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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1253)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

FINANCIAL HIGHLIGHTS

		Six months ended 30 June		
		2015	2014	Change
		Unaudited	Audited	
Revenue	*RMB'000*	**327,823**	273,239	+20.0%
Gross profit	*RMB'000*	**115,445**	98,840	+16.8%
Net profit attributable to owners of the Parent	*RMB'000*	**71,263**	55,859	+27.6%
Gross profit margin	%	**35.2**	36.2	–1.0% point
Net profit margin	%	**21.7**	20.4	+1.3% points

In this announcement "we", "us" and "our" refer to the Company (as defined below) and where the context otherwise requires, the Group (as defined below).

The board (the "**Board**") of directors (the "**Directors**") of Broad Greenstate International Company Limited (the "**Company**" or the "**Parent**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2015 (the "**Reporting Period**"), together with audited comparative figures for the corresponding period in the year 2014.

UNAUDITED INTERIM RESULTS OF THE GROUP FOR THE REPORTING PERIOD

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income
For the six-month period ended 30 June 2015

	Notes	Six-month period ended 30 June **2015** **(Unaudited)** ***RMB'000***	2014 (Audited) *RMB'000*
REVENUE	*5(a)*	**327,823**	273,239
Cost of sales		**(212,378)**	(174,399)
Gross profit		**115,445**	98,840
Other income and gains	*5(b)*	**3,803**	2,642
Administrative expenses		**(18,909)**	(23,069)
Finance costs	*7*	**(4,524)**	(3,908)
Share of profits and losses of:			
A joint venture		**(22)**	(22)
An associate		**(1)**	172
Profit before tax		**95,792**	74,655
Income tax expense	*8*	**(24,529)**	(18,796)
Profit for the period		**71,263**	55,859
Attributable to:			
Owners of the Parent		**71,263**	55,859
Exchange differences on translation of foreign operations		**(222)**	—
Other comprehensive income for the period, net of tax		**71,041**	55,859
Total comprehensive income for the period		**71,041**	55,859
Earnings per share attributable to ordinary equity holders of the Parent:			
Basic and diluted	*9*	**0.09**	N/A

Condensed Consolidated Interim Statement of Financial Position
As at 30 June 2015

	Notes	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**9,834**	10,323
Goodwill		**1,916**	1,916
Other intangible assets		**5,377**	5,546
Investment in a joint venture		**5,303**	5,325
Investment in an associate		**8,506**	8,507
Deferred tax assets		**2,982**	2,925
Total non-current assets		**33,918**	34,542
CURRENT ASSETS			
Construction contracts	*10*	**517,482**	324,939
Trade receivables	*11*	**228,074**	209,900
Prepayments, deposits and other receivables		**29,602**	44,571
Pledged deposits		**62,497**	62,520
Cash and cash equivalents		**184,797**	143,919
Total current assets		**1,022,452**	785,849
CURRENT LIABILITIES			
Trade and bills payables	*12*	**327,397**	228,366
Other payables and accruals		**55,900**	47,869
Short-term bank borrowings	*13*	**27,226**	50,000
Long-term bank borrowings — current portion	*13*	**110,000**	—
Tax payable		**57,533**	50,012
Total current liabilities		**578,056**	376,247
NET CURRENT ASSETS		**444,396**	409,602
TOTAL ASSETS LESS CURRENT LIABILITIES		**478,314**	444,144

	Notes	**30 June 2015 (Unaudited) *RMB'000***	31 December 2014 (Audited) *RMB'000*
NON-CURRENT LIABILITIES			
Long-term bank borrowings	*13*	**—**	110,000
Deferred tax liabilities		**1,335**	1,378
Total non-current liabilities		**1,335**	111,378
NET ASSETS		**476,979**	332,766
EQUITY			
Equity attributable to owners of the Parent			
Share capital		**285,312**	184,534
Other reserves		**190,767**	119,726
Proposed final dividend		**—**	27,606
Non-controlling interests		**900**	900
Total equity		**476,979**	332,766

1. CORPORATE INFORMATION

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

The Company is an investing holding company. During the six months ended 30 June 2015 (the "**Reporting Period**"), the Company's subsidiaries were principally engaged in the services of landscape designing and gardening and the related services.

Particulars of the subsidiaries now comprising the Group are as follows:

Name	**Place of incorporation/ registration and business**	**Date of incorporation**	**Nominal value of issued ordinary/ registered share capital**	**Percentage of equity attributable to the Company**				**Principal activities**
				2015		2014		
				direct	**indirect**	direct	indirect	
Greenstate Times International Company Limited	British Virgin Islands	30 October 2013	USD50,000	**100%**	**—**	100%	—	Investment holding
Greenstate International Company Limited	Hong Kong	12 November 2013	HK$10,000	**—**	**100%**	—	100%	Investment holding
Shanghai Qianyi Landscape Engineering Company Limited[#]	People's Republic of China (The "**PRC**" or "**China**")	26 December 2013	USD37,000,000	**—**	**100%**	—	100%	Investment holding
Shanghai Greenstate Landscape Properties Company Limited[#]	PRC	15 June 2004	RMB32,000,000	**—**	**100%**	—	100%	Landscaping
Shanghai Broad Landscape Construction and Development Company Limited ("**Shanghai Broad**")[#]	PRC	1 June 1999	RMB200,000,000	**—**	**100%**	—	100%	Landscaping
Shanghai Greenstate Gardening Company Limited ("**Shanghai Greenstate**")[#]	PRC	17 September 2004	RMB500,000	**—**	**100%**	—	100%	Landscaping
Shanxi Broad Weiye Landscape Engineering Company Limited[*#] ("**Shanxi Broad**")	PRC	11 September 2013	RMB2,000,000	**—**	**55%**	—	55%	Landscaping
Shanghai Qianyi Investment Management Company Limited[#]	PRC	20 May 2015	RMB2,000,000	**—**	**100%**	—	—	Investment holding
Zhejiang Greenstate Ecological Gardening Company Limited[#]	PRC	14 April 2015	RMB30,000,000	**—**	**100%**	—	—	Research and development

* Shanxi Broad was incorporated as a subsidiary of a non-wholly-owned subsidiary of the Shanghai Broad and accordingly, is accounted for as a subsidiary by virtue of the Shanghai Broad's control over it.

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

2.1 BASIS OF PRESENTATION

This condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with Hong Kong Accounting Standards ("**HKASs**") 34 *Interim Financial Reporting*. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2014, which were prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

2.2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015.

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

Amendments to HKAS19	*Defined Benefit Plans: Employee Contributions*[1]
Annual Improvements 2010–2012 Cycle	*Amendments to a number of HKFRSs*[1]
Annual Improvements 2011–2013 Cycle	*Amendments to a number of HKFRSs*[1]

[1] Effective for annual periods beginning on or after 1 July 2014

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

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

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

HKFRS9	*Financial Instruments*[3]
Amendments to HKFRS10 and HKAS28 (Revised)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to HKFRS10 HKFRS12 and HKAS28 (Revised)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS14	*Regulatory Deferral Accounts*[4]
HKFRS15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS1	*Disclosure Initiative*[1]
Amendments to HKAS16 and HKAS38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS16 and HKAS41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS27 (Revised)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012–2014 Cycle	*Amendments to a number of HKFRSs*[1]

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for annual periods beginning on or after 1 January 2017
[3] Effective for annual periods beginning on or after 1 January 2018
[4] Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

4. OPERATING SEGMENT INFORMATION

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

Information about major customers

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

	Six-month period ended 30 June	
	2015	2014
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Customer A	**131,716**	132,357
Customer B	**109,819**	59,312
Customer C	*	33,015

* Less than 10% of the total revenue.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents an appropriate proportion of contract revenue of construction contracts and the value of services rendered during the Reporting Period.

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

(a) Revenue:

	Six-month period ended 30 June	
	2015	2014
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Construction contracts	**326,143**	268,969
Rendering of services	**1,680**	4,270
	327,823	273,239

(b) Other income and gains:

	Six-month period ended 30 June	
	2015	2014
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Bank interest income	**54**	78
Other interest income	**2,735**	1,845
Government grants*	**863**	719
Others	**151**	—
	3,803	2,642

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

6. PROFIT BEFORE TAX

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

		Six-month period ended 30 June	
		2015	2014
		(Unaudited)	(Audited)
	Notes	***RMB'000***	*RMB'000*
Cost of construction contracts		**210,798**	161,117
Cost of services provided		**1,580**	3,812
Employee benefit expenses			
Wages and salaries		**4,499**	2,601
Pension scheme contribution		**1,114**	683
		5,613	3,284
Depreciation		**623**	780
Amortisation of other intangible assets*		**169**	167
Impairment of trade receivables	*11*	**1,277**	—
Share issue expenses		**—**	15,597
Consulting fees		**3,556**	578
Auditors' remuneration		**756**	380
Loss on disposal of items of property, plant and equipment		**237**	—
Minimum lease payments under operating leases:			
Land and buildings		**187**	189

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

7. FINANCE COSTS

	Six-month period ended 30 June	
	2015	2014
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Interest on bank loans	**4,524**	3,908

8. INCOME TAX EXPENSE

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

	Six-month period ended 30 June	
	2015	2014
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Current — PRC		
Charge for the period	**24,629**	18,574
Deferred tax	**(100)**	222
Total tax charge for the period	**24,529**	18,796

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

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

	Six-month period ended 30 June	
	2015	2014
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Profit before tax	**95,792**	74,655
Tax at the statutory tax rate (25%)	**23,948**	18,663
Profits and losses attributable to a joint venture and an associate	**6**	(38)
Expenses not deductible for tax	**575**	171
Tax charge at the Group's effective rate	**24,529**	18,796

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share amounts for the Reporting Period is based on the profit of RMB71,263,000 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 768,865,111 (2014: 609,035,879) in issue during the Reporting Period, (without adjustment for the subdivision of each share of par value of HK$0.10 each into four subdivided shares of par value of HK$0.025 each effective from 19 August 2015).

The Group had no potentially dilutive ordinary shares in issue during the Reporting Period.

10. CONSTRUCTION CONTRACTS

	As at 30 June 2015 (Unaudited) *RMB'000*	As at 31 December 2014 (Audited) *RMB'000*
Gross amount due from contract customers	**517,482**	324,939
Contract costs incurred plus recognised profits less recognised losses to date	**576,629**	388,507
Less: Progress billings	**(59,147)**	(63,568)
	517,482	324,939

11. TRADE RECEIVABLES

	As at 30 June 2015 (Unaudited) *RMB'000*	As at 31 December 2014 (Audited) *RMB'000*
Trade receivables	**234,265**	214,814
Impairment	**(6,191)**	(4,914)
	228,074	209,900

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

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

	As at 30 June 2015 (Unaudited) *RMB'000*	As at 31 December 2014 (Audited) *RMB'000*
Within one year	**205,356**	192,599
Over one year but within two years	**19,547**	15,515
Over two years	**3,171**	1,786
	228,074	209,900

Provision for impairment of trade receivables is RMB1,277,000 during the Reporting Period.

Included in the provision for impairment of trade receivables as at 30 June 2015 is a provision for individually impaired trade receivables of RMB6,191,000 (31 December 2014: RMB4,914,000) with a carrying amount before provision of RMB188,732,000 as at 30 June 2015 (31 December 2014: RMB184,111,000).

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. As at 30 June 2015, retention money held by customers included in trade receivables amounted to approximately RMB45,533,000 as compared to RMB30,668,000 as at 31 December 2014.

12. TRADE AND BILLS PAYABLES

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

	As at 30 June 2015 (Unaudited) *RMB'000*	As at 31 December 2014 (Audited) *RMB'000*
Within one year	**321,069**	225,885
Over one year but within two years	**5,064**	2,403
Over two years	**1,264**	78
	327,397	228,366

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

13. INTEREST-BEARING BANK BORROWINGS

		As at 30 June 2015 (Unaudited)			As at 31 December 2014 (Audited)		
	Notes	**Effective interest rate (%)**	**Maturity**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000
Current							
Bank loans — unsecured		**6.16**	**2015**	**—**	6.16	2015	27,000
Bank loans — secured	*(i)*	**3.00**	**2016**	**27,226**	—	—	—
		6.60	**2015**	**—**	6.60	2015	23,000
Current portion of long-term bank loans — other secured	*(ii)*	**4.50**	**2016**	**110,000**	—	—	—
				137,226			50,000
Non-current							
Bank loans — other secured	*(ii)*	**—**	**—**	**—**	4.50	2016	110,000
				137,226			160,000

Notes:

(i) (a) Certain of the Group's bank loans are secured by mortgages over the Group's building, which had a carrying value at the end of the Reporting Period of approximately RMB8,577,000 (31 December 2014: RMB8,796,000).

(b) Certain of the Group's bank loans are secured by the share charge over the Company's controlling shareholder's 75,000,000 shares of the Company.

(ii) (a) Certain of the Group's bank loans are secured by the pledge of certain of the Group's deposits amounting to RMB62,497,000 (31 December 2014: RMB62,520,000).

(b) The Company's controlling shareholder has guaranteed certain of the Group's bank loans up to RMB52,000,000 (31 December 2014: RMB52,000,000).

Except for the 3.00% secured bank loan which is denominated in Hong Kong Dollars ("**HK$**"), all borrowings are in RMB.

MANAGEMENT DISCUSSION AND ANALYSIS

As a rapid-growing integrated landscape architecture design service provider in China, the Group always focuses on major urban landscape projects across China and offers our customers with "one-stop" project-based landscape architecture design and construction service solutions, including design and planning, design refinement, construction, seedlings cultivation and maintenance.

INDUSTRY REVIEW

Over the past half year, the major market trend of landscaping design and landscape construction industry was generally in line with the development of the landscaping industry in China. In which, the landscaping market in public sector kept rapidly developing under the support of government and influence of urbanization.

Under the increasing need for environmental protection and rapid growth of urbanization, Chinese government vigorously supported landscaping industry. According to the data newly published by State Statistics Bureau, Chinese government's expenditure on environmental protection amounted to RMB343.5 billion in 2013 and RMB375.2 billion in 2014 with compound growth rate of 9%. National urbanization rate continued to grow steadily and reached 54.77% as of 31 December 2014.

Urbanization drives the social need for greening areas. According to the target formulated in the Planning Outline for Promotion of Ecological Civilization Construction of 2013-2020 published by the State Forestry Administration, PRC urban per capita green area will grow from 12.64 square meters at the end of 2014 to 15 square meters in 2020. Based on the injection of about RMB300 per square meter of municipal landscaping area, newly added urbanization area each year will bring about RMB138.5 billion for landscaping market.

In respect of landscaping projects in the private sector, as the growth of investment on real estate slowed down in the first half year, growth of landscape business in private sector was affected in some extent.

BUSINESS REVIEW

During the Reporting Period, the Group continues to focus on municipal and city level landscape projects and to provide our customers with "one-stop" service solutions, including design and planning, design refinement, construction, seedlings cultivation and maintenance. The Group generally serves as the master contractor responsible for the overall management of landscape projects. Benefiting from stable market development, the Group recorded a better-than-expected overall result for the first half year.

Our customers are currently classified into two categories: (1) the public sector, including urban public green areas and various theme parks; and (2) the private sector, including residential and resort landscape. We have a strong and well established customer base. Our customers mainly consist of state and local government as well as state-invested enterprises, and the projects awarded by these customers have contributed approximately 90.3% of our total revenue for the Reporting Period.

Major Large-Scale Projects

During the Reporting Period, the Group conducted 11 major large-scale landscaping projects with initial contract value of RMB5 million or above, the total initial contract value amounted to RMB1,186.8 million, and recognized a revenue of RMB301.9 million in aggregate during the Reporting Period. As at 30 June 2015, the net value of backlog of all landscape projects awarded after adjustment was RMB430.9 million.

Completed Major Landscape Projects

Projects	Customer type	Initial contract value	The amount of revenue recognized during the Reporting Period
		(RMB'000)	*(RMB'000)*
Project A	Government	101,690	—
Project B	Private enterprise	50,000	—
Project C	Government	39,860	4,361
Project D	State-invested enterprise	26,397	24,621
Project E	State-invested enterprise	19,698	—
Total		237,645	28,982

Major Landscape Projects in progress

Projects	Customer type	Initial contract value	Commencement	Expected completion year	The amount of revenue recognized during the Reporting Period
		(RMB'000)			*(RMB'000)*
Project F	State-invested enterprise	360,000	November 2014	2015	109,819
Project G	State-invested enterprise	350,000	March 2014	2015	131,716
Project H	State-invested enterprise	166,352	December 2012	2015	10,155
Project I	State-invested enterprise	39,300	May 2013	2015	15,795
Project J	State-invested enterprise	26,397	January 2015	2016	4,040
Project K	State-invested enterprise	7,139	July 2014	2015	1,348
Total		949,188			272,873

New Major Landscape Projects awarded but not yet commenced

Projects	**Customer type**	**Initial contract value** *(RMB'000)*	**Commencement**	**Expected completion year**
Project L	Public-Private-Partnership ("**PPP**") company	300,000	November 2015	2017
Project M	Private enterprise	17,095	July 2015	2016
Total		317,095		

Qualifications and Licenses

The Group, as a provider that can offer customers "one-stop" project-based landscape architecture design and construction service solutions, is currently holding multiple qualifications including a Grade One qualification in urban landscape construction and a Grade Two qualification in scenery landscape design. The Group has a track record of completing more than 67 landscape projects which further improved the Group's position in the landscape design and construction market has been further improved.

At the same time, the Group is actively applying for a Grade One qualification in design and is in the process of administrative licensing.

The Group currently holds the following major licenses/qualifications in the PRC:

Issue authority	**Category**	**License class**
Ministry of Housing and Urban-Rural Development of the PRC	Urban landscape construction enterprises qualification certificate	Grade One
Shanghai Urban Construction and Communications Commission	Scenery landscape design	Grade Two
Shanghai Urban Construction and Communications Commission	Construction enterprise qualification certificate	Grade Three

Cooperation with Greenland Group

The Group is actively cooperating with Greenland Holding Group Company Limited ("**Greenland Group**") in various respects. Currently, the two parties have been in discussion of several landscape construction projects related to property development, one of these projects has reached a cooperation intention, and relevant contract is expected to be signed in the near future.

In light of Greenland Group's advantages in real estate development and landscape design and construction capability of the Group, we will seek more opportunities to cooperate with Greenland Group to seize development opportunities in respect of PPP mode.

Termination of the Acquisition of Zhejiang NITA Landscape Architecture Development Company Limited ("NITA Landscape")

The Group considers that terminating the acquisition of NITA Landscape will not cause any significant adverse effect on the Group's business, operation and financial positions. The Group will continue to identify excellent design entities and seek appropriate acquisition opportunities, so as to further enhance the Group's design ability and raise the Company's reputation in the market.

Moreover, in order to improve the internal landscape design capability, the Group has particularly employed several experienced landscape designers. Meanwhile, the Group has applied for Grade One qualification in scenery landscape design to strengthen the Group's design team.

Cost Control

During the Reporting Period, the Group continued to strictly control the sales costs strictly in three aspects. Firstly, the Group took advantage of the project information management system updated in February 2015, strictly conducting an integrated and systematic management of the whole operating process comprising design in early phase, procurement in middle phase and construction in later phase at our headquarters to improve our operation efficiently. Secondly, the Group enhanced the construction management procedure and purchase cost regulation by employing talents with professional management experience as construction and procurement governors, so as to reduce the Group's cost and expenditure. Thirdly, the Group successfully enhanced our control on expenditure through implementing a comprehensive budget control and bringing economic activities into budget management process.

Research and Development

In order to enhance our competitive advantage, our research and development direction primarily covers (1) new breeds for landscaping, new products research and development, trial production, production and reserve; (2) research and development and reserve of new technologies, new architecture and new construction methods; and (3) skill-consultation on field investigation and sampling, testing and analysis and project design. Currently, major research and development projects of the Group include: conducting introduction and selection of new and high-quality greening plant breeds to select breeds with high adaptability, good visual effect and high market value and producing low-cost, new and high-quality plants through efficient management and optimized allocation, so as to improve our market competitiveness in respect of planning, design and construction.

In addition, the Group has launched a research, production and reserve of cultivation medium, rooting agent, nutrient solution, preservative, anti-transpiration agent, cladding material which are suitable for our projects to offer material guarantee on improving the construction quality of our greening projects.

The Group has carried out a research and development on ancillary construction technology including full crown transplant, out-of-season construction, salt and alkali afforestation and fast plant growing, focusing on tackling skill difficulties related to construction of unconventional projects, in order to raise project quality and reduce construction cost.

Quality Control

The Group has always been focusing on quality control in construction since its incorporation. In respect of human resource, the Group owns a team of project managers with rich deal experience in undertaking various large landscape construction projects. In respect of system, the Group owns a comprehensive quality management system and is accredited with ISO9000 standard. In respect of technology, operation, human resource and file management areas, a complete, practical and effective management policy has been established. The Group also carried out training and established management system in various aspects including management and quality of workers, quality guarantee on raw material, site management and quality management system, so as to ensure the timely and efficient completion of the Group's projects.

OUTLOOK

Looking ahead, due to the continuous urbanization and the increasing demand for per capita green area, the whole landscaping market will maintain a stable growth. Meanwhile, landscaping projects in public sector which the Group focuses now undergo a key period of PPP mode transformation which are expected to bring a higher growth prospect for the industry following the successive implementation of pilot projects in different areas.

The Group believes that PPP mode will become a major trend. At the end of 2014, the Ministry of Finance of the State Council successively issued documents to regulate debt financing mechanism of local government and required that PPP mode to be actively and extensively applied into infrastructure and public service areas. The promotion of PPP mode in landscape industry brings more development opportunities for landscape companies which were heavily restrained by the payment collection. Compared to original BT mode, in PPP mode, companies can establish project companies with share capital to operate relevant project and absorb long-term capital, which could maintain project revenue as well as conduct project financing so as to avoid project risk. Currently, implementation of PPP mode in landscape industry is undergoing an exploration period, and the total investment of signed orders reached approximately RMB2 billion, which is less than 5% of the total amount of the industry. Currently, landscape enterprises are actively seeking various innovative methods. Therefore, the Group will seize this opportunity to rapidly expand PPP mode business.

In May 2015, the Group entered into a subscription agreement with Greenland Financial Overseas Investment Group Co., Ltd. (綠地金融海外投資集團有限公司) ("**Greenland Financial**"), a renowned state-owned enterprise and wholly-owned by Greenland Group. The Group allotted and issued aggregate 59,440,000 subscription shares. This additional share issuance has provided financial support for our existing and potential projects.

More importantly, Greenland Group undertakes to provide or otherwise introduce landscape projects with attributable income of not less than RMB300 million each year during the three years of lock-up period. Currently, the Group is consolidating the cooperative relationship and negotiating the implementation of relevant landscape projects with Greenland Group, expecting to announce the development information on more relevant projects in short-term.

In terms of acquisition in relation to soil improvement, ecological management and water treatment, the Group will continue to actively identify merger and acquisition targets relating to soil improvement, ecology management and water treatment at home and abroad, so as to be the leading player in ecology rehabilitation industry focusing on technology, and to expand to related upstream and downstream businesses within the industry chain, to enlarge our market share and to provide one-stop and all-rounded ecology landscape construction services.

In terms of development of new projects in Harbin, Haikou, Sichuan and Yunnan, the Group has obtained Harbin project, of which the development and construction will be conducted in PPP mode. Haikou project is currently under discussion, the Group will disclose relevant details upon confirmation as soon as possible. Sichuan project is now still under negotiation and is expected to have more updates in the second half of 2015. Yunnan project currently has no further progress because of local removal and relocation issues.

We endeavor to develop constantly with the purpose of becoming one of the top ten enterprises of the landscape sector in China in 2019.

FINANCE REVIEW

Revenue

After obtaining the Grade One urban landscape construction enterprises qualification certificate in August 2011, the Group's ability to conduct larger scale construction projects was improved significantly. During the Reporting Period, the Group proactively participated in undertaking several large scale municipal and city level ecology landscape projects, with 11 large projects in progress and 2 projects awarded but not yet commenced. During the Reporting Period, we continued to maintain growth, and also improved our project execution capability. The Group's total income increased from RMB273.2 million in the same period of 2014 to RMB327.8 million for the six months ended 30 June

2015. There were 35 projects in total which made a contribution to the income, 8 of which with initial contract value of RMB5 million or above, contributing 92.1% income for the Group. Net profit was RMB71.3 million, increased by 27.6% as compared to RMB55.9 million in the same period of 2014.

Gross profit and gross profit margin

For the six months ended 30 June 2015, the Group's gross profit was RMB115.4 million as compared to RMB98.8 million in the comparable period in 2014, representing an increase of 16.8%. Our gross profit margin for the six months ended 30 June 2015 was 35.2%, representing a slight decrease of 1 percentage point as compared to 36.2% in the comparable period in 2014, which was mainly due to the decrease in the contribution percentage of large projects which have higher gross profit margin as compared to small projects as the projects are more complex and require more integrated management.

Administrative expenses

Our administrative expenses principally consist of salaries and benefits of administrative staff, consultation fees, depreciation and amortization, travelling and business meeting expenses, equipment expenses and other expenses. During the Reporting Period, administrative expenses of the Group was RMB18.9 million as compared to RMB23.1 million for the comparable period in 2014, representing a decrease of RMB4.2 million, which was mainly attributable to the decrease of RMB15.6 million in listing-related expenses as compared to that for comparable period on the one hand, and on the other hand, the increase in the administrative expenses in relation to business expansion.

Financial cost

For the six months ended 30 June 2015, the financial cost of the Group was RMB4.5 million as compared to RMB3.9 million in the comparable period in 2014. The increase was mainly due to the increase in interest-bearing bank borrowings incurred by financing the existing and potential projects, payment for final dividend and replenishment for general working capital.

Income tax

The income tax of the Group increased from RMB18.8 million of the same period of last year to RMB24.5 million for the six months ended 30 June 2015, mainly due to the increased assessable profit of the Group. During the Reporting Period, the effective tax rate of the Group was 25.6% as compared to 25.2% for the comparable period in 2014.

Net profit and net profit margin

During the Reporting Period, net profit attributable to the owners of the Parent increased by RMB15.4 million from RMB55.9 million of the same period of last year to RMB71.3 million, representing an increase of 27.6%. The net profit margin was 21.7% as compared to 20.4% for the comparable period in 2014.

Liquidity and capital resources

We have historically met our liquidity requirements through cash flows from operations, bank borrowings and obtaining credit terms from suppliers. Our primary liquidity requirements are to finance working capital, fund the payments of interests and principal due on our indebtedness and fund capital expenditure for the expansion of our facilities and operations. Going forward, we expect these sources will continue to be our principal sources of liquidity, and we may also use a portion of the proceeds from the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") ("**Listing**") to finance a portion of our capital requirements.

As at 30 June 2015, cash and cash equivalents of the Group was RMB184.8 million as compared to RMB143.9 million as at 31 December 2014, the interest-bearing bank borrowings and long-term loans of the Group amounted to RMB137.2 million as compared to RMB160.0 million as at 31 December 2014. The decrease in interest-bearing bank borrowings was mainly due to the repayment by the Group of RMB50.0 million of short-term loans used for the satisfaction of the requirement of working capital.

Gearing ratio

As at 30 June 2015, the Group's gearing ratio was 37.8% as compared to 69.3% as at 31 December 2014, which is calculated at the net debt divided by the equity plus net debt. The net debt includes interest-bearing bank borrowings, trade and bills payables, other payables and accruals, less cash and cash equivalents.

Capital expenditure and capital commitment

During the Reporting Period, the Group has no material capital expenditure.

Pledge of assets

As at 30 June 2015, certain of the Group's buildings with a net carrying amount of approximately RMB8,577,000 (31 December 2014: RMB8,796,000) and certain of the Group's current fixed deposits with a net carrying amount of approximately RMB62,497,000 (31 December 2014: RMB62,520,000) were pledged to secure bank loans granted to the Group.

Market risks

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

Interest rate risk

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

Credit risk

Our maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 30 June 2015 in relation to each class of recognized financial assets is the carrying amount of those assets as stated in the statement of financial position. In order to minimize the credit risk, we review recoverable amount of each individual trade and other receivables regularly at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. As at 30 June 2015, our cash and cash equivalents were deposited in high quality financial institutions without significant credit risk.

Liquidity risk

We monitor our risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both of our financial instruments and financial assets such as trade receivables and projected cash flows from operations. We also manage our capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, we may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. We are not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the six months ended 30 June 2015.

Foreign exchange risk

The Group's businesses are located in the PRC and substantially all of its transactions are denominated in RMB. The Group reviews its foreign currency exposures regularly and considers no significant exposure on its foreign exchange risk. The Group is not currently engaged in hedging to manage its foreign exchange risk.

USE OF PROCEEDS FROM LISTING

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

Purposes	**Proportion**	**Proceeds**	**Utilized amount**
		RMB'000	*RMB'000*
Offering to finance the completion of Chenzhou Project	20%	33,659	33,659
For our potential future projects	30%	50,488	27,160
For the potential acquisition of landscape architecture service companies or design companies	20%	33,659	—
For the expansion of our geographical coverage in China by establishing more subsidiaries and branches	10%	16,829	16,829
For our research and development activities	10%	16,829	16,829
Used as general working capital of the Group	10%	16,829	16,829
Total:		168,293	111,306

CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 22 October 2013 as an exempted company with limited liability, and the shares of the Company were listed on the Stock Exchange on 21 July 2014 (the "**Listing Date**").

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

On 25 June 2015, the Company issued an aggregate of 59,440,000 new ordinary shares of HK$0.10 each in the share capital of the Company to Greenland Financial at the issue price of HK$2.15 per ordinary share of HK$0.10 each pursuant to the subscription agreement entered into between the Company and Greenland Financial on 7 May 2015 (the "**Share Subscription**"). Details of the Share Subscription by Greenland Financial have been disclosed in the Company's announcements and circular dated 7 May 2015, 8 June 2015 and 25 June 2015.

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

CORPORATE GOVERNANCE

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

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as the basis of the Company's corporate governance practices since the Listing Date.

Throughout the Reporting Period, the Company has been in compliance with all the applicable code provisions set forth in the CG Code with the exception of code provision A.2.1.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding the Directors' dealings in the securities of the Company. The provisions under the Listing Rules in relation to compliance with the Model Code by the Directors regarding securities transactions were applicable to the Company during the Reporting Period.

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

The Company has also adopted the Model Code as the written guidelines for securities transactions by the relevant 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.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The Audit Committee was established with terms of reference in compliance with the CG Code, and comprises three members, namely Mr. Zhang Qing, Mr. Dai Guoqiang and Dr. Jin Hexian. The Audit Committee has reviewed together with the management the accounting principles and policies adopted by the Group and the unaudited interim results for the Reporting Period.

INTERIM DIVIDEND

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

EVENT AFTER REPORTING PERIOD

Share Subdivision

At the extraordinary general meeting of the Company held on 18 August 2015, an ordinary resolution was passed whereupon each of the issued and unissued ordinary shares of par value of HK$0.10 each in the share capital of the Company was subdivided into four (4) ordinary shares of par value of HK$0.025 each (the "**Subdivided Shares**") with effect from 19 August, 2015. The authorized share capital of the Company became HK$100,000,000 divided into 4,000,000,000 Subdivided Shares, of which 3,306,616,000 Subdivided Shares were in issue and fully paid or credited as fully paid. In addition, upon the Share Subdivision becoming effective, the number of Subdivided Shares which may be granted under the Share Option Scheme became 306,720,000 Subdivided Shares.

For further details, please refer to the announcement of the Company dated 13 July 2015, the circular of the Company dated 3 August 2015 and the announcement of the Company dated 18 August 2015.

PUBLICATION OF INTERIM RESULTS AND 2015 INTERIM REPORT

This announcement is published on the websites of the Company (*www.broad-greenstate.com.cn*) and the Stock Exchange (*www.hkexnews.hk*). The 2015 interim report will be despatched to the shareholders of the Company and will be made available on the websites of the Company and the Stock Exchange as and when appropriate.

By order of the Board
Broad Greenstate International Company Limited
Wu Zhengping
Chairman and Executive Director

Shanghai, the People's Republic of China
26 August 2015

As of the date of this announcement, our executive Directors are Mr. Wu Zhengping, Ms. Xiao Li, Ms. Zhu Wen and Mr. Wang Lei and our independent non-executive Directors are Mr. Dai Guoqiang, Mr. Zhang Qing and Dr. Jin Hexian.