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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS

		Year ended 31 December		Change
		2017 Audited	2016 Audited	
Revenue	RMB'000	1,336,327	724,805	611,522
Gross profit	RMB'000	355,652	271,090	84,562
Net profit attributable to owners of the Parent	RMB'000	155,619	151,707	3,912
Gross profit margin	%	26.6	37.4	–10.8 % points
Net profit margin	%	11.6	20.9	–9.3 % points
Proposed final dividend per share	HK cents	1.4	1.2	N/A
Dividend payout ratio		25	25	N/A

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 China Greenland Broad Greenstate Group Company Limited (the “**Company**” or the “**Parent**”) is pleased to announce the audited annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2017 (the “**Reporting Period**”), together with audited comparative figures for the preceding financial year.

AUDITED ANNUAL RESULTS OF THE GROUP FOR THE REPORTING PERIOD

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2017

		2017	2016
	Notes	RMB'000	RMB'000
REVENUE	2(a)	1,336,327	724,805
Cost of sales		<u>(980,675)</u>	<u>(453,715)</u>
Gross profit		<u>355,652</u>	<u>271,090</u>
Other income and gains	2(b)	1,934	17,607
Administrative expenses		(133,241)	(56,031)
Finance costs	4	(44,537)	(27,494)
Share of profits and losses of: joint ventures		<u>(1,560)</u>	<u>150</u>
PROFIT BEFORE TAX	3	178,248	205,322
Income tax expense	6	<u>(34,004)</u>	<u>(53,615)</u>
PROFIT FOR THE YEAR		<u>144,244</u>	<u>151,707</u>
Profit for the year			
Attributable to:			
Owners of the parent		155,619	151,707
Non-controlling interests		<u>(11,375)</u>	<u>—</u>
		<u>144,244</u>	<u>151,707</u>

		2017	2016
	Notes	RMB'000	RMB'000
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u>25,938</u>	<u>(21,163)</u>
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods		<u>25,938</u>	<u>(21,163)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		<u>25,938</u>	<u>(21,163)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>170,182</u></u>	<u><u>130,544</u></u>
Total comprehensive income attributable to:			
Owners of the parent		181,557	130,544
Non-controlling interests		<u>(11,375)</u>	<u>—</u>
		<u><u>170,182</u></u>	<u><u>130,544</u></u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
		2017	2016
		RMB	RMB
Basic			
— For profit for the year	8	<u><u>0.05</u></u>	<u><u>0.05</u></u>
Diluted			
— For profit for the year	8	<u><u>0.05</u></u>	<u><u>0.05</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2017

		31 December 2017	31 December 2016
	<i>Notes</i>	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		31,934	20,443
Investment properties		19,079	—
Prepaid land lease payments		594	—
Goodwill		8,378	1,916
Other intangible assets		64,544	24,646
Investment in joint ventures		108,397	5,456
Available-for-sale investments		7,296	—
Construction contracts		537,618	486,921
Prepayments, deposits and other receivables		47,616	—
Deferred tax assets		20,117	6,948
Pledged deposits		53,518	—
Total non-current assets		899,091	546,330
CURRENT ASSETS			
Construction contracts		667,134	377,984
Biological assets		40,413	—
Trade receivables	9	1,640,557	691,464
Prepayments, deposits and other receivables		220,720	67,816
Pledged deposits		25,500	—
Cash and cash equivalents		522,295	127,860
Total current assets		3,116,619	1,265,124
CURRENT LIABILITIES			
Corporate bonds		261,609	277,422
Trade and bills payables	10	1,736,386	520,018
Other payables and accruals		269,887	106,793
Interest-bearing bank and other borrowings		253,069	127,758
Tax payable		156,240	121,301
Total current liabilities		2,677,191	1,153,292
NET CURRENT ASSETS		439,428	111,832
TOTAL ASSETS LESS CURRENT LIABILITIES		1,338,519	658,162

	31 December 2017 <i>Notes</i> RMB'000	31 December 2016 <i>RMB'000</i>
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	415,200	—
Deferred tax liabilities	<u>10,334</u>	<u>6,145</u>
Total non-current liabilities	<u>425,534</u>	<u>6,145</u>
NET ASSETS	<u>912,985</u>	<u>652,017</u>
EQUITY		
Equity attributable to owners of the parent		
Share capital	66,396	65,602
Other reserves	<u>776,241</u>	<u>585,515</u>
	<u>842,637</u>	<u>651,117</u>
Non-controlling interests	<u>70,348</u>	<u>900</u>
Total equity	<u>912,985</u>	<u>652,017</u>

1. 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 landscape. No operating segments have been aggregated to form the above reportable operating segment.

Information about geographical area

Since over 90% of the Group's revenue and operating profit were generated from Mainland China and over 90% 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:

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Customer A	382,401	*
Customer B	226,917	*
Customer C	134,718	*
Customer D	134,568	*
Customer E	*	472,739
Customer F	<u>*</u>	<u>136,475</u>

* Less than 10% of the total revenue

2. REVENUE, OTHER INCOME AND GAINS

Revenue represents an appropriate proportion of contract revenue of construction contracts and the value of services rendered during the year.

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

(a) Revenue:

	2017 RMB'000	2016 RMB'000
Construction contracts	1,334,200	721,004
Rendering of services	<u>2,127</u>	<u>3,801</u>
	<u><u>1,336,327</u></u>	<u><u>724,805</u></u>

(b) Other income and gains:

	2017 RMB'000	2016 RMB'000
Bank interest income	836	2,918
Other interest income*	3,401	9,318
Government grants**	2,846	2,004
Foreign exchange difference, net	(3,696)	3,367
Fair value losses, net:		
Biological assets	(1,584)	—
Rental income	95	—
Others	<u>36</u>	<u>—</u>
	<u><u>1,934</u></u>	<u><u>17,607</u></u>

* The construction revenue is measured at the fair value of the consideration received or receivable which is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised as other interest income.

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

3. PROFIT BEFORE TAX

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

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Cost of construction contracts	979,189	450,206
Cost of services provided	1,486	3,509
Employee benefit expenses (including directors', chief executive's and senior managements' remuneration as set out in note 5)		
Wages and salaries	20,511	12,008
Equity-settled share option expense	(404)	6,299
Pension scheme contributions	9,514	6,651
	<u>29,621</u>	<u>24,958</u>
Depreciation	4,252	1,866
Amortisation of other intangible assets*	2,657	1,314
Amortisation of prepaid land lease payment	12	—
Impairment of trade receivables (<i>note 9</i>)	33,315	4,060
Impairment of Prepayment, deposit and other receivable	3,400	—
Consulting fees	7,970	10,664
Auditor's remuneration	2,400	1,800
(Gain)/Loss on disposal of items of property, plant and equipment	(59)	22
Minimum lease payments under operating lease:	<u>5,574</u>	<u>1,258</u>

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

4. FINANCE COSTS

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Interest on interest-bearing bank and other borrowings	19,855	4,046
Interest on corporate bonds	<u>24,682</u>	<u>23,448</u>
	<u>44,537</u>	<u>27,494</u>

5. DIRECTORS', CHIEF EXECUTIVE'S AND SENIOR MANAGERMENTS' REMUNERATION

Directors', chief executive's and senior managements' remuneration for the Reporting Period, disclosed pursuant to the Listing Rules section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2017 RMB'000	2016 RMB'000
Fees	<u>240</u>	<u>240</u>
Other emoluments:		
Salaries, allowances and benefits in kind	3,697	3,720
Equity-settled share option expense	1,337	4,862
Pension scheme contributions	<u>540</u>	<u>450</u>
	<u>5,814</u>	<u>9,272</u>

During the year ended 31 December 2015, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors', chief executive's and senior managements' remuneration disclosures.

6. 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 year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2017 RMB'000	2016 RMB'000
Current — the People's Republic of China ("PRC")		
Charge for the year	40,120	55,996
Deferred tax	<u>(6,116)</u>	<u>(2,381)</u>
Total tax charge for the year	<u>34,004</u>	<u>53,615</u>

Pursuant to Section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Council that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gain or appreciation shall apply to the Company or its operations.

The subsidiary incorporated in the BVI is not subject to income tax as the subsidiary does not have a place of business (other than a registered office only) or carry on any business in the BVI.

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 the 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. On 22 April 2009, the State Administration of Taxation issued State Tax Letter No.203 about preferential income tax on new hi-technology enterprises. This letter notice an income tax rate of 15% was imposed on new hi-technology enterprises. And Broad Greenstate Ecological Construction Group Company Limited* (博大綠澤生態建設集團有限公司) ("Broad Greenstate Ecological") applied to recognition of new hi-technology enterprise which was approved on 23 November 2017.

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the majority of the Company's subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Profit before tax	178,249	205,322
Tax at the statutory tax rate (25%)	44,562	51,331
Lower tax rate enacted by local authority	(23,731)	8,631
Effect on opening deferred tax of decrease in rates	1,069	—
Adjustments in respect of current tax of previous periods	(66)	(7,953)
Profits and losses attributable to joint ventures	390	(38)
Expenses not deductible for tax	1,178	1,171
Tax losses not recognised	<u>10,602</u>	<u>473</u>
Tax charge at the Group's effective rate	<u><u>34,004</u></u>	<u><u>53,615</u></u>

7. DIVIDENDS

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Proposed final — HK 1.4 cents (2016: HK1.2 cents) per ordinary share	<u><u>39,117</u></u>	<u><u>35,031</u></u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. 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 year attributable to owners of the parent, and the weighted average number of ordinary shares of 3,338,009,932 (2016: 3,306,616,000) in issue during the year.

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

The calculations of basic and diluted earnings per share are based on:

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Earnings		
Profit attributable to owners of the Parent, used in the basic and diluted earnings per share calculations	<u>155,621</u>	<u>151,707</u>
	Number of shares	
	2017	2016
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	3,338,009,932	3,306,616,000
Effect of dilution — weighted average number of ordinary shares: Share options	<u>13,349,402</u>	<u>10,007,092</u>
	<u>3,351,359,334</u>	<u>3,316,623,092</u>
Basic earnings per share (RMB)	<u>0.05</u>	<u>0.05</u>
Diluted earnings per share (RMB)	<u>0.05</u>	<u>0.05</u>

9. TRADE RECEIVABLES

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Trade receivables	1,686,753	704,345
Impairment	<u>(46,196)</u>	<u>(12,881)</u>
	<u>1,640,557</u>	<u>691,464</u>

The Group's trading terms with its customers are mainly on credit. The credit period varies with actual projects, ranging from 7 to 180 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. The Group's trade receivables are mainly concentrated to government authorities, some are concentrated to real estate companies. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aging analysis of the trade receivables as at the end of the reporting period, based on the transaction date and net of provisions, is as follows:

	2017 RMB'000	2016 <i>RMB'000</i>
Within one year	1,194,100	625,356
Over one year but within two years	393,926	45,878
Over two years	<u>52,531</u>	<u>20,230</u>
	<u><u>1,640,557</u></u>	<u><u>691,464</u></u>

The movements in provision for impairment of trade receivables are as follows:

	2017 RMB'000	2016 <i>RMB'000</i>
At 1 January	12,881	8,821
Impairment losses recognised (<i>note 3</i>)	37,771	4,060
Impairment losses reversed (<i>note 3</i>)	<u>(4,456)</u>	<u>—</u>
	<u><u>46,196</u></u>	<u><u>12,881</u></u>

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of approximately RMB46,196,000 (2016: RMB12,881,000) with a carrying amount before provision of approximately RMB784,995,000 (2016: RMB268,606,000).

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

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

	2017 RMB'000	2016 <i>RMB'000</i>
Neither past due nor impaired	<u><u>901,758</u></u>	<u><u>435,739</u></u>

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

Included in the Group's trade receivables are amounts due from the Group's joint ventures of RMB361,635,000 (2016: nil), which are repayable on credit terms similar to those offered to the major customers of the Group.

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 31 December 2017, retention money held by customers included in trade receivables amounted to approximately RMB69,694,000 (2016: RMB38,212,000), of which RMB59,073,000 (2016: RMB37,234,000) is expected to be recovered after more than twelve months.

10. TRADE AND BILLS PAYABLES

An aging analysis of the trade and bills payables as at the end of reporting period, based on the transaction date, is as follows:

	2017 RMB'000	2016 <i>RMB'000</i>
Within one year	1,589,999	300,267
Over one year but within two years	92,162	120,110
Over two years	<u>54,225</u>	<u>99,641</u>
	<u>1,736,386</u>	<u>520,018</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

The Chinese government has paid increasing attention to the ecological construction in recent years. The “17th National Congress” held by the central government in 2007 put forward the construction of ecological civilization, whose strategic positioning was further strengthened in the “18th National Congress” held in 2012 and the “19th National Congress” held in 2017. The national urban planning policies and such standards as “garden city” and “eco-city” enable local governments to attach importance to ecological landscaping in urban construction. In addition, increasing demands for comfortable urban living and the levels of consumption upgrade for real estate also lead to the rise of landscaping rate, all of which are beneficial to the rapid development of the landscaping industry.

According to the plans of Forestry Departments across China, China will launch a large-scale greening campaign to enable the forest coverage to reach 23.04% by 2020 and 26% by 2035, and to reach the world average by the middle of this century. Based on estimated population of 1.45 billion in China by 2020, if the newly added green space is approximately 2.8 billion square meters for the five-year period from 2016 to 2020 and the investment for each 100 million square meters is RMB45 billion, the investment for the newly added landscaping space within five years will be RMB1.3 trillion, meaning RMB250 billion per annum on average.

As of 31 December 2017, the number of Public-Private Partnership (“PPP”) projects in progress was 7,137 in the country, with a total value reaching RMB10.8 trillion. The municipal projects in operation continued to lead the growth, and the top three demonstration projects in operation are municipal projects, transportation projects, ecological construction and environmental protection projects. Among which, there were 256 municipal projects, accounting for 44.8% of the total projects in operation, and the percentage of projects in operation was 84.2%, representing an increase of 31 projects month-on-month, an increase of 76 projects over the end of last year, representing an increase of 194 projects year-on-year; there were 51 ecological construction and environmental protection projects, accounting for 8.9% of the total projects in operation, and the percentage of projects in operation was 86.4%, representing an increase of 8 projects month-on-month, an increase of 21 projects over the end of last year, representing an increase of 39 projects year-on-year.

Business Review

The Group’s major customers remain similar as last year, and are mainly classified into two categories: (i) local governments and state-owned enterprises, who work with the Group on projects including municipal greening, public green space, theme parks, etc. Upon the promotion of PPP project model, these customers will be transformed into PPP project companies which possess special concession authorized by local government; (ii) real estate developers and property owners in the private market, who work with the Group on residential and auxiliary greening projects. Currently, the Group’s customers mainly consist of the local governments and PPP project companies which possess special concession authorized by local government, accounting for approximately 80.5% of the Group’s total revenue as of 31 December 2017, as compared with 94.5% in the corresponding period in 2016.

Cooperative projects with Greenland Holding Group Corporation Limited (“Greenland Group”)

During the Reporting Period, the Group actively sought market opportunities of high quality and superior resources by leveraging on the resources advantage and strong brand impact of Greenland Group, and jointly participated in the bidding for large-scale domestic urban public greening projects.

On 12 December 2017, Broad Greenstate Ecological, Shandong Lvdiquan Ecological Industrial Company Limited* (山東綠地泉生態產業有限公司) (“**Shandong Lvdiquan**”), Hangzhou Xiaoshan Jiangnan Garden Construction Company Limited* (杭州蕭山江南園林工程有限公司) (“**Jiangnan Garden**”), an indirect subsidiary of the Group, and Shanghai Zhuzhen Enterprise Management Consulting Center* (上海祝臻企業管理諮詢中心) (collectively, the “**Private Parties**”), successfully won a bid for the PPP project for the construction of road and ancillary facilities of Shanghe Economic Development Zone* (商河經濟開發區道路及配套設施工程). Pursuant to the tender, the Private Parties and Shanghe County Industrial Investment Development Co., Ltd.* (商河縣城區產業投資開發有限公司) will establish a joint venture company. The total land area of the PPP project is 1,162 km² and the estimated amount of investment is approximately RMB488 million.

Qualifications and Licenses

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

Cost Control

The Group has always adhered to reasonable operation policy to execute cost control in three different aspects which include policy, system and manpower. In respect of policy, the Group carried out comprehensive budget management covering budget, control, supervision, analysis and appraisal in order to increase the efficiency of funds application. As a traditional construction enterprise, the Company becomes more mature in relation to the control of construction cost. By the end of 2017, the Company launched the “Non-construction Procurement Management System” to standardize and regulate the administrative procurement, brand promotion procurement and other service procurement, and strive to comprehensively control the Group’s costs. In respect of system, the Group independently invested in and researched a new project information management system to conduct comprehensive supervision and control of projects at different stages comprising design in the early stage, procurement in the middle stage and construction in the final stage. The system was gradually upgraded in 2017, making the cost control more refined and rationalized. As for manpower, the Group established a group of management personnel with rich experiences in procurement and engineering management last year to strengthen process management and cost supervision. The adoption of above cost control measures during the Reporting Period was proved to be effective.

Quality Control

Being a company with landscape construction as the core business, quality control is of the utmost importance for the Group. The Company conducted quality control in three aspects, which include policy, system and manpower similar to that of cost control. As for the system and policy, sound and comprehensive processes were established, coupled with optimized systems for quality control. As for manpower, a well-experienced project manager was employed to control engineering quality on a comprehensive basis. In 2017, the Company added quality system posts to adopt a standard quality control system for the existing construction enterprises and the newly acquired construction enterprises from the group level. As of now, quality management system of the Company has already passed the certification of ISO9001, ISO14001 and OHSAS18001.

Research and Development

The Group has been investing abundant resources in research and development. To be in line with its three strategies of “ecological construction, environmental governance and cultural tourism operations”, the Group’s research and development will focus on the technology and research with regard to these strategies. In order to strengthen its construction capacity in ecological construction sector and in line with the construction of Quanzhou and Taiyuan Botanical Garden projects, the research and development department has made substantial progress in respect of transplantation, introduction and domestication of special plants overseas in the light of the local location characteristics and site conditions. The research results has made up the technical defects for local landscaping industry in the introduction, transplantation and domestication of overseas plants, and the technology has also helped the Company gain competitive advantages for its business expansion in these regions. In order to expand its environmental restoration business, the Company has made great scientific progress in improvement of key technologies for salt control and salt elimination, ecological restoration of constructed wetland water environment and ecological treatment of polluted water area,

construction and demonstration application of urban near-natural wetland aquatic plant communities, biological treatment of garden organic waste, research on the introduction, domestication and cultivation of overseas varieties for specific park construction, research on the introduction of non-conventional plant species and the selection of new and superior varieties, technology of plant conservation agricultural facilities construction, soil improvement and in situ improvement, comprehensive treatment of pollutants and restoration technology of original ecological shoreline, and has successfully applied these technologies to various PPP projects, providing a number of solutions to the government while reducing the Company's construction costs and enhancing its efficiency.

Prospect

China's economy continued to be robust in 2017. GDP reached RMB82.71 trillion, up 6.9% year-on-year and 0.2 percentage points higher than that in 2016, being the first accelerated growth in seven years. High-quality development becomes a key for China's future economic development. It is expected that the macro-economy will maintain its steady growth in 2018. Stable economic growth is the foundation for ecological construction. Meanwhile, vigorous promotion of the "Belt and Road" policy, initiative implementation of the new philosophy of green development as well as encouragement of green, low-carbon, recycling and sustainable production and lifestyle make the vision a reality. In May 2017, the Ministry of Environmental Protection issued the "Belt and Road" Ecological and Environmental Cooperation Plan, stating that the ecological and environmental cooperation is the fundamental requirement for green "Belt and Road" construction, an important method to achieve green transformation of the regional economy as well as an important measure to implement 2030 sustainable development agenda. As for the development of PPP, the Ministry of Finance of the PRC, the State-owned Assets Supervision and Administration Commission and the financial systems issued several important documents to further regulate PPP at the end of 2017. The development of PPP across the country is even more noteworthy. After the implementation of regulations in 2017, standardization is expected to remain the main theme for PPP in 2018 with continuous slowdown of projects in progress. However, the percentage of projects in operation and the rate of operation will continue to increase, and the competition layout of such PPP key areas as transportation, municipal and urban comprehensive development is expected to stabilize, which is likely to maintain the overall rate of return of PPP at healthy level. However, worries persist on the downside risk of sharp slowdown in the PPP projects in operation due to tightened financing in the PPP industry, more-than-expected liquidation of the PPP management database and de-leveraging of certain local governments.

Despite uncertainties in the PPP market, in line with the main principle of "speeding up the reform of the ecological civilization and establishing beautiful China" being put forward at the 19th National Congress, the national urban planning policies and such standards as "garden city" and "eco-city" enable local governments to attach importance to ecological landscaping in urban construction. The Group will continue to maintain its core landscaping business in the future and focus on ecological construction, while strengthening and enhancing the quality of such projects as environmental restoration and cultural tourism operations. The environmental protection business was formally included by the Group in its strategic planning of whole industry chain development in 2017. The main objective under current stage is to obtain the relevant qualification for professional contracting of environmental protection projects as soon as possible, and take soil remediation as its main research

and development direction to undertake the construction of soil remediation projects. Meanwhile, the Group conducted development and research on a number of patented technologies this year, and successfully made substantial progress in plant cultivation, soil improvement and water ecological treatment. Currently, the Group owns a number of patented technologies and patented products with independent intellectual properties, which helps the Group to vigorously promote and develop the environmental protection business. Another important sector is the cultural tourism operation. The Group will strive to improve the commercial operation of the completed cultural tourism PPP projects, and seek to explore innovative channels for revenue generation by developing its diversified operating elements, such as culture, tourism, entertainment, sports, modern agriculture and ecological agriculture. The Group has established a specific cultural tourism operation company to carry out the related businesses, and employed well-known scholars in the industry as leaders, with an aim to become a benchmarking operating enterprise in the industry in the future.

Being eclectic and excelsior, with policy support and continuous promotion of PPP cooperation mode, based on such advantages as integrated industry chain operating capability, cross-region operating capability and large-scale project construction capacity, the Group strives to enhance the quality of project operations, broaden the revenue sources, strengthen market competitiveness and expand market share through professional, excellent and refined development. The Group will continue to strengthen its core ecological construction capacity and extend its ecological construction industry chain, so as to seek synergies in many areas including environmental governance and cultural tourism operation, enhance its market competitiveness, develop synergies across the whole industry chain and generate diversified profits, thus to promote the Group's sustainable growth in the long run.

CORPORATE INFORMATION

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

EVENTS AFTER THE REPORTING PERIOD

There are no significant events subsequent to 31 December 2017 which would material affect the Group's operating and financial performance as at the date of this annual results announcement.

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

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.

For the Reporting Period, the Company has applied the principles and code provisions of Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) (as in effect from time to time) as the basis of the Company’s corporate governance practices. The Company has complied with all the applicable code provisions of the CG Code, save and except for the code provisions A.2.1 and A.7.1.

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and 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.

Pursuant to code provision A.7.1 of the CG Code, agenda and full Board papers should be sent to all Directors at least three days (or other agreed period) before a regular Board or Board committee meeting, to keep Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The meeting papers for the first quarterly Board meeting of the Company and meetings of the audit, remuneration and nomination committees held on 21 March 2017 approving final results were, however, sent to the Directors less than three days before the aforementioned meetings pending the confirmation of some relevant information. Going forward, the Company would arrange to collect the relevant information earlier and ensure that meeting papers could be dispatched to the Directors in a timely manner.

In addition, pursuant to Rule 3.10 (1) and (2) of the Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive directors and at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise.

Following the resignation of Mr. Zhang Qing as an independent non-executive Director, the chairman and member of the Audit Committee, on 29 December 2017, the Company had two independent non-executive Directors, namely Mr. Dai Guoqiang and Dr. Jin Hexian, and none of the independent non-executive Directors had appropriate professional qualifications or accounting or related financial management expertise as stipulated in Rule 3.10 of the Listing Rules. On 13 March 2018, Dr. Chan Wing Bun, who has appropriate professional qualification in accounting in accordance with Rule 3.10 of the Listing Rules was appointed as a new independent non-executive Director, chairman and member of the Audit Committee.

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 have been applicable to the Company throughout 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 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 ANNUAL RESULTS BY THE AUDIT COMMITTEE

The Audit Committee was established with terms of reference in compliance with the CG Code. As at the date of this annual results announcement, it comprises three members, namely Dr. Chan Wing Bun, Mr. Dai Guoqiang and Dr. Jin Hexian. The Audit Committee has reviewed together with the management and the external auditor the accounting principles and policies adopted by the Group and the audited annual results for the Reporting Period and was of the opinion that the preparation of such annual results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

SCOPE OF WORK OF MESSRS. ERNST & YOUNG

The figures in respect of the Group’s consolidated statement of profits or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the Reporting Period as set out in this annual results announcement have been agreed by the Company’s auditor, Messrs. Ernst & Young, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standard on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Ernst & Young on this annual results announcement.

ANNUAL GENERAL MEETING (“AGM”)

The 2018 AGM will be held on Friday, 18 May 2018. A notice convening the AGM will be published and dispatched to the shareholders of the Company (“**Shareholders**”) in accordance with the requirements of the Listing Rules in due course.

FINAL DIVIDEND

The Board proposed to declare a final dividend of HK\$0.014 (equivalent to approximately RMB0.012) per Share, approximately HK\$46,795,517 (equivalent to approximately RMB39,116,841) in aggregate for the Reporting Period, which will be payable to Shareholders whose names appear on the register of members of the Company on 29 May 2018, subject to Shareholders' approval in the forthcoming 2018 AGM of the Company. The proposed final dividend is expected to be paid to the Shareholders by 22 June 2018.

RECORD DATE

For the purpose of determining the Shareholders' eligibility to attend and vote at the forthcoming 2018 AGM, the record date will be on Friday, 11 May 2018. In order to be eligible to attend and vote at the meeting, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Friday, 11 May 2018.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders' entitlement to the final dividend, the Company's register of members will be closed from Monday, 28 May 2018 to Tuesday, 29 May 2018, during which period no transfer of Shares will be registered. All transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Friday, 25 May 2018.

PUBLICATION OF ANNUAL RESULTS AND 2017 ANNUAL REPORT

This announcement has been published on the websites of the Company (www.greenland-broadgreenstate.com.cn) and the Stock Exchange (www.hkexnews.hk). The 2017 Annual 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
China Greenland Broad Greenstate Group Company Limited
Wu Zhengping
Chairman and Executive Director

Shanghai, the People's Republic of China
28 March 2018

* *for identification purposes only*

As of the date of this announcement, our executive Directors are Mr. Wu Zhengping, Ms. Xiao Li, Ms. Zhu Wen and Ms. Chen Min and our independent non-executive Directors are Mr. Dai Guoqiang, Dr. Jin Hexian and Dr. Chan Wing Bun.