



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
2020

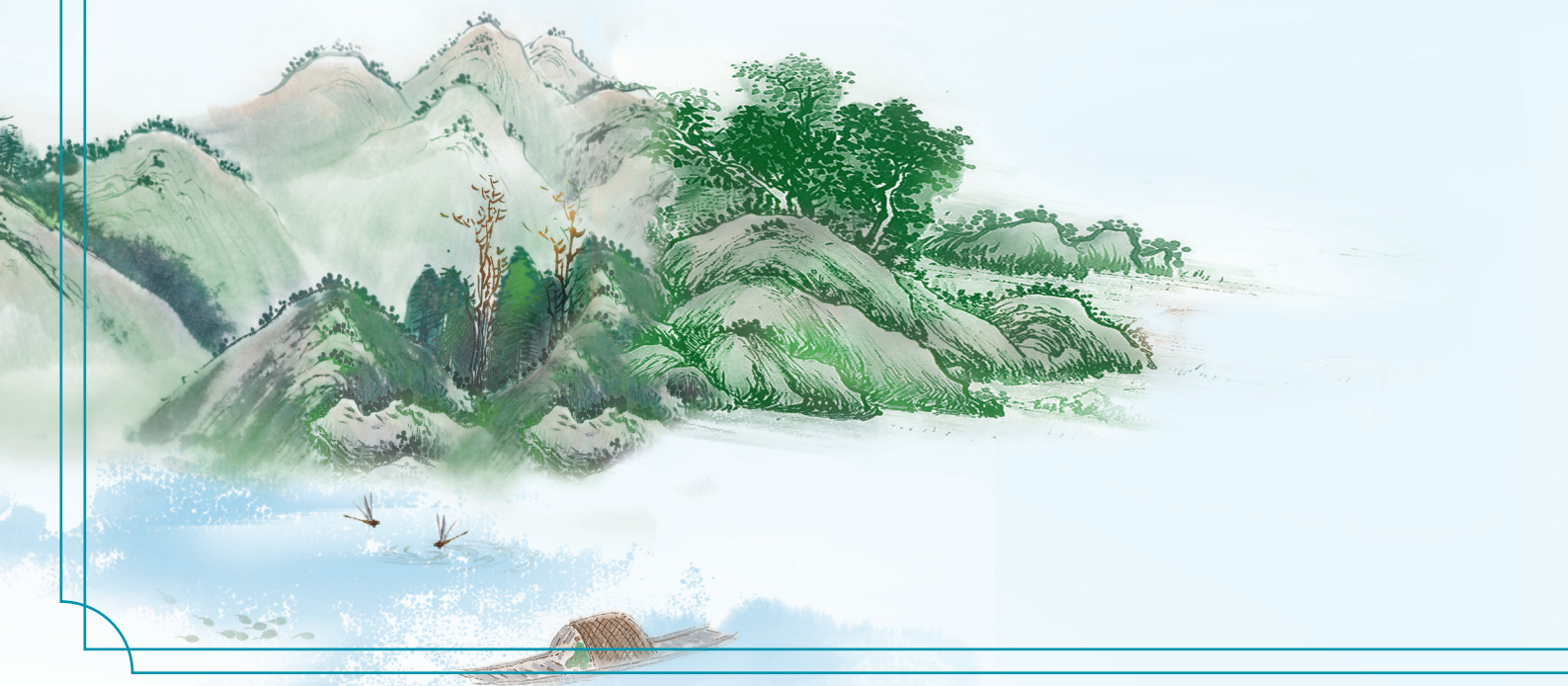
博大 精深

博採眾長 Eclectic

大有作為 Accomplishment

精益求精 Excelsior

深生不息 Continuous



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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

Mr. Yang Yuanguang

COMPANY SECRETARY

Ms. Sun Ah Tsang

AUTHORIZED REPRESENTATIVES

Ms. Zhu Wen

Ms. Sun Ah Tsang

AUDIT COMMITTEE

Mr. Yang Yuanguang (*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, Ugland 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

HONG KONG BRANCH SHARE REGISTRAR

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

HONG KONG LEGAL ADVISOR

Jia Yuan Law Office
17/F, No. 238 Des Voeux Road Central
Sheung Wan, Hong Kong

PRINCIPAL BANK

Bank of Shanghai Changning Branch

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

COMPANY WEBSITE

www.greenland-broadgreenstate.com.cn

Financial Summary

For the six months ended 30 June

	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)	Change RMB'000	%
Revenue	322,221	353,941	(31,720)	(9.0)
Gross Profit	84,839	95,451	(10,612)	(11.1)
Profit before taxation	59,778	63,141	(3,363)	(5.3)
Net profit attributable to owners of the Parent	52,839	50,857	1,982	3.9

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)	Change RMB'000	%
Total assets	3,442,079	3,364,005	78,074	2.3
Total equity attributable to owners of the parent	926,375	884,240	42,135	4.8

For the six months ended 30 June

	2020 (Unaudited)	2019 (Unaudited)
Profitability ratio (%)		
Gross Profit margin	26.3	27.0
Net profit margin	16.4	14.4
Return on assets	1.5	1.3
Return on equity	5.6	5.0

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Working Capital data		
Current ratio (time)	1.1	1.0
Gearing ratio (%)	64.0	65.8

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 2020.

Looking back at the first half of 2020, increasing global economic downside risks and COVID-19 brought tremendous uncertainties in the market. The Group also faced huge challenges. Despite continuous unstable impact of COVID-19 outbreak, delays in project commencement, as well as grim and unpredictable economic situation, the Group has been actively responding especially to the national call for resumption of work and production. In the first quarter, the Xi'an Jue River Wetland Park project was successfully completed, laying the solid foundation for other upcoming projects. Thanks to the unremitting efforts of all members, the operational effectiveness of the Group has been improved steadily in the first half of the year. The results are encouraging.

In addition, the Group signed a comprehensive strategic cooperation framework agreement, in relation to industry investment, project introduction and urban construction, etc., with Jiangsu Dongtai High-tech Zone Management Committee early this year. It is another important move of the Group to return to the integrated construction and the strategic layout of the Yangtze River Delta in response to the national strategy, which brings strong momentum to the healthy development of the Group.

During the Reporting Period, the total revenue of the Group was RMB322.22 million, decreasing 8.96% compared with the same period last year; the net profit margin was 16.4%, representing an increase compared with last year, mainly attributed to the Group's initiative adjustment of the project implementation process during the Reporting Period, the adoption of a more scientific and efficient management mode, the reasonable arrangement of construction schedule and the significant reduction of management costs.

MARKET REVIEW

Since the 18th National Congress of the Communist Party of China (CPC), the state has repeatedly stressed the importance of ecological civilization construction, and has introduced a number of reform plans to make a comprehensive and systematic arrangements for ecological civilization construction. In the second half of 2019, the government also issued new regulations in respect of funding, allowing local governments to directly issue special bonds for financing, which will not only broaden the financing channels of local government platforms, but also improve the cash flow of enterprises in landscape industry and reduce leverage and risks. At the meeting of the Political Bureau of the CPC Central Committee held on 30 July 2020, it was also emphasized that funds for major projects should be guaranteed; quality and efficiency should be emphasized; new infrastructure should be accelerated; major regional development strategies should be further advanced; and systems and mechanisms for integrated development of city clusters and metropolitan areas should be innovated. With the ease of various policies, the financing environment has rebounded and the overall operation of the industry has been improved, and the construction of ecological civilization has entered the next stage of development.

According to statistics from China Public Private Partnerships ("PPP") Center, by the end of June, a total of 482 new projects with an investment of RMB793.5 billion were under management in 2020, the top five sectors in net increase of investment amount for projects were transport, municipal engineering, forestry, government-subsidized housing and tourism. From the perspective of ecological and environmental projects and the overall PPP operation, the implementation rate has increased significantly from 38.2% in December 2017 to 68.0% in June 2020, indicating that the destocking of PPP projects is waning to the close and the actual project implementation has been greatly improved.

Chairman's Statement

United All Employees to Fight Against COVID-19

At the beginning of 2020, global economic activities were suspended due to the outbreak of COVID-19. In the face of the economic impact brought by COVID-19, the PRC government actively expands domestic demand, increases investment, and focuses on promoting the speed of the entry and implementation of PPP projects, so as to create a favourable macro development environment for the infrastructure industry. Fortunately, the epidemic situation in the PRC was basically under control since the end of February. With adequate prevention and control preparations in place, the Group has responded positively to the call of the state to resume work and production. Despite the delay in the resumption of work, the Group has carried out all kinds of epidemic prevention and control to ensure the health and safety of all employees. While actively promoting the resumption of work and production, the Group has successfully guaranteed the health and safety of all members.

Escorted Ecological Civilization Construction, Facilitated Urban Upgrade and Region Development

The Group continued to uphold the work principle of “specializing in the core business of ecological construction, improving the businesses of environmental restoration and cultural tourism operation”, improve PPP model, actively expand and encourage Engineering Procurement Construction (“EPC”), and with a focus on technological competitiveness and on the basis of its actual situation and development trend, foster strengths, minimize weaknesses, so as to enhance the precision of operation project and facilitate the transformation of its production value.

In recent years, the Group has been enhancing its own overall ability through qualification upgrade as well as mergers and acquisitions. With some businesses extending into second- and third-tier cities, the Group has been actively facilitating urban update and region development, integrating its advantages on resource, capital and policy, enhance urban sustainability, livability and competitiveness, so as to boost urban vitality and urban promote prosperity and development.

Followed the National Strategy and Seized the Momentum

To follow the “Opinions on Establishing a New Mechanism for More Effective Regional Harmonious Development” (《中共中央、國務院關於建立更加有效的區域協調發展新機制的意見》) issued by the Central Committee of the Communist Party of China and the State Council, the Group signed a strategic cooperation framework agreement with Dongtai High-tech Zone at the beginning of the year, and won the bid for the construction of the “Two Rivers & Four Shores Greenway (GHI Section)” (兩江四岸綠道(GHI段)) PPP project in Yangjiang City, Guangdong Province and the Guansheng Lake Ecological Wetland PPP project in Guang'an City, Sichuan Province. The scope of these projects includes landscape greening engineering, service facility engineering, cultural protection engineering, infrastructure engineering, ecological protection engineering, etc. After completion, it will effectively improve the ecological environment quality of the project area, enhance the urban quality and competitiveness, and will be of great significance to the comprehensive construction of a livable, business-friendly, and tourist-friendly park city and promoting the harmony and unity of the people and the city. In the future, the Group will take the Dongtai project as a new benchmark, take advantage of Dongtai's obvious location advantages and strong high-tech industry foundation, seize strategic opportunities for the integration of the Yangtze River Delta, vigorously implement the path of “Open up the coast and connect with Shanghai; green transformation and green cross sector”, and establish the development positioning of “Integrate into the Yangtze River Delta and build a new Dongtai”.

Chairman's Statement

PROSPECT

As the construction of a beautiful China advances, most cities in China will increase investments in landscaping. Urban landscaping has become indispensable in urbanization, and has gradually become the standard for government to appraise urban construction, which had rapidly released the demand for landscape industry in recent years. The improving living standards and higher requirements for the quality of life will also accelerate the development of the urban landscape industry, which will produce a promising prospect for the landscape industry.

The Group has been developing its full industry chain with a primary focus on ecological construction with high-level integrated operational capacity in investment and financing, planning and design, project construction and commercial operation. Following the guidance of and seizing the substantial opportunity in national ecological construction and cultural tourism development, the Group has built a number of academician office, and with rich technical reserves in various professional fields such as construction of various theme parks, repair and protection of antique towns, characteristic towns and beautiful rural construction, sponge cities, environmental protection and ecological restoration, the Group has formed a mature development model of “capital + technology + full industry chain”.

As the core party of constructing a beautiful China, by adhering to the development strategy of “ecological construction as the ‘body’, with environmental restoration and cultural tourism operations as the ‘wings’”, the Group actively implemented “strategic policy, precise operation, refined management and shared interests” under the guidance of the operation policy of “stable cash flow, appropriate scale and reasonable profit margin”. By sticking to the development concept of “following governments’ plan and market demand”, the Group has actively kept up with the relative policies, complied with the market practices and seized the momentum to achieve a win-win situation with governments, customers and society.

Mr. Wu Zhengping

Chairman and Chief Executive Officer

27 August 2020

Management Discussion and Analysis

INDUSTRY REVIEW

Since 2019, the National Development and Reform Commission has issued the “Key Tasks for the New Type Urbanization Construction and Urban-Rural Integration Development in 2020” (《2020年新型城鎮化建設和城鄉融合發展重點任務》) and the “Notice on Accelerating the Work of Make Up for Shortcomings and Strengthening Weak Points of County Town Urbanization” (《關於加快開展縣城城鎮化補短板強弱項工作的通知》) respectively. The promotion of urbanization will further increase the demand for planning, design and construction in areas such as urban and rural transportation facilities, livelihood facilities, urban planning, smart cities and characteristic towns, coupled with a series of supporting initiatives of national fiscal and monetary policies, which have all provided a guarantee for the improvement of the growth rate of infrastructure investment.

In terms of business model, the Chinese government’s support for PPP has been on the rise since 2020. The PPP Center of the Ministry of Finance issued the “Notice on Accelerating and Strengthening the Identification and Reserve Management of PPP Projects Initiated by the Government and Private Capital” (《關於加快加強政府和社會資本合作PPP項目入庫和儲備管理工作的通知》), proposing to speed up the progress of project identification, and some provincial governments also issued policies to support PPP, both of which have further boosted the confidence and determination across the industry to promote PPP. In addition, in recent years, policies have also begun to promote the EPC model, advocating coordinated and unified design and construction, so as to achieve the effects of reducing project costs, shortening the construction period and improving project quality, which has become a new trend in the development of the industry. In the future, the traditional construction general contracting model and EPC model are expected to gradually transform to “an integration of investment, construction and operation”. The development of the industry will shift from cost-driven to innovation-driven and cooperative innovation, financing innovation and technological innovation will become new driving forces for industry development. Under the premise of current national policies of “Six Stabilities (六穩)” and “Six Guarantees (六保)”, infrastructure investment has once again become an important tool for promoting steady growth, and the spring of industry development is expected to come again.

BUSINESS REVIEW

The Group continued to uphold the principle of “specializing in the core business of ecological construction, improving the businesses of environmental restoration and cultural tourism operation” and its projects under progress involved all-for-one tourism, theme parks, ecological wetlands and other areas. The Group is committed to seizing the opportunities of technological tourism in the era of eco-cultural tourism to promote a green-tourism mode of production, lifestyle and consumption, thus realizing a green upgrade in consumption mode of cultural tourism, facilitating more innovative and dynamic sustainable development of tourism and creating a healthier and safer public environment for tourism.

In the wake of the current COVID-19, the Group has established a more comprehensive and effective control mechanism, while adjusting and innovating its business development model, diversifying its business layout and exploring the conversion from PPP to EPC, EPC + Finance (“**EPC+F**”) and EPC + Operation (“**EPC+O**”). The Group strived to diversify its financial income to replace single source and ultimately achieve diversification of investment income, construction income and operation income, hence maximizing the benefits of PPP. The Group has also set up a technology innovation team to accelerate technological innovation and explored innovation in construction technology, work mode and operating system with relevant results achieved, realizing a steady development in innovation. The Group always adheres to the development guideline of “seeking innovation” in response to challenges brought forth by grave and complicated external situations.

Management Discussion and Analysis

During the Reporting Period, the Group recorded a total revenue of RMB322.22 million and net profit attributable to owners of the Parent of RMB52.84 million, with a gross profit margin of 26.33% and a net profit margin of 16.4%. Although the Group recorded a decrease of total revenue year on year during the Reporting Period due to the delay in resumption of work at the beginning of this year, blistered by the effective cost control strategy and reasonable arrangement on construction process of the Group, the net profit margin was recorded an increase compared with the same period of last year with the overall result in line with expectations.

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 project	Grade One
Zhejiang Housing and Urban & Rural Construction Department	Professional contracting of construction decoration project	Grade One
Zhejiang Housing and Urban & Rural Construction Department	Professional contracting of foundation projects	Grade One
Ministry of Housing and Urban-Rural Development of the 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
Shanghai Housing and Urban-Rural Development Management Committee	Professional contracting of ancient architecture project	Grade One

COST CONTROL

The Group adopts meticulous cost control model on projects which clarifies project evaluation standards, makes detailed bidding preparations, compiles project fund schedules and takes into account maintenance plans during construction. At the same time, the Group focuses on the project redevelopment and cost saving in a reasonable manner. In respect of policies, the Group issues corresponding guidances and puts them in place; in respect of systems, the Group establishes a uniform database of suppliers and utilizes an internally developed project information management platform (namely the OA system) to ensure all project expenditures being strictly in compliance with budget management; in respect of manpower, the Group established a team of management personnel with rich experiences in procurement and engineering management, which strengthens process management and cost supervision.

Management Discussion and Analysis

RESEARCH AND DEVELOPMENT

As a provider and developer of ecological and environmental protection service with great potential in China, the Group is striving to become an internationally advanced domestic leading player in the industry by adhering to the guidance of applying high-efficiency, energy saving and clean green technology and design so as to promote its development through scientific and technological innovation. Meanwhile, the Group has continuously invested a large amount of funds in establishing the enterprise's technology center, adhering to the principle of independent development, as well as 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.

With continuous efforts, the Group has achieved important results in plant cultivation, soil improvement and water ecological treatment and possesses a number of patented technologies and patented products with independent intellectual properties. The Group currently has a total number of two invention patents, 41 utility model patents, five trademark rights, three software copyrights and one exclusive right in layout-designs of integrated circuits. In addition, the Group has two invention patents under application and three new cultivars at the reproductive stage, which are involved in sewage treatment, saline-alkali land restoration, ecological restoration, garden plants, construction and other fields.

FUTURE DEVELOPMENT

As an important part of human civilisation, ecological civilisation reflects the progress of human society from the perspective of human being and nature. The Chinese government has repeatedly emphasised the importance of the green concept in recent years. In particular, the Fourth Plenary Session of the 19th Central Committee put forward "Resolutely pursue a model of civilized development featuring increased production, higher living standards, and healthy ecosystems and continue the Beautiful China initiative" and Premier Li Keqiang has even repeatedly mentioned the important issues including overall improvement of the ecological environment, ecological protection of the Yellow River Basin, improvement of the effectiveness of ecological governance, implementation of important ecological system protection and promotion of ecological civilisation construction in the government work report.

In the first half of 2020, COVID-19 has severely impacted China and the global economy, resulting in increasing difficulties of business environment. On the other hand, it may bring certain positive impacts in the long term. For example, COVID-19 not only stimulates companies to strengthen their risk control capabilities, but also helps to balance the overall pace of development, propelling the market move on to a more healthy development track.

2020 is the year of "breakthrough" for the Group. Through continuous strategic adjustments and internal management optimisation, the Group strictly screens projects to be undertaken and avoid haphazard investment and expansion to ensure a sound capital chain and smooth implementation of projects. As the global epidemic is expected to be gradually contained in the foreseeable future, the Group is ready to bust through and continue to expand its core business of ecological construction. On the basis of improving its comprehensive risk prevention and control capabilities and resource integration capabilities, the Group will seize opportunities to break through with all efforts and take advantage of the trend to comprehensively achieve bigger goals.

Management Discussion and Analysis

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 2019.

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

Foreign currency risk

The Group's businesses are located in Mainland China 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 2020. As at 30 June 2020, the Group's assets and liabilities denominated in US dollars ("USD") and Hong Kong dollars ("HKD") were mainly held by the Company and a subsidiary incorporated outside Mainland China which had HKD as their functional currencies. The Company and the subsidiary incorporated outside Mainland China 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
2020			
If RMB weakens against USD	1	(1,001)	—
If RMB strengthens against USD	(1)	1,001	—
If RMB weakens against HKD	1	—	(516)
If RMB strengthens against HKD	(1)	—	516

* Excluding retained profits

Management Discussion and Analysis

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 2019, 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. The gearing ratios as at the end of the reporting period were as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Interest-bearing bank and other borrowings	523,626	514,786
Corporate bonds	250,996	282,132
Trade and bills payables	992,700	965,861
Other payables and accruals	178,320	170,403
Less: Cash and bank balances	(295,615)	(229,905)
Net debt	1,650,027	1,703,277
Equity attributable to owners of the Parent	926,375	884,240
Capital and net debt	2,576,402	2,587,517
Gearing ratio	64%	66%

Management Discussion and Analysis

CASH AND BANK BALANCES AND PLEDGED DEPOSITS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Cash and bank balances	295,615	229,905
Time deposits	330	213,203
	295,945	443,108
Less: Pledged time deposits		
Pledged for construction contracts	330	8,700
Restricted Cash	—	204,503
Cash and bank balances	295,615	229,905

At the end of the Reporting Period, the cash and bank balances of the Group denominated in USD amounted to RMB1,780,164 (31 December 2019: RMB1,718,700) and denominated in HKD amounted to RMB5,348 (31 December 2019: RMB194,000).

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.

Management Discussion and Analysis

CONTINGENT LIABILITIES

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

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Guarantees given to a bank in connection with facilities granted to joint ventures	529,450	400,000

The Group's guarantees given to a bank in connection with facilities of RMB529,450,000 are granted to joint ventures (Quanzhou Haixi, Qishan Taiping, Zhaoqing Park and Gushi Nanhu). As the bank borrowings of the joint ventures were secured by their contract assets, trade receivables and the rights to payment from their customers, the Group's trade receivables and contract assets are due from government authorities, which is greater than the borrowing, and the government finance increase steadily. Thus, the expected credit loss of the Group was nil.

BANK AND OTHER BORROWINGS

As at 30 June 2020, the Group's total outstanding bank and other borrowings amounted to RMB523,626,000 (31 December 2019: RMB514,786,000).

CORPORATE NOTES

The 2015 Note Instrument

On 20 August 2015, the Company entered into the Note Purchase Agreement with Greenland Leasing pursuant to which the Company conditionally agreed to issue and sell, and Greenland Leasing conditionally agreed to purchase a redeemable fixed coupon promissory note due 2016 with a principal amount of US\$40,000,000 (equivalent to approximately RMB258.4 million based on the conversion rate of US\$1 to RMB6.46) at the rate of 9.00% per annum. On 11 September 2015, the Company entered into the Deed of Novation with Greenland Leasing and Greenland Financial pursuant to which Greenland Leasing shall novate all its rights, obligations and liabilities under the Note Purchase Agreement to Greenland Financial.

As security of the 2015 Notes, the Company, as legal and beneficial owner, has agreed to charge by way of a first fixed charge all rights, entitlements, interests and benefits in the Company Charged Shares and all derived interests to be made by the Company in favor of Greenland Financial and Greenstate Times, as legal and beneficial owner, has agreed to charge by way of a first fixed charge all rights, entitlements, interests and benefits in the Greenstate Times Charged Shares and all derived interests to be made by Greenstate Times in favor of Greenland Financial. The Notes shall mature one year from the closing date of the issue of the Notes. Closing of the issue of the Notes took place on 15 October 2015.

Pursuant to the terms and conditions of the 2015 Notes, Greenland Financial has served an extension notice and the Company has acknowledged and agreed to such extension notice, whereby the maturity date of the notes shall be extended by one calendar year from 15 October 2016 to 15 October 2017.

Management Discussion and Analysis

The 2017 Note Instrument

On 15 November 2017, the Company and Greenland Financial entered into the 2017 Deed of Consent pursuant to which the parties conditionally agreed, among other things, that (i) Greenland Financial shall execute the 2017 Note Instrument and release and discharge the Company from all of its present and future covenants, liabilities and obligations owing and/or payable to Greenland Financial under the 2015 Note Instrument and any further obligations that the Company may have under the 2015 Note Instrument, and (ii) Greenland Financial shall release the 2015 Company Share Charge and the 2015 Greenstate Times Share Charge by way of deeds of release and enter into the 2017 Share Charges as security of the Notes. Closing of the Reissue of the Notes took place on 15 January 2018.

Pursuant to the terms and conditions of the Notes, Greenland Financial has served an extension notice and the Company has acknowledged and agreed to such extension notice, whereby the maturity date of the notes shall be extended by one calendar year from 15 January 2019 to 15 January 2020.

The 2019 Note Instrument

On 4 December 2019, the Company and Greenland Financial entered into the 2019 Deed of Consent pursuant to which the parties conditionally agreed, among other things, that (i) Greenland Financial shall execute the 2019 Note Instrument and release and discharge the Company from all of its present and future covenants, liabilities and obligations owing and/or payable to Greenland Financial under the 2017 Note Instrument and any further obligations that the Company may have under the 2017 Note Instrument, and (ii) Greenland Financial shall release the 2017 Share Charges by way of deeds of release and enter into the 2019 Share Charges as security of the 2019 Notes.

Pursuant to the terms and conditions of the 2019 Notes, the maturity date of the 2019 Notes is 14 July 2020 (unless previously redeemed, or purchased and cancelled or extended) and the term of 2019 Notes may be extended for an additional six months with the same interest coupon, terms and conditions as described under the 2019 Note Instrument.

For further details, please refer to the announcements of the Company dated 15 November 2017, 15 January 2019 and 4 December 2019 and the circulars of the Company dated 28 December 2017 and 6 January 2020.

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 2020, 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⁾	—	991,321,041	—	991,321,041	29.65%
Ms. Xiao Li ⁽²⁾⁽³⁾	—	—	991,321,041	991,321,041	29.65%

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, Ms. Xiao Li is deemed to be interested in the same number of Shares in which Mr. Wu Zhengping is interested.

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

Other Information and Corporate Governance Highlights

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

As at 30 June 2020, 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	29.65%
Eastern Greenstate International ⁽²⁾	Beneficial owner	306,313,662	9.16%
Greenland ⁽³⁾	Interest in a controlled corporation	991,321,041	29.65%
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	29.65%
Greenland Financial ⁽³⁾	Beneficial owner	991,321,041	29.65%
Cithara Global Multi-Strategy SPC-Series 6 SP ("Cithara Global") ⁽⁴⁾	Beneficial owner	235,365,000	7.04%
Cithara Investment International Limited ("Cithara Investment") ⁽⁴⁾	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.
- (4) On 28 July 2020, Cithara Global and Cithara Investment have ceased to be interested in 235,390,000 Shares and 235,392,000 Shares of the Company respectively.
- (5) On 28 July 2020, Wholeking Holdings Limited ("Wholeking") has acquired 235,392,000 Shares, representing 7.04% of the Shares of the Company. Wholeking is wholly-owned by Hope Empire Limited ("Hope Empire"), which in turn wholly-owned by Silverland Assets Limited ("Silverland"). Silverland is wholly-owned by HSBC International Trustee Limited ("HSBC Trustee"). By virtue of the SFO, HSBC Trustee, Silverland and Hope Empire are deemed to be interested in the 235,392,000 Shares held by Wholeking.
- (6) On 28 July 2020, Mr. Cai Kui has acquired 235,392,000 Shares, representing 7.04% of the Shares of the Company.

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 89,196,430 share options, representing approximately 2.67% 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 2020, the Share Option Scheme has a remaining life of approximately four (4) 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 133,821,426 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 2020 were as follows:

Grantees	Date of grant	Options granted	Number of Options					Held at 30 June 2020	Exercise price per Share (HK\$)	Vesting and Exercise period
			Held at 1 January 2020	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
			—	—	—	—	—	—		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
			—	—	—	—	—	—		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 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
			—	—	—	—	—	—		1 Sept 2019–31 Aug 2020
			4,350,000	—	—	—	4,350,000	—		1 Sept 2020–31 Aug 2021
	12 Jun 2018	110,267,856	18,375,000	—	—	535,714	—	17,839,286	1.04	12 Jun 2020–11 Jun 2021
			18,375,000	—	—	535,714	—	17,839,286		12 Jun 2021–11 Jun 2022
			27,562,500	—	—	803,571	—	26,758,929		12 Jun 2022–11 Jun 2023
			27,562,500	—	—	803,571	—	26,758,929		12 Jun 2023–11 Jun 2024

Notes:

- (1) 2,678,570 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

As at 30 June 2020, none of the controlling shareholders pledged any of the Company's securities listed on the Stock Exchange throughout the Reporting Period.

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

As at 30 June 2020, Shanghai Qianyi, a wholly-owned subsidiary of the Company, has held 4.3 million shares of Shanghai H-fast Electronic Technology Co., Ltd. with a shareholding of 10.04% at a cost of RMB51,600,000.

During the Reporting Period, the Group had not made any material acquisitions and disposal of subsidiaries and associated companies. Save as disclosed above, as at 30 June 2020, the Group did not hold any significant investments.

CORPORATE GOVERNANCE HIGHLIGHTS

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

During the Reporting Period, 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. 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.

Other Information and Corporate Governance Highlights

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 22 May 2020 (“**2020 AGM**”), Mr. Wu, the chairman and chief executive officer of the Board was unable to attend the 2020 AGM 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 2020 AGM 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

Dr. Chan Wing Bun resigned as an independent non-executive Director and chairman of the Audit Committee of the Company with effect from 23 May 2020.

Mr. Yang Yuanguang was appointed as an independent non-executive Director and the chairman of the Audit Committee of the Company with effect from 23 May 2020.

Ms. Chen Min, an executive Director, has been appointed as the director of Chongqing Xiexin Yuanchuang Industrial Co., Ltd* (重慶協信遠創實業有限公司) since 3 April 2020.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2020, the Group had 258 full time employees (as at 31 December 2019: 364) in the PRC. During the Reporting Period, the staff cost of the Group was approximately RMB11.01 million (six months ended 30 June 2019: RMB14.5 million).

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

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

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

AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL STATEMENTS

The Audit Committee was established with terms of reference in compliance with the CG Code, and comprises three members, namely Mr. Yang Yuanguang (*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 2019: nil).

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2020

	Notes	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
REVENUE	5	322,221	353,941
Cost of sales		(237,382)	(258,490)
Gross profit		84,839	95,451
Other income and gains	5	7,665	33,818
Other expense		(4,589)	—
Administrative expenses		(30,115)	(35,893)
Impairment losses on financial and contract assets		(2,300)	(2,516)
Finance costs	6	(26,880)	(39,410)
Share of profits and losses of:			
Joint ventures		30,154	11,691
An associate		1,004	—
PROFIT BEFORE TAX	7	59,778	63,141
Income tax expense	8	(6,771)	(12,115)
PROFIT FOR THE PERIOD		53,007	51,026
Attributable to:			
Owners of the Parent		52,839	50,857
Non-controlling interests		168	169
		53,007	51,026
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic and diluted			
— For profit for the Period		RMB0.016	RMB0.015

Interim Condensed Consolidated Statement of Other Comprehensive Income

For the six months ended 30 June 2020

	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
PROFIT FOR THE PERIOD	53,007	51,026
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	(10,704)	(6,252)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(10,704)	(6,252)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	(10,704)	(6,252)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	42,303	44,774
Attributable to:		
Owners of the Parent	42,135	44,605
Non-controlling interests	168	169
	42,303	44,774

The notes on pages 31 to 60 are an integral part of these consolidated financial statements.

Interim Condensed Consolidated Statement of Financial Position

30 June 2020

		30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	11	132,215	136,485
Right-of-use assets		2,232	2,976
Goodwill		3,060	3,060
Other intangible assets		20,763	21,631
Investments in joint ventures	12	663,685	632,031
Investment in an associate	13	54,548	53,544
Financial assets at fair value through profit or loss	14	19,792	17,380
Contract assets	18	62,591	24,194
Prepayments, other receivables and other assets	15	11,312	7,482
Deferred tax assets		18,200	17,915
Other non-current assets		19,449	—
Total non-current assets		1,007,847	916,698
CURRENT ASSETS			
Biological assets	16	33,692	33,427
Trade receivables	17	728,891	815,052
Contract assets	18	1,029,698	994,100
Prepayments, other receivables and other assets	15	346,006	161,620
Pledged deposits		330	213,203
Cash and cash equivalents	19	295,615	229,905
Total current assets		2,434,232	2,447,307
CURRENT LIABILITIES			
Corporate bonds	20	250,996	282,132
Trade and bills payables	21	992,700	965,861
Other payables and accruals	22	553,154	527,543
Interest-bearing bank and other borrowings	23	254,516	500,722
Lease liabilities		1,597	1,722
Tax payable		158,735	161,554
Total current liabilities		2,211,698	2,439,534
NET CURRENT ASSETS		222,534	7,773
TOTAL ASSETS LESS CURRENT LIABILITIES		1,230,381	924,471

Interim Condensed Consolidated
Statement of Financial Position

30 June 2020

	Notes	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	23	269,110	14,064
Long-term lease liabilities		838	1,559
Deferred tax liabilities		6,053	5,953
Total non-current liabilities		276,001	21,576
Net assets		954,380	902,895
EQUITY			
Equity attributable to owners of the Parent			
Share capital	24	66,396	66,396
Other reserves		859,979	817,844
		926,375	844,240
Non-controlling interests		28,005	18,655
Total equity		954,380	902,895

Wu Zhengping
Director

Xiao Li
Director

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

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 2020 (audited)	66,396	151,609*	—*	15,220*	(33,677)*	684,692*	884,240	18,655	902,895
Profit for the Period	—	—	—	—	—	52,839	52,839	168	53,007
Other comprehensive Loss for the Period:									
Exchange differences on translation of foreign operations	—	—	—	—	(10,704)	—	(10,704)	—	(10,704)
Total comprehensive income for the Period	—	—	—	—	(10,704)	52,839	42,135	168	42,303
Transfer to non-controlling interest	—	—	—	4,824	—	(4,824)	—	—	—
Capital injection from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	9,182	9,182
At 30 June 2020 (unaudited)	66,396	151,609*	—*	20,044*	(44,381)*	732,707*	926,375	28,005	954,380

* These reserve accounts comprise the consolidated other reserves of RMB859,979,000 (2019: RMB817,844,000) in the consolidated statement of financial position.

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 on translation of 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

The notes on pages 31 to 60 are an integral part of these consolidated financial statements.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Notes	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
CASH FLOWS USED IN OPERATING ACTIVITIES			
Profit before tax:		59,778	63,141
Adjustments for:			
Finance costs		26,880	39,410
Share of profits and losses of joint ventures		(30,154)	(11,691)
Share of profits and losses of an associate		(1,004)	—
(Gain)/loss on disposal of items of property, plant and equipment		(66)	52
Depreciation of property, plant and equipment		4,343	4,572
Depreciation of right-of-use assets		744	1,042
Amortisation of other intangible assets		869	1,813
Fair value losses on non-equity investments at fair value through profit or loss		—	1
Impairment of trade receivables		1,551	2,318
Impairment of financial and contract asset		749	198
Forfeiture of equity-settled share option arrangements		—	1,003
		63,690	101,859
Decrease in trade receivables		84,610	126,627
Increase in prepayments, deposits and other receivables		(190,844)	(203,556)
(Increase)/decrease in biological assets		(265)	433
Increase in contracts assets		(74,744)	(29,400)
Increase/(decrease) in trade and bills payables		26,839	(142,976)
Decrease/(increase) in pledged deposits for contract assets		8,370	(215,550)
Increase in other payables and accruals		14,446	309,697
Cash used in operations		(67,898)	(52,866)
PRC tax paid		(9,006)	(8,564)
Net cash flows used in operating activities		(76,904)	(61,430)

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Notes	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		(853)	(869)
Purchase of intangible assets		(1)	—
Purchase of financial assets at fair value through profit or loss		(2,412)	(3,971)
Proceeds from disposal of items of property, plant and equipment		846	266
Purchase of a shareholding in joint ventures		(21,500)	(112,737)
Decrease in time deposits with original maturity of more than three months		208,400	—
Net cash flows from/(used in) investing activities		184,480	(117,311)
CASH FLOWS USED IN FINANCING ACTIVITIES			
New bank loans		401,138	401,150
Repayments of bank loans		(392,430)	(325,070)
Dividends paid		—	—
(Decrease)/increase in an amount due to related parties		(4,887)	16,104
Contribution from non-controlling shareholders		9,182	5,525
Partial disposal of a subsidiary to non-controlling interest		—	85,833
Repayment of bonds		(31,136)	—
Principal portion of lease payments		(1,566)	(730)
Interest paid		(22,143)	(60,536)
Net cash (used in)/generated from financing activities		(41,842)	122,276
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and bank balances at beginning of the Period		229,905	431,093
Effect of foreign exchange rate changes, net		(24)	(836)
CASH AND BANK BALANCES AT END OF PERIOD	18	295,615	373,792

The notes on pages 31 to 60 are an integral part of these consolidated financial statements.

Notes to Interim Condensed Consolidated Financial Information

30 June 2020

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, Uglund House, Grand Cayman KY1-1104, Cayman Islands.

The Company is an investment holding company. For the six months ended 30 June 2020 (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 Management 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

Notes to Interim Condensed Consolidated Financial Information

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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	
Changxing Greenstate Ecological Gardening Company Limited [#]	PRC/ Mainland China	RMB30,000,000	—	100%	Landscaping
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 ("Shanghai Bifu") [#]	PRC/ Mainland China	RMB190,000,000	—	100%	Investment holding
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%	Project management
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 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 2020

2. BASIS OF PRESENTATION

The interim condensed consolidated financial information for the six months ended 30 June 2020 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 2019.

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 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.
- (c) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

Notes to Interim Condensed Consolidated Financial Information

30 June 2020

4. OPERATING SEGMENT INFORMATION

The Group's principal business is providing landscape design and gardening and related services. 100% of the Group's revenue and operating profit were generated from providing the service of 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	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Customer A	85,884	74,370
Customer B	47,661	85,655
Customer C	46,370	*
Customer D	45,926	*
Customer E	44,516	*

* Less than 10% of the total revenue

Notes to Interim Condensed
Consolidated Financial Information

30 June 2020

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Revenue from contracts with customers	322,221	353,941

Disaggregated revenue information for revenue from contracts with customers

Types of goods or services

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Construction contracts	318,941	345,724
Design and maintenance services	3,280	8,217
Total revenue from contracts with customers	322,221	353,941

Timing of revenue recognition

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Services transferred over time	322,221	353,941

Notes to Interim Condensed Consolidated Financial Information

30 June 2020

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	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Other income		
Bank interest income	4,206	931
Other interest income arising from revenue contracts*	2,560	22,015
Rental income	253	—
Others	66	—
	7,085	22,946
Gains		
Government grants**	580	760
Fair value gains, net	—	1,937
Unlisted non-equity investments at fair value through profit or loss	—	8,175
Foreign exchange gain, net	—	—
	580	10,872
	7,665	33,818

* 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.

Notes to Interim Condensed
Consolidated Financial Information

30 June 2020

6. FINANCE COSTS

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Interest on bank loans, overdrafts and other borrowings	13,669	26,932
Interest on leasing liabilities	71	114
Interest on corporate bonds	13,140	12,364
Total interest expense on financial liabilities not at fair value through profit or loss	26,880	39,410

7. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Cost of construction contracts	234,718	254,593
Cost of services provided	2,664	3,897
Employee benefit expenses		
Wages and salaries	8,955	9,586
Pension scheme contribution	2,052	3,961
Share option contributions	—	1,003
	11,007	14,550
Depreciation of items of property, plant and equipment	2,760	4,572
Depreciation of right-of-use assets	744	1,042
Amortisation of other intangible assets	869	1,813
Impairment of trade receivables	1,551	2,313
Impairment of contract assets	749	198
Impairment of financial assets included in prepayment, other receivables and other assets	—	5
Consulting fees	6,573	4,203
Auditors' remuneration	1,075	1,100
(Gain)/ loss on disposal of items of property, plant and equipment	(66)	52
Minimum lease payments under operating lease: Land and buildings	—	319

Notes to Interim Condensed Consolidated Financial Information

30 June 2020

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	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Current — PRC		
Charge for the Period	6,955	12,542
Deferred	(184)	(427)
Total tax charge for the Period	6,771	12,115

9. DIVIDENDS

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Final dividends declared and paid — HK0 cents (30 June 2019: HK0 cents) per ordinary share	—	—

The Board does not recommend the distribution of any interim dividend for the Reporting Period (for the six months ended 30 June 2019: nil).

Notes to Interim Condensed
Consolidated Financial Information

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Parent of RMB52,839,167 (2019: RMB50,857,373), and the weighted average number of ordinary shares of 3,342,536,957 (2019: 3,342,536,957) in issue during the period, as adjusted to reflect the rights issue during the period.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Parent of RMB52,839,167 (2019: RMB50,857,373), 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 of 3,342,536,957 (2019: 3,342,536,957) in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 3,342,536,957 (2019: 3,342,536,957) assumed to have been issued at no consideration on the deemed conversion of convertible bonds into ordinary shares.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired assets with a cost of RMB852,802 (30 June 2019: RMB790,758).

Assets with a net book value of RMB779,858 in respect of property, plant and equipment were disposed by the Group during the six months ended 30 June 2020 (30 June 2019: RMB317,520), resulting in a net gain of disposal of RMB65,889 (30 June 2019: a net loss of RMB52,271).

12. INVESTMENT IN JOINT VENTURES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Share of net assets	663,685	632,031

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12. INVESTMENT IN JOINT VENTURES (Continued)

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

Name	Particulars of registered capital held	Place of registration and business	Percentage of			Principal activities
			Ownership interest	Voting power	Profit sharing	
Quanzhou Haixi Botanic Garden Development Company Limited ("Quanzhou Haixi")	RMB105,000,000	PRC/ Mainland China	79.50%	40.00%	79.50%	Project management
Qishan Taiping Pagoda Cultural Tourism Development Company Limited ("Qishan Taiping")	RMB87,900,000	PRC/ Mainland China	79.55%	57.14%*	79.55%	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%	40.00%	81.76%	Project management
Gushi Greenland Broad Greenstate Nanhu Cultural Company Limited ("Gushi Nanhu")	RMB320,000,000	PRC/ Mainland China	68.75%	40.00%	71.54%	Project management
Mianzhu Greenstate Culture Tourism Development Company Limited ("Mianzhu Greenstate")	RMB100,000,000	PRC/ Mainland China	90.00%	40.00%	90.00%	Project management
Zhenping County Broad Greenstate Ecological Development Company Limited ("Zhenping Greenstate")	RMB11,129,660,000	PRC/ Mainland China	89.50%	40.00%	90.49%	Project management
Zhongbo Construction Engineering Group Co., Ltd ("Zhongbo Construction")	RMB321,000,000	PRC/ Mainland China	49.00%	43.00%	49.00%	Landscape gardening
Yuzhou Shenhou Old Town Protection Construction Co., Ltd ("Yuzhou Shenhou")	RMB50,000,000	PRC/ Mainland China	51.00%	50.00%	51.00%	Project management
Guiding Yangbaoshan Cultural Tourism Development Company Limited ("Guiding Yangbaoshan")	RMB50,000,000	PRC/ Mainland China	75.00%	20.00%	75.00%	Project management

* In the decision process, each resolution shall be adopted with a two-thirds majority of the Broad of directors.

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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 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 wholly-owned subsidiaries of the Company while Shanghai Qingfu is a partly-owned subsidiary and Zhongbo Construction is a joint venture of the Group.

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 indirectly held by Broad Greenstate Ecological, which is a wholly-owned subsidiary of the Group.

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 a 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 LLP, Broad Greenstate Ecological and Shanghai Dongjiang. Both Broad Greenstate Ecological and Shanghai Dongjiang are wholly-owned subsidiaries of the Company, while Shanghai Luwu Business Management Consulting Center LLP is a partly-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, Zhongbo Construction and Shanghai Zhuchen Business Management Consulting Center LLP. Broad Greenstate Ecological is a wholly-owned subsidiary of the Company, Zhongbo Construction is a joint venture of the Group and Shanghai Zhuchen Business Management Consulting Center LLP is a partly-owned subsidiary of the Company.

Zhenping 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 2020

12. INVESTMENT IN JOINT VENTURES (Continued)

- (g) The investment in Zhongbo Construction is directly held by Broad Greenstate Ecological, which is a wholly-owned subsidiary of the Company.

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

- (h) The investment in Yuzhou Shenhou is directly held by Shanghai Bifu and Broad Greenstate Ecological. Broad Greenstate Ecological is a wholly-owned subsidiary of the Company while Shanghai Bifu is a partly-owned subsidiary of the Company.

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

- (i) The investment in Guiding Yangbaoshan is directly held by Broad Greenstate Ecological, Shanghai Dongjiang and Shanghai Zhuhao Business Management Consulting Center LLP. Both Broad Greenstate Ecological and Shanghai Dongjiang are wholly-owned subsidiaries of the Company while Shanghai Zhuhao Business Management Consulting Center LLP is a partly-owned subsidiary of the Company.

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

13. INVESTMENT IN AN ASSOCIATE

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Share of net assets	20,511	19,507
Goodwill on acquisition	34,037	34,037
	54,548	53,544

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Consolidated Financial Information

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13. INVESTMENT IN AN ASSOCIATE (Continued)

Particulars of the associate is as follows:

Name	Particulars of registered capital held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Shanghai H-fast Electronic Technology Co. Ltd. ("Shanghai H-fast")	RMB42,817,300	PRC/Mainland China	10.04%	Semiconductor

The investment in Shanghai H-fast is directly held by Shanghai Qianyi Landscape which is a wholly-owned subsidiary of the Company. The Group has significant influence on Shanghai H-fast as the Group held one of seven voting seats, and one of the Group's senior management is also the Chairman of the board of Shanghai H-fast.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Unlisted non-equity investments at fair value through profit or loss		
Unlisted non-equity investments, at fair value		
Xi'an Greenland Jue River Wetland Park Development Company Limited ("Xi'an Greenland")	14,996	12,584
Taiyuan Longcheng Greenland Botanical Garden Company Limited ("Taiyuan Longcheng")	4,796	4,796
	19,792	17,380

The above unlisted non-equity investments at 30 June 2020 were classified as financial assets at fair value through profit or loss.

Notes to Interim Condensed Consolidated Financial Information

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15. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Current		
Prepayments	78,106	61,353
Deposits and other receivables	275,051	107,418
Impairment	(7,151)	(7,151)
	346,006	161,620
Non-current		
Other receivables	11,312	7,482
Impairment	—	—
	11,312	7,482
	357,318	169,102

Included in the provision for impairment of prepayments, other receivables and other assets is a provision for individually impaired receivables of RMB7,151,000 (2019: RMB7,151,000) with a carrying amount before provision of RMB7,151,000 (2019: RMB7,151,000). The individually impaired receivables relate to a portion of receivables that were not expected to be recovered.

Deposits and other receivables mainly represent construction deposits. Expected credit losses are estimated by considering the credit risk stage, the payment term arrangement and the collateral provided.

Notes to Interim Condensed
Consolidated Financial Information

30 June 2020

16. 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 2020 was:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Plants and saplings	33,692	33,427

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 at the end of each Reporting Period and valued by management at medium term. 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

30 June 2020

16. BIOLOGICAL ASSETS (Continued)

C. Fair value hierarchy (Continued)

Assets measured at fair value:

As at 30 June 2020

	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	33,692	—	—	33,692

As at 31 December 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	33,427	—	—	33,427

During the 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.

17. 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 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Within one year	448,463	643,449
Over one year but within two years	229,299	121,172
Over two years	51,129	50,431
	728,891	815,052

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17. TRADE RECEIVABLES (Continued)

The majority of the Group's revenues generated through construction contracts are settled in accordance with the terms specified in the contracts governing the relevant transactions. 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.

18. CONTRACT ASSETS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Contract assets arising from:		
Construction services	1,104,121	1,029,377
Impairment	(11,832)	(11,083)
	1,092,289	1,018,294

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 2020, retention money held by customers included in contract assets amounted to approximately RMB10,291,610 (2019: RMB15,623,000), of which RMB10,291,610 (2019: RMB15,623,000) 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 2020 was stable compared to that as at the end of 2019.

During the Reporting Period, RMB917,000 was recognised and RMB168,000 was reversed as an allowance for expected credit losses on contract assets. The Group's trading terms and credit policy with customers are disclosed in note 17 to the financial statements.

Notes to Interim Condensed Consolidated Financial Information

30 June 2020

19. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Cash and bank balances	295,615	229,905
Time deposits	330	213,203
	295,945	443,108
Less: Pledged time deposits		
Pledged for construction contracts	330	8,700
Restricted Cash	—	204,503
Cash and bank balances	295,615	229,905

At the end of the Reporting Period, the cash and bank balances of the Group denominated in USD amounted to RMB1,780,164 (31 December 2019: RMB1,718,700) and denominated in HKD amounted to RMB5,348 (31 December 2019: RMB194,000).

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.

20. CORPORATE BONDS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Current corporate bonds	250,996	282,132

The 2015 Note instrument

On 15 October 2015, the Company issued corporate bond 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 bond was guaranteed by 100,000 shares of Greenstate Times International Company Limited and 10,000 shares of Greenstate 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.

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20. CORPORATE BONDS (Continued)

The 2017 Note Instrument

On 15 November 2017, the Company signed an agreement with Greenland Financial to agree that the condition to the bonds would be amended and restated as set out in a new instrument agreement to be entered into in 2018. In addition, during 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.

The 2019 Note Instrument

On 4 December 2019, the Company and Greenland Financial entered into the 2019 Deed of Consent pursuant to which the parties conditionally agreed that (i) Greenland Financial shall execute the 2019 Note Instrument and release and discharge the Company from all of its present and future covenants, liabilities and obligation owing and/or payable to Greenland Financial under the 2017 Note Instrument, and (ii) Greenland Financial shall release all share charges under 2017 Note Instrument and enter into the share charges under 2019 Note Instrument as security of the Notes. The principal amount of 2019 Note instrument is USD35,000,000 with an interest rate of 12.00% per annum. The 2019 Note Instrument is guaranteed by 43,000 ordinary shares of Greenstate Times International Company Limited and 4,300 ordinary shares of Greenstate International Company Limited. On 20 January 2020, the issuance has been conducted and the due date will be 14 July 2020 (unless previously redeemed, or purchased and cancelled or extended) and the term of Notes may be extended for an additional six months with the same interest coupon, terms and conditions as described under the 2019 Note Instrument. In January 2020, the Company has repaid USD5,000,000 of the principal amount plus all interests accrued under the 2017 Notes Instrument.

21. 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 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Within one year	613,311	596,730
Over one year but within two years	190,541	185,389
Over two years	188,848	183,742
	992,700	965,861

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

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22. OTHER PAYABLES AND ACCRUALS

		30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
	Notes		
Contract liabilities	(a)	247,536	234,851
Other tax payable		123,370	120,368
Amounts due to related parties		89,526	94,413
Other payables	(b)	63,656	53,817
Interest payable		16,483	11,792
Deposits from sub-contractors		8,655	10,381
Staff payroll and welfare payables		3,928	1,921
		553,154	527,543

(a) Details of contract liabilities as at 30 June 2020 and 31 December 2019 are as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
<i>Short-term advances received from customers</i>		
Construction services	247,536	234,851
Total contract liabilities	247,536	234,851

Contract liabilities include short-term advances received to render construction services. The increase in contract liabilities in 2020 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 Period.

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

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23. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	2020 (Unaudited)			2019 (Audited)		
		Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current							
Bank loans — secured		—	—	—	4.6	2020	209,950
Other loans — secured	(a) i	6.8	2020	57,600	8.9	2020	84,600
Other loans — unsecured	(c)	8.8	2020	62,790	10.2	2020	54,692
Other loans — unsecured	(d)	—	2020	117,000	—	2020	91,000
				237,390			440,242
Current portion of long-term							
Bank loans — secured and guaranteed	(b)	7.2	2021	2,000	—	—	—
Bank loans — secured	(a) ii	4.3	2021	1,000	6.1	on demand	60,480
Other loans — unsecured	(c)	9.0	2021	14,126	—	—	—
				17,126			60,480
				254,516			500,722
Non-current							
Bank loans — secured and guaranteed	(b)	7.2	2030	198,000	—	—	—
Bank loans — secured	(a) ii	4.3	2022	71,110	—	—	—
Other loans — unsecured		—	—	—	9.0	2021	14,064
				269,110			14,064
				523,626			514,786

Notes:

- (a) Certain of the Group's bank borrowings and other borrowings were secured by:
- Certain other borrowing of the Group amounting to RMB57,600,000 was secured by a mortgage over the Groups' shares of a subsidiary, Shanghai Bifu Investment Center LLP.
 - Certain bank borrowing of the Group amounting to RMB72,110,000 was secured by mortgaged building of the Group with a carrying amount of RMB118,715,000. An amount of RMB1,000,000 of the borrowings would be due within one year.
- (b) Certain of the Group's bank borrowings were secured and guaranteed by:
- Certain bank borrowing of the Group amounting to RMB200,000,000 were secured by trade receivables (note 17) and contract assets (note 18) and the rights to payment from a customer, and also were guaranteed by a third party. An amount of RMB2,000,000 of the borrowings would be due within one year.
- (c) Certain of the Group's other borrowings are unsecured and will be repaid in one year or on demand.
- (d) Certain of the Group's other borrowings are unsecured and bearing no interest. They will be repaid in one year or on demand.

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24. SHARE CAPITAL

Shares

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Issued and fully paid:		
3,342,536,957 (31 December 2019: 3,342,536,957) ordinary shares of HKD0.025 each	66,396	66,396

25. 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 which became effective on 1 September 2015 and has forfeited on 31 March 2020.

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 II is an amount equivalent, upon the exercise, to 3.30% 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 Series II within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their 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 Period.

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26. CONTINGENT LIABILITIES

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

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Guarantees given to a bank in connection with facilities granted to joint ventures	529,450	400,000

The Group's guarantees given to a bank in connection with facilities of RMB529,450,000 are granted to joint ventures (Quanzhou Haixi, Qishan Taiping, Zhaoqing Park and Gushi Nanhu). As the bank borrowings of the joint ventures were secured by their contract assets, trade receivables and the rights to payment from their customers, the Group's trade receivables and contract assets are due from government authorities, which is greater than the borrowing, and the government finance increase steadily. Thus, the expected credit loss of the Group was nil.

27. COMMITMENTS

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

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Contracted, but not provided for: Capital injection of joint ventures	272,685	243,000

28. 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	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Provide construction services to related parties*	270,708	211,339
Borrowings from Eastern Greenstate International Company Limited**	62,155	14,064
Guarantees given to banks in connection with facilities granted to joint ventures***	129,450	200,000

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28. RELATED PARTY TRANSACTIONS (Continued)

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

* The above construction services consist of services provided for:

		For the six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Xi'an Greenland	(ii)	85,884	75,436
Gushi Nanhu	(i)	47,661	85,655
Qishan Taiping	(i)	46,370	—
Zhaoqing Park	(i)	45,926	2,836
Mianzhu Greenstate	(i)	—	25,480
Zhenping Greenstate	(i)	—	21,932
		225,841	211,339

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

(ii) Xi'an Greenland is a joint venture of Greenland Group and the Company is an associate of Greenland Group.

** Eastern Greenstate International Company Limited is a shareholder of the Company

*** The above guarantees given to banks provided for:

		For the six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Gushi Nanhu		109,450	—
Zhaoqing Park		20,000	—
Quanzhou Haixi		—	140,000
Qishan Taiping		—	60,000
		129,450	200,000

- (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 square metres, 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.
- (ii) On 15 January 2020, 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 RMB13,140,000 (2019: RMB12,364,000).

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28. 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 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade receivables		
Yuzhou Shenhua	131,569	152,806
Gushi Nanhu	130,996	96,888
Mianzhu Greenstate	67,535	67,599
Taiyuan Longcheng	48,101	61,631
Quanzhou Haixi	29,025	47,155
Zhenping Greenstate	16,072	17,072
Zhaoqing Park	5,650	48
Greenland Group Chengdu Qingyang Real-estate Development Co., Ltd.	—	3,300
	428,948	446,499
Contract assets		
Guiding Yangbaoshan	259,556	259,556
Xi'an Greenland	135,467	122,585
Quanzhou Haixi	87,688	87,688
Zhaoqing Park	67,363	45,261
Gushi Nanhu	64,544	47,863
Mianzhu Greenstate	33,362	33,362
Qishan Taiping	24,059	19,510
Zhenping Greenstate	10,410	10,410
Taiyuan Longcheng	—	10,890
	682,449	377,569

Notes to Interim Condensed Consolidated Financial Information

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28. RELATED PARTY TRANSACTIONS (Continued)

(c) Outstanding balances with related parties: (Continued)

(i) Due from related parties (Continued)

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Prepayments, deposits and other receivables		
Zhenping Greenstate	5,000	—
Shanghai Kaitai Real Estate Development Co., Ltd.	3,410	3,902
Shanghai Qianlu	677	—
Zhaoqing Park	350	559
Mianzhu Greenstate	167	—
Quanzhou Haixi	38	—
Zhongbo Construction	28	5,481
Shandong Greenland Spring Biological Industrial Company Limited	—	34,788
Yuzhou Shenhou	—	2,000
Broad Landscape International Company Limited	—	567
	9,670	47,297

(ii) Due to related parties

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Other payables		
Shandong Greenland Spring Biological Industrial Company Limited	33,783	33,783
Qishan Taiping	30,193	41,892
Shanghai Zubo Enterprise Management Consulting Center GP	17,550	18,150
Yuzhou Shenhou	8,000	—
Zhongbo Construction	—	6,000
Greenland Financial Investment	—	314
Broad Landscape International Company Limited	—	274
	89,526	100,413

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28. RELATED PARTY TRANSACTIONS (Continued)

(c) Outstanding balances with related parties: (Continued)

(ii) Due to related parties (Continued)

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Contract liabilities		
Gushi Nanhu	153,729	142,150
Xi'an Greenland	58,478	8,042
Mianzhu Greenstate	18,000	18,000
Qishan Taiping	4,000	33,709
Zhaoqing Park	—	25,597
	234,207	227,498

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	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Short term employee benefits	1,945	2,067
Post-employment benefits	295	131
Total compensation paid to key management personnel	2,240	2,198

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

30. 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 2019.

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

Foreign currency risk

The Group's businesses are located in Mainland China 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 2020. As at 30 June 2020, the Group's assets and liabilities denominated in USD and HKD were mainly held by the Company and a subsidiary incorporated outside Mainland China which had HKD as their functional currencies. The Company and the subsidiary incorporated outside Mainland China also held corporate bonds denominated in USD and other payable denominated in RMB, from which foreign currency exposure arises.

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30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**Foreign currency risk (Continued)**

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
2020			
If RMB weakens against USD	1	(1,001)	—
If RMB strengthens against USD	(1)	1,001	—
If RMB weakens against HKD	1	—	(516)
If RMB strengthens against HKD	(1)	—	516

* 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 2019, there was no material change in the contractual undiscounted cash out flows for financial liabilities

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30. 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 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Interest-bearing bank and other borrowings	523,626	514,786
Corporate bonds	250,996	282,132
Trade and bills payables	992,700	965,861
Other payables and accruals	178,320	170,403
Less: Cash and bank balances	(295,615)	(229,905)
Net debt	1,650,027	1,703,277
Equity attributable to owners of the Parent	926,375	884,240
Capital and net debt	2,576,402	2,587,517
Gearing ratio	64%	66%

31. EVENTS AFTER THE REPORTING PERIOD

The Group had no material events after the Reporting Period.

Definitions

“2015 Company Share Charge”	the share charge entered into between the Company and Greenland Financial on 15 October 2015 in relation to the charge of all rights, entitlements, interests and benefits in the entire issued share capital of Greenstate Times, in favour of Greenland Financial
“2015 Greenstate Times Share Charge”	the share charge entered into between Greenstate Times and Greenland Financial on 15 October 2015 in relation to the charge of all rights, entitlements, interests and benefits in the entire issued share capital of Greenstate International, in favor of Greenland Financial
“2015 Note Instrument”	the instrument issued by the Company on 15 October 2015 for the creation and issue of the 2015 Notes in favour of Greenland Financial
“2015 Notes”	the redeemable fixed coupon promissory note with a principal amount of US\$40,000,000 at the rate of 9.00% per annum issued pursuant to the terms and conditions set out in the 2015 Note Instrument
“2015 Share Charge”	the 2015 Company Share Charge and the 2015 Greenstate Times Share Charge
“2017 Company Share Charge”	the charge of all rights, entitlements, interests and benefits in 50,000 ordinary shares of Greenstate Times, representing 50% of the entire issued share capital of Greenstate Times, legally and beneficially held by the Company as at the date of the 2017 Deed of Consent and charged in favor of Greenland Financial
“2017 Deed of Consent”	the deed of consent entered into between the Company and Greenland Financial on 15 November 2017 in relation to, among others, the execution of 2017 Note Instrument and 2017 Share Charges
“2017 Greenstate Times Share Charge”	the charge of all rights, entitlements, interests and benefits in 5,000 ordinary shares of Greenstate International, representing 50% of the entire issued share capital of Greenstate International, legally and beneficially held by Greenstate Times as at the date of the 2017 Deed of Consent and charged in favor of Greenland Financial
“2017 Note Instrument”	the instrument executed by the Company on 15 January 2018 for the reissue of the 2017 Notes in favor of Greenland Financial pursuant to the 2017 Deed of Consent
“2017 Notes”	the redeemable fixed coupon promissory note with a principal amount of US\$40,000,000 at the rate of 9.00% per annum issued pursuant to the terms and conditions set out in the 2015 Note Instrument and reissued pursuant to the terms and conditions set out in the 2017 Note Instrument
“2017 Share Charges”	the 2017 Company Share Charge and the 2017 Greenstate Times Share Charge
“2019 Company Share Charge”	the charge of all rights, entitlements, interests and benefits in 43,000 ordinary shares of Greenstate Times, representing 43% of the entire issued share capital of Greenstate Times, legally and beneficially held by the Company as at the date of the 2019 Deed of Consent and charged in favour of Greenland Financial

Definitions

“2019 Deed of Consent”	the deed of consent entered into between the Company and Greenland Financial on 4 December 2019 in relation to, among others, the execution of 2019 Note Instrument and 2019 Share Charges
“2019 Greenstate Times Share Charge”	the charge of all rights, entitlements, interests and benefits in 4,300 ordinary shares of Greenstate International, representing 43% of the entire issued share capital of Greenstate International, legally and beneficially held by Greenstate Times as at the date of the 2019 Deed of Consent and charged in favour of Greenland Financial
“2019 Note Instrument”	the instrument executed by the Company on 4 December 2019 for the reissue of the 2019 Notes in favor of Greenland Financial pursuant to the 2019 Deed of Consent
“2019 Notes”	the redeemable fixed coupon promissory note with a principal amount of US\$35,000,000 at the rate of 12.00% per annum reissued pursuant to the terms and conditions set out in the 2019 Note Instrument
“2019 Share Charge”	the 2019 Company Share Charge and the 2019 Greenstate Times Share Charge
“Articles of Association”	the articles of association of the Company conditionally adopted on 25 June 2014 and became unconditionally effective on the Listing Date and as amended from time to time
“associates”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Board” or “Board of Directors”	the board of directors of the Company
“Broad 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

Definitions

“Company Charged Shares”	100,000 ordinary shares of Greenstate Times, representing the entire issued share capital of Greenstate Times, legally and beneficially held by the Company as at the date of the Note Purchase Agreement and to be charged in favor of Greenland Financial under the Company Share Charge
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Deed of Novation”	the deed of novation entered into on 11 September 2015 between the Company, Greenland Leasing and Greenland Financial, pursuant to which Greenland Leasing shall novate all its rights, obligations and liabilities under the Note Purchase Agreement to the Purchaser
“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
“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
“Greenland Leasing”	Greenland Financial Leasing Co., Ltd. (綠地融資租賃有限公司), a company incorporated under the laws of the PRC, an indirectly wholly-owned subsidiary of Greenland
“Greenstate Times”	Greenstate Times International Company Limited (綠澤時代國際有限公司), a company incorporated in BVI on 30 October 2013 and a wholly-owned subsidiary of the Company
“Greenstate Times Charged Shares”	10,000 ordinary shares of Greenstate International, representing the entire issued share capital of Greenstate International, legally and beneficially held by Greenstate Times as the date of the Note Purchase Agreement and to be charged in favor of Greenland Financial under a share charge to be made by Greenstate Times
“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
“Listing”	listing of the Shares on the Main Board of the Stock Exchange

Definitions

“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
“Reissue of Notes”	the reissue of the Notes by the Company to Greenland Financial on the terms and subject to the conditions set out in the 2017 Note Instrument
“Remuneration Committee”	the remuneration committee of the Company
“Renminbi” or “RMB”	the lawful currency of China
“Reporting Period”	the six month period from 1 January 2020 to 30 June 2020
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Qianyi”	Shanghai Qianyi Landscape Engineering Company Limited* (上海千頤景觀工程有限公司), a wholly foreign owned enterprise established in the PRC with limited liability on 26 December 2013, and an indirect wholly-owned subsidiary of the Company
“Share Option Scheme”	the share option scheme conditionally approved and adopted by the Company on 25 June 2014 which became unconditionally effective on the Listing Date, the principal terms of which are summarised in the subsection headed “Share Option Scheme — Summary of terms” in Appendix V to the Prospectus
“Shareholders”	holder(s) of our Share(s) from time to time
“Shares”	ordinary shares of HK\$0.025 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.