information

30 June 2019



8. INCOME TAX

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

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Current — PRC Charge for the Reporting Period	12,542	17,535
Deferred tax	(427)	983
Total tax charge for the Reporting Period	12,115	18,518

9. DIVIDENDS

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Paid final — HK0 cents (30 June 2018: HK1.4 cents) per ordinary share	—	38,500

The Board does not recommend the distribution of any interim dividend for the Reporting Period (for the six months ended 30 June 2018: nil).

10 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts for the Reporting Period is based on the profit attributable to ordinary equity holders of the Parent, and the weighted average number of ordinary shares of 3,342,536,957 (30 June 2018: 3,342,536,957) in issue during the Reporting Period.

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

Notes to Interim Condensed Consolidated Financial Information

30 June 2019

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired assets with a cost of RMB790,758 (30 June 2018: RMB8,336,000, excluding property, plant and equipment acquired through a business combination).

Asset (other than those classified as held for sale) with a net book value of RMB317,520 was disposed by the Group during the six months ended 30 June 2019 (30 June 2018: RMB1,428,000), resulting in a net loss of disposal of RMB52,271 (30 June 2018: a net gain of RMB26,000).

12. INVESTMENT IN JOINT VENTURES

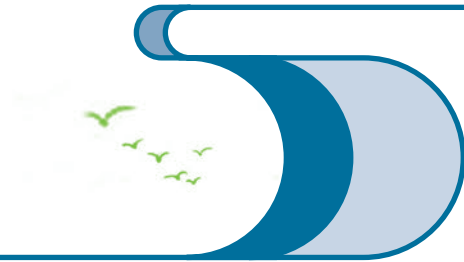
	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Share of net assets	372,843	248,415

Particulars of the Group's joint ventures are as follows:

Name	Particulars of registered capital held	Place of registration and business	Percentage of			
			Ownership interest	Voting power	Profit sharing	Principal activities
Quanzhou Haixi Botanic Garden Development Company Limited ("Quanzhou Haixi")	RMB105,000,000	PRC/ Mainland China	79.5%	40%	79.5%	Project management
Qishan Taiping Pagoda Cultural Tourism Development Company Limited ("Qishan Taiping")	RMB87,900,000	PRC/ Mainland China	80.00%	57.14%	80.00%	Project management
Zhaoqing High-Tech Zone Bureau General Hill Sports Park Investment Development Company Limited ("Zhaoqing Park")	RMB10,000,000	PRC/ Mainland China	78.32%	40%	78.32%	Project management
Gushi Greenland Broad Greenstate Nanhu Cultural Company Limited ("Gushi Nanhu")	RMB320,000,000	PRC/ Mainland China	63.75%	40%	63.75%	Project management
Mianzhu Greenstate Culture Tourism Development Company Limited ("Mianzhu Greenstate")	RMB100,000,000	PRC/ Mainland China	90.00%	40%	90.00%	Project management
Zhenping County Broad Greenstate Ecological Development Company Limited ("Zhenping Greenstate")	RMB11,129,660,000	PRC/ Mainland China	89.90%	40%	89.90%	Project management

Notes to Interim Condensed Consolidated Financial Information

30 June 2019



12. INVESTMENT IN JOINT VENTURES (Continued)

- (a) The investment in Quanzhou Haixi is directly held by Shanghai Jiazhuan Industrial Co., Ltd. and Broad Greenstate Ecological, both of which are indirect wholly-owned subsidiaries of the Company.

Quanzhou Haixi is considered one of the material joint ventures of the Group in Mainland China and is accounted for using the equity method.

- (b) The investment in Qishan Taiping is directly held by Shanghai Qingfu, Broad Greenstate Ecological, Zhongbo Construction and Shanghai Dongjiang. Both Broad Greenstate Ecological and Shanghai Dongjiang are indirect wholly-owned subsidiaries of the Company while Shanghai Qingfu and Zhongbo Construction are partly-owned subsidiaries.

Qishan Taiping is considered one of the material joint ventures of the Group in Mainland China and is accounted for using the equity method.

- (c) The investment in Zhaoqing Park is directly held by Zhongbo Construction Engineering Group Co., Ltd, which is an indirect non-wholly-owned subsidiary of the Company.

Zhaoqing Park is considered one of the material joint ventures of the Group in Mainland China and is accounted for using the equity method.

- (d) The investment in Gushi Nanhu is directly held by Broad Greenstate Ecological, which is an indirect wholly-owned subsidiary of the Company.

Gushi Nanhu is considered one of the material joint ventures of the Group in Mainland China and is accounted for using the equity method.

- (e) The investment in Mianzhu Greenstate is directly held by Shanghai Luwu Business Management Consulting Center, which is an indirectly-owned subsidiary of the Company.

Mianzhu Greenstate is considered one of the material joint ventures of the Group in Mainland China and is accounted for using the equity method.

- (f) The investment in Zhenping Greenstate is directly held by Broad Greenstate Ecological, which is an indirect wholly-owned subsidiary of the Company.

Zhenpin Greenstate is considered one of the material joint ventures of the Group in Mainland China and is accounted for using the equity method.



Notes to Interim Condensed Consolidated Financial Information

30 June 2019

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Unlisted non-equity investments at fair value through profit or loss		
Unlisted non-equity investments, at fair value	11,584	7,614
Xi'an Greenland Jue River Wetland Park Development Company Limited ("Xi'an Greenland")		
Taiyuan Longcheng Greenland Botanical Garden Company Limited ("Taiyuan Longcheng")	4,796	4,796
	16,380	12,410

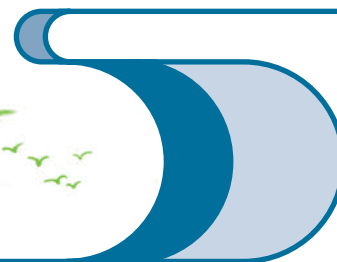
The above unlisted non-equity investments at 30 June 2019 were classified as financial assets at fair value through profit or loss.

14. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Current		
Prepayments	102,716	57,632
Deposits and other receivables	290,248	133,551
Impairment	(1,439)	(1,439)
	391,525	189,744
Non-current		
Other receivables	21,940	20,000
Impairment	(20,000)	(20,000)
	1,940	—
	393,465	189,744

Notes to Interim Condensed Consolidated Financial Information

30 June 2019



14. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (Continued)

Included in the provision for impairment of prepayments, other receivables and other assets is a provision for individually impaired receivables of RMB21,439,000 (2018: RMB21,439,000) with a carrying amount before provision of RMB43,439,000 (2018: RMB43,439,000). The individually impaired receivables relate to a portion of receivables that were not expected to be recovered.

Receivables resulted from disposal of a subsidiary in 2018 was RMB40,000,000 at cost. RMB20,000,000 was secured by 35,920,957 shares of the Company which were held by the debtors, and the other RMB20,000,000 was initially impaired.

15. BIOLOGICAL ASSETS

A. Nature of activities

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

B. Value of plants and saplings

The value of plants and saplings at 30 June 2019 was:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Plants and saplings	30,584	31,017

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

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

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

C. Fair value hierarchy

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

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs).

Notes to Interim Condensed Consolidated Financial Information

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15. BIOLOGICAL ASSETS (Continued)

C. Fair value hierarchy (Continued)

Assets measured at fair value:

As at 30 June 2019

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Biological assets	30,584	—	—	30,584
	30,584	—	—	30,584

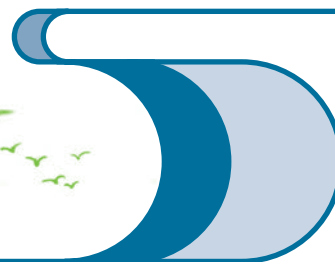
As at 31 December 2018

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Biological assets	31,017	—	—	31,017
	31,017	—	—	31,017

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

Notes to Interim Condensed Consolidated Financial Information

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16. TRADE RECEIVABLES

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

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Within one year	898,581	1,012,579
Over one year but within two years	96,492	108,733
Over two years	22,216	25,034
	1,017,288	1,146,346

The Group's trading terms with its customers are mainly on credit. The credit period is usually two months (excluding retention money receivable). The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group's trade receivables are mainly due from government authorities, and the rest are due from real estate companies. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

17. CONTRACT ASSETS

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Contract assets arising from: Construction services	1,142,969	1,113,570
Impairment	(7,065)	(6,868)
	1,135,904	1,106,702

Contract assets are initially recognised for revenue earned from the provision of construction services as the receipt of consideration is conditional on successful completion of construction. Included in contract assets for construction services are retention receivables. For retention money receivables in respect of construction works carried out by the Group, the respective due dates usually range from one to three years after the completion of the relevant construction work. At 30 June 2019, retention money held by customers included in contract assets amounted to approximately RMB15,622,610 (2018: RMB10,292,000), of which RMB15,622,610 (2018: RMB10,292,000) is expected to be recovered after more than twelve months.

Upon completion of construction and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The ending balance of contract assets as at 30 June 2019 was stable compared to that as at the end of 2018.

Notes to Interim Condensed Consolidated Financial Information

30 June 2019

17. CONTRACT ASSETS (Continued)

During the Reporting Period, RMB197,000 was recognised as an allowance for expected credit losses on contract assets. The Group's trading terms and credit policy with customers are disclosed in note 16 to the financial statements.

18. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Cash and bank balances	373,792	431,093
Time deposits	229,500	13,950
	603,292	445,043
Less: Pledged time deposits		
Pledged for construction contracts	213,500	13,950
Restricted Cash	16,000	—
Cash and bank balances	373,792	431,093

At the end of the Reporting Period, the cash and bank balances of the Group denominated in USD amounted to RMB1,727,000 (31 December 2018: RMB1,723,000) and denominated in HKD amounted to RMB1,618,000 (31 December 2018: RMB798,000).

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

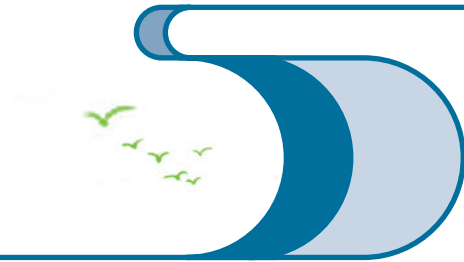
Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and bank balances approximate to their fair values.

19. CORPORATE BONDS

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Current corporate bonds	274,042	289,752

Notes to Interim Condensed Consolidated Financial Information

30 June 2019



19. CORPORATE BONDS (Continued)

On 15 October 2015, the Company issued corporate bonds to Greenland Financial Overseas Investment Group Co., Ltd. ("Greenland Financial", a related party of a non-controlling shareholder) with a face value of USD40,000,000. The bonds are guaranteed by 100,000 shares of Greenstate Times International Company Limited held by the Company directly and indirectly. On 11 October 2016, the Company extended the term of the bonds, where the maturity date of the bonds fell one calendar year after 15 October 2016 on 15 October 2017. On 10 November 2017, the Company signed an agreement with Greenland Financial to agree that the condition to the bond would be amended and restated as set out in a new instrument to be entered into in 2018. In addition, between the period from 15 October 2017 to the date on which the new instrument is issued, the Company shall not bear any interest. On 15 January 2018, the Company announced that it decided to propose the issuance of a redeemable fixed coupon promissory note with a principal amount of USD40,000,000 at the rate of 9.00% per annum to Greenland Financial from 15 November 2017, guaranteed by 50,000 ordinary shares of Greenstate Times International Company Limited and 5,000 ordinary shares of Greenstate International Company Limited. On 15 January 2019, the Company extended the term of the bonds to 15 January 2020. The other terms and conditions remain unchanged.

20. TRADE AND BILLS PAYABLES

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

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Within one year	361,639	421,755
Over one year but within two years	471,000	549,296
Over two years	27,453	32,017
	860,092	1,003,068

The trade payables are non-interest-bearing and are normally settled on terms of six months.

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21. OTHER PAYABLES AND ACCRUALS

	Notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Other payables	(a)	235,332	104,864
Other tax payable		108,549	98,387
Amounts due to related parties		69,008	66,157
Contract liabilities	(b)	234,242	37,010
Deposits from sub-contractors		12,793	19,679
Payables to acquisitions of shareholdings in subsidiaries		—	8,573
Staff payroll and welfare payables		2,142	1,788
Interest payable		3,791	3,598
		665,857	340,056

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

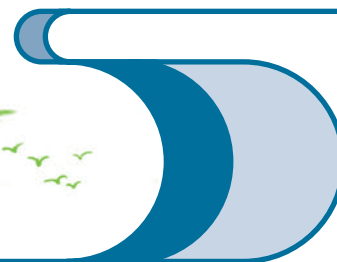
(b) Details of contract liabilities as at 30 June 2019 and 31 December 2018 are as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
<i>Short-term advances received from customers</i>		
Construction services	234,242	37,010
Total contract liabilities	234,242	37,010

Contract liabilities include short-term advances received to render construction services. The increase in contract liabilities in 2019 was mainly due to the increase in short-term advances received from customers in relation to the provision of construction services at the end of the Reporting Period.

Notes to Interim Condensed Consolidated Financial Information

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22. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	30 June 2019 (Unaudited)			31 December 2018 (Audited)		
		Effective Interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current							
Bank loans — secured and guaranteed	(a)	5.5	2019-2020	83,200	5.8	2019	127,300
Bank loans — secured	(b)	3.9	2020	209,950	5.0	2019	20,000
Current portion of long-term bank loan — secured	(b) ii	6.0	on demand	61,480	6.1	on demand	62,480
Other loans — secured	(b) iii	7.1	2019	57,600	7.2	2019	57,600
Other loans — unsecured	(c)	—	on demand	59,400	5.2	on demand	118,170
				471,630			385,550
Non-current							
Bank loans — secured and guaranteed	(a)	5.4	2028	260,000	5.4	2028	270,000
Other loans — secured	(b) iii	7.1	2020	57,600	6.8	2020	57,600
				317,600			327,600
				789,230			713,150

Notes:

- (a) Certain of the Group's bank borrowings were secured and guaranteed by:
- Certain bank borrowing of the Group amounting to RMB18,200,000 was secured by the Company's shares of 90,850,000 held by Broad Landscape International and was guaranteed by Mr. Wu Zhengping and Ms. Xiao Li.
 - BOSC International Company Limited provided a letter of credit with a guaranteed amount of RMB220,000,000 to secure certain bank borrowings of the Group amounting to RMB35,000,000. The Company's shares of 350,161,440 held by Broad Landscape International are secured to the letter of credit. At 30 June 2019, the Group had an unutilised guaranteed amount of RMB185,000,000
 - Certain bank borrowing of the Group amounting to RMB280,000,000 were secured by trade receivables (note 16) and contract assets (note 17) and the rights to payment from a customer, and also were guaranteed by a non-controlling shareholder of a subsidiary. An amount of RMB20,000,000 of the borrowings would be due within one year.
 - Certain bank borrowing of the Group amounting to RMB10,000,000 were secured by mortgaged building of the Group with a carrying amount of RMB10,310,600 on date of pledge. The borrowing was guaranteed by Mr. Wu Zhengping and Ms. Xiao Li.
- (b) Certain of the Group's bank borrowings and other borrowings were secured by:
- Certain bank borrowing of the Group amounting to RMB19,950,000 was secured by the mortgaged apartment of Mr. Wu Zhengping.
 - Certain bank borrowing of the Group amounting to RMB61,480,000 was secured by mortgaged building of the Group with a carrying amount of RMB120,166,000 as at 30 June 2019.
 - Certain other borrowing amounting to RMB115,200,000 was secured by mortgage over the Groups' shareholding of one of the Group's subsidiary, Shanghai Bifu Investment Center. An amount of RMB57,600,000 of the borrowings would be due within one year.
 - Certain bank borrowing of the Group amounting to RMB190,000,000 was secured by the deposit amounting to RMB200,000,000.
- (c) The other borrowings are unsecured, bearing no interest and will be repaid in one year or on demand.

Notes to Interim Condensed Consolidated Financial Information

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23. SHARE CAPITAL

Shares

	30 June 2019 (Unaudited) RMB'000	31 December 2018 (Audited) RMB'000
Issued and fully paid: 3,342,536,957 (31 December 2018: 3,342,536,957) ordinary shares of HKD0.025 each	66,396	66,396

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

	Number of shares in issue	Share capital RMB'000	Share premium account RMB'000	Total RMB'000
At 31 December 2017 and 1 January 2018	3,342,536,957	66,396	190,109	256,505
Dividend declared	—	—	(38,500)	(38,500)
At 31 December 2018 and 1 January 2019	3,342,536,957	66,396	151,609	218,005
As 30 June 2019	3,342,536,957	66,396	151,609	218,005

24. SHARE OPTION SCHEME

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

For the first series of the share option scheme (the "Series I"), eligible participants of the Series I include the Company's directors and other employees of the Group. The Series I became effective on 1 September 2015 and, unless otherwise cancelled or amended, will remain in force for 6 years from that date. For the second series of the share option scheme (the "Series II"), eligible participants of the Series II include a connected person and other employees of the Group. The Series II became effective on 12 June 2018 and, unless otherwise cancelled or amended, will remain in force for 6 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Series I and Series II is an amount equivalent, upon their exercise, to 3.41% and 3.30% respectively of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the two series within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

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24. SHARE OPTION SCHEME (Continued)

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HKD5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within one month from the date of offer, upon payment of a nominal consideration of HKD1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period of one year and ends on a date which is not later than five years from the date of offer of the share options or the expiry date of the two series, if earlier.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

No share options were granted or exercised during the Reporting Period. 21,600,000 share options were lapsed during the Reporting Period.

25. CONTINGENT LIABILITIES

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

	30 June 2019 (Unaudited) RMB'000	31 December 2018 (Audited) RMB'000
Guarantees given to banks in connection with facilities granted to third parties	—	34,300
Guarantees given to a bank in connection with facilities granted to joint ventures	200,000	140,000
	200,000	174,300

As at 30 June 2019, the banking facilities guaranteed by the Group to third parties and joint ventures were utilised to the extent of approximately RMB200,000,000 (2018: RMB174,300,000).

Notes to Interim Condensed Consolidated Financial Information

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26. COMMITMENTS

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

	30 June 2019 (Unaudited) RMB'000	31 December 2018 (Audited) RMB'000
Contracted, but not provided for: Capital injection of joint ventures	274,056	194,000
	274,056	194,000

27. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in this financial information, the Group had the following transactions with related parties during the Period:

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Provide construction services to related parties*	211,339	452,709
Lease of office from Mr. Wu and Ms. Xiao	—	430
Guarantees given to banks in connection with facilities granted to joint ventures**	200,000	140,000

* The above construction services consist of services provided for:

Gushi Nanhu	(i)	85,655	—
Xi'an Greenland	(ii)	75,436	241,917
Mianzhu Greenstate	(i)	25,480	—
Zhenping Greenstate	(i)	21,932	—
Zhaoqing Park	(i)	2,836	34,061
Quanzhou Haixi	(i)	—	51,546
Qishan Taiping	(i)	—	49,098
		211,339	452,709

(i) This Company is a joint venture of the Group.

(ii) "Xi'an Greenland" is a joint venture of Greenstate Gardening, and the Company is an associate of, the ultimate holding company of non-controlling interest.

Notes to Interim Condensed Consolidated Financial Information

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27. RELATED PARTY TRANSACTIONS (Continued)

(a) (Continued)

** The above guarantees given to banks provided for:

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Quanzhou Haixi	140,000	140,000
Qishan Taiping	60,000	—
	200,000	140,000

(b) Other transactions with related parties:

- (i) During the Reporting Period, Greenstate Gardening used office premises free of charge with a gross floor area of 100 sq. m. located at Group 17, Zhangqiao Village, Jinshanwei Town, Jinshan District, Shanghai, the PRC, which were owned by Mr. Wu Jie, a close family member of Mr. Wu Zhengping's family.
- (ii) On 15 January 2019, the Company extended the term of the corporate bonds issued to Greenland Financial. The interest on corporate bonds to Greenland Financial for the Reporting Period is RMB12,364,000 (2018: RMB6,916,000).

Notes to Interim Condensed Consolidated Financial Information

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27. RELATED PARTY TRANSACTIONS (Continued)

(c) Outstanding balances with related parties:

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

(i) Due from related parties

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Trade receivables		
Xi'an Greenland	74,359	204,054
Taiyuan Longcheng	61,631	62,252
Gushi Nanhu	60,686	—
Quanzhou Haixi	47,155	99,824
Mianzhu Greenstate	18,052	—
Zhenping Greenstate	15,539	—
Zhaoqing Park	13,086	19,006
Qishan Taiping	—	1,937
	290,508	387,073
Contract assets		
Xi'an Greenland	119,088	106,355
Quanzhou Haixi	87,688	86,647
Gushi Nanhu	29,979	—
Qishan Taiping	18,719	18,549
Zhaoqing Park	18,571	17,184
Taiyuan Longcheng	10,890	10,755
Mianzhu Greenstate	8,918	—
Zhenping Greenstate	7,676	—
	301,529	239,490
Prepayments, deposits and other receivables		
Shanghai Qianlu Investment and Management Company Limited	677	—
Quanzhou Haixi	432	—
Gushi Nanhu	—	187
Qishan Taiping	—	11
	1,109	198

Notes to Interim Condensed Consolidated Financial Information

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27. RELATED PARTY TRANSACTIONS (Continued)

(c) (Continued)

(ii) Due to related parties

	30 June 2019 (Unaudited) RMB'000	31 December 2018 (Audited) RMB'000
Other payables		
Shandong Greenland Spring Biological Industrial Company Limited	33,783	17,680
Shanghai Zhubo Enterprise Management Consulting Center	18,350	18,550
Mianzhu Greenstate	75	—
Shanghai Qianlu Investment and Management Company Limited	—	29,927
	52,208	66,157
Contract liabilities		
Qishan Taiping	108,218	—
Gushi Nanhu	70,000	—
Zhaoqing Park	32,481	35,540
Mianzhu Greenstate	18,000	—
	228,699	35,540

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

(d) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Short term employee benefits	2,067	1,979
Post-employment benefits	131	140
Equity-settled share option expense	—	998
Total compensation paid to key management personnel	2,198	3,117

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28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

Management has assessed that the fair values of cash and bank balances, the current portion of pledged deposits, trade receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

The fair values of the non-current portion of pledged deposits, and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value of the liability portion of the corporate bonds is estimated by discounting the expected future cash flows using an equivalent market interest rate of a similar corporate bond with consideration of the Group's own non-performance risk.

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

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018.

There have been no changes in the risk management department during the Reporting Period or in any risk management policies.

Notes to Interim Condensed Consolidated Financial Information

30 June 2019



29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk

The Group's businesses are located in PRC and nearly all transactions are conducted in RMB. As nearly all of the Group's assets and liabilities were denominated in RMB, the Group was not subject to significant foreign currency risk as at 30 June 2019. As at 30 June 2019, the Group's assets and liabilities denominated in USD and HKD were mainly held by the Company and a subsidiary incorporated outside PRC which had HKD as their functional currencies. The Company and the subsidiary incorporated outside PRC also held corporate bonds denominated in USD and other payable denominated in RMB, from which foreign currency exposure arises.

The following table demonstrates the sensitivity at the end of the Reporting Period to a reasonably possible change in the USD and HKD exchange rate, with all other variables held constant, of the Group's profit before tax and the Group's equity.

	Increase/ (decrease) in rate %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity* RMB'000
2019			
If HKD weakens against USD	1	(2,721)	—
If HKD strengthens against USD	(1)	2,721	—
If RMB weakens against HKD	1	(16)	(4,406)
If RMB strengthens against HKD	(1)	16	4,406

* Excluding retained profits

Credit risk

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

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

Liquidity risk

Compared to the year ended 31 December 2018, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

Notes to Interim Condensed Consolidated Financial Information

30 June 2019

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management

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

The Group monitors capital using a gearing ratio, which is net debt divided by the capital plus net debt. Net debt includes interest-bearing bank and other borrowings, corporate bonds, trade and bills payables, other payables and accruals, less cash and bank balances. Capital includes total equity. The gearing ratios as at the end of the reporting period were as follows:

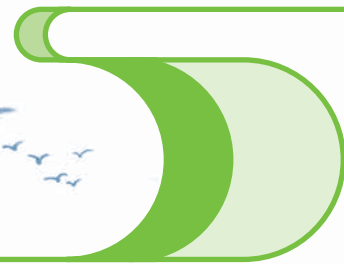
	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Interest-bearing bank and other borrowings	789,230	713,150
Corporate bonds	274,042	289,752
Trade and bills payables	860,092	1,003,068
Other payables and accruals	665,857	340,056
Less: Cash and bank balances	(373,792)	(431,093)
Net debt	2,215,429	1,914,933
Equity attributable to owners of the parent	896,779	844,948
Capital and net debt	3,112,208	2,759,881
Gearing ratio	71%	69%

The Group does not use financial instruments for hedging purposes, nor hedge its foreign currency net investments in currency lending and/or other foreign currency hedging instruments.

30. EVENTS AFTER THE REPORTING PERIOD

The Group had no material events after the Reporting Period.

Definitions



“Account Charge”	On 9 May 2016, Broad Landscape International entered into a charge with Bank of Shanghai (Hong Kong) Limited, pursuant to which Broad Landscape International agreed to charge by way of first fixed charge a bank account of Broad Landscape International with Bank of Shanghai (Hong Kong) Limited, all its present and future rights, title and interest in or to the Account and all moneys (including interest standing to the credit of the Account as security for the 2016 Facility) belong to Bank of Shanghai (Hong Kong) Limited
“Articles of Association”	the articles of association of the Company conditionally adopted on 25 June 2014 and became unconditionally effective on the Listing Date and as amended from time to time
“associates”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Board” or “Board of Directors”	the board of directors of the Company
“Broad Greenstate Ecological”	Broad Greenstate Ecological Construction Group Company Limited* (博大綠澤生態建設集團有限公司), a company established in the PRC with limited liability on 1 July 1999, which is a wholly-owned subsidiary of Shanghai Qianyi and an indirect wholly-owned subsidiary of our Company
“Broad Landscape International”	Broad Landscape International Company Limited (博大國際有限公司), a company incorporated in BVI on 8 October 2013 and is owned as to 86.92% by Mr. Wu Zhengping (吳正平) and 13.08% by Ms. Xiao Li (肖莉)
“BVI”	the British Virgin Islands
“CG Code”	Corporate Governance Code and Corporate Governance Report as amended from time to time contained in Appendix 14 to the Listing Rules
“China” or the “PRC”	the People’s Republic of China excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”, “Parent”, “we”, “us” or “our”	China Greenland Broad Greenstate Group Company Limited (中國綠地博大綠澤集團有限公司), a company incorporated in the Cayman Islands on 22 October 2013
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Eastern Greenstate International”	Eastern Greenstate International Company Limited (綠澤東方國際有限公司), a company incorporated in BVI on 9 October 2013, which is owned as to 2.81% by Ms. Zhu Wen (朱雯), and 97.19% by other parties

Definitions

“Greenland”	Greenland Holdings Group Corporation Limited (綠地控股集團股份有限公司), a company incorporated under the laws of the PRC
“Greenland Financial”	Greenland Financial Overseas Investment Group Cp., Ltd. (綠地金融海外投資集團有限公司), a company incorporated under the laws of the British Virgin Islands, an indirectly wholly-owned subsidiary of Greenland
“Group”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a person(s) or company(ies) who/which is or are independent of and not connected (within the meaning of the Listing Rules) with the Company and our connected persons
“Listing”	listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	21 July 2014, the date on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
“Nomination Committee”	the nomination committee of the Company
“PPP”	Public-Private Partnership
“Prospectus”	the prospectus of the Company dated 30 June 2014 issued in connection with the initial public offering and listing of shares of the Company on the main board of Stock Exchange on 21 July 2014
“Remuneration Committee”	the remuneration committee of the Company
“Renminbi” or “RMB”	the lawful currency of China
“Reporting Period”	the six month period from 1 January 2019 to 30 June 2019
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Qianyi”	Shanghai Qianyi Landscape Engineering Company Limited* (上海千頤景觀工程有限公司), a wholly foreign owned enterprise established in the PRC with limited liability on 26 December 2013, and an indirect wholly-owned subsidiary of the Company

Definitions



“Share Charge”	Broad Landscape International entered into a share charge with Bank of Shanghai (Hong Kong) Limited on 6 May 2016 pursuant to which Broad Landscape International agreed to charge by way of first mortgage all the rights, title and interest in and to 350,161,440 ordinary shares in the Shares of the Company in favour of the Lender as security for the one year credit loan facility entered into between the Company and Bank of Shanghai (Hong Kong) Limited
“Share Option Scheme”	the share option scheme conditionally approved and adopted by the Company on 25 June 2014 which became unconditionally effective on the Listing Date, the principal terms of which are summarised in the subsection headed “Share Option Scheme – Summary of terms” in Appendix V to the Prospectus
“Shareholders”	holder(s) of our Share(s) from time to time
“Shares”	ordinary shares of HK\$0.025 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules

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

