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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

FINANCIAL HIGHLIGHTS

		Six months ended 30 June		
		2018	2017	Change
		Unaudited	Unaudited	
Revenue	*RMB'000*	**617,632**	759,197	–18.6%
Gross profit	*RMB'000*	**164,368**	213,971	–23.2%
Net profit attributable to owners of the Parent	*RMB'000*	**65,131**	102,746	–36.6%
Gross profit margin	%	**26.6**	28.2	–1.6% points
Net profit margin	%	**10.6**	13.3	–2.7% 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 China Greenland Broad Greenstate Group 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 2018 (the "**Reporting Period**"), together with unaudited comparative figures for the corresponding period in the year 2017.

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 2018

	Notes	Six-month period ended 30 June 2018 (Unaudited) *RMB'000*	2017 (Unaudited) *RMB'000*
REVENUE	*5(a)*	**617,632**	759,197
Cost of sales		**(453,264)**	(545,226)
Gross profit		**164,368**	213,971
Other income and gains	*5(b)*	**6,638**	11,797
Administrative expenses		**(60,771)**	(61,190)
Finance costs	*7*	**(25,520)**	(21,884)
Share of profits and losses of: joint ventures		**(546)**	(434)
Profit before tax		**84,169**	142,260
Income tax expense	*8*	**(18,518)**	(41,656)
Profit for the period		**65,651**	100,604
Attributable to:			
Owners of the Parent		**65,131**	102,746
Non-controlling interest		**520**	(2,142)
		65,651	100,604
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		**(3,513)**	11,112
Net other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods		**(3,513)**	11,112
Other comprehensive (loss)/income for the period, net of tax		**(3,513)**	11,112
Total comprehensive income for the period		**62,138**	111,716
Total comprehensive income attributable to:			
Owners of the parent		**61,618**	113,858
Non-controlling interests		**520**	(2,142)
		62,138	111,716
Earnings per share attributable to ordinary Equity holders of the Parent:			
Basic and diluted			
— For profit for the period	*9*	**RMB0.02**	RMB0.03

Condensed Consolidated Interim Statement of Financial Position
As at 30 June 2018

	Notes	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**35,983**	31,934
Investment properties		**18,715**	19,079
Prepaid land lease payments		**586**	594
Goodwill		**8,758**	8,378
Other intangible assets		**62,905**	64,544
Investment in joint ventures		**159,685**	108,397
Available-for-sale investments		**10,237**	7,296
Construction contracts	*10*	**487,127**	537,618
Prepayments, deposits and other receivables		**53,523**	47,616
Deferred tax assets		**18,868**	20,117
Pledged deposits		**38,718**	53,518
Total non-current assets		**895,105**	899,091
CURRENT ASSETS			
Construction contracts	*10*	**964,308**	667,134
Biological assets		**70,660**	40,413
Trade receivables	*11*	**1,813,019**	1,640,557
Prepayments, deposits and other receivables		**353,500**	220,720
Pledged deposits		**7,500**	25,500
Cash and cash equivalents		**198,638**	522,295
Total current assets		**3,407,625**	3,116,619
CURRENT LIABILITIES			
Corporate bonds		**262,650**	261,609
Trade and bills payables	*12*	**1,882,676**	1,736,386
Other payables and accruals		**337,504**	269,887
Interest-bearing bank borrowings	*13*	**292,162**	253,069
Tax payable		**173,145**	156,240
Total current liabilities		**2,948,137**	2,677,191
NET CURRENT ASSETS		**459,488**	439,428
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,354,593**	1,338,519

	Notes	**30 June 2018 (Unaudited) *RMB'000***	31 December 2017 (Audited) *RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*13*	**415,200**	415,200
Deferred tax liabilities		**10,068**	10,334
Total non-current liabilities		**425,268**	425,534
NET ASSETS		**929,325**	912,985
EQUITY			
Equity attributable to owners of the Parent			
Share capital		**66,396**	66,396
Other reserves		**797,457**	776,241
		863,853	842,637
Non-controlling interests		**65,472**	70,348
Total equity		**929,325**	912,985

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

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

The Company is an investing holding company. During the Reporting Period, the Company's subsidiaries were principally engaged in the services of landscape design and gardening and the related services.

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

Particulars of the Company's principal subsidiaries 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 31 December 2017 direct	indirect	30 June 2018 direct	indirect	Principal activities
Greenstate Times International Company Limited	BVI	30 October 2013	USD50,000	100%	—	**100%**	**—**	Investment holding
Greenstate International Company Limited	Hong Kong	12 November 2013	HKD10,000	—	100%	**—**	**100%**	Investment holding
Shanghai Qianyi Landscape Engineering Company Limited#	People's Republic of China (The "**PRC**")/ Mainland China	26 December 2013	USD37,000,000	—	100%	**—**	**100%**	Investment holding
Shanghai Qianyi Investing Company Limited#	PRC/Mainland China	20 May 2015	RMB2,000,000	—	100%	**—**	**100%**	Investment holding
Shanghai Greenstate Business Management Company Limited#	PRC/Mainland China	15 June 2004	RMB32,000,000	—	100%	**—**	**100%**	Landscaping
Broad Greenstate Ecological Construction Group Company Limited ("**Broad Greenstate Ecological**")#	PRC/Mainland China	1 July 1999	RMB1,050,000,000	—	100%	**—**	**100%**	Landscaping
Shanghai Greenstate Gardening Company Limited#	PRC/Mainland China	17 September 2004	RMB5,000,000	—	100%	**—**	**100%**	Landscaping
Shanxi Broad Weiye Landscape Engineering Company Limited#	PRC/Mainland China	11 September 2013	RMB2,000,000	—	55%	**—**	**55%**	Landscaping
Zhejiang Greenstate Ecological Gardening Company Limited#	PRC/Mainland China	14 April 2015	RMB30,000,000	—	100%	**—**	**100%**	Landscaping
Shanghai Dongjiang Building Survey and Design Engineering Co., Ltd.#	PRC/Mainland China	26 March 2010	RMB13,000,000	—	100%	**—**	**100%**	Design

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 31 December 2017 direct	31 December 2017 indirect	30 June 2018 direct	30 June 2018 indirect	Principal activities
Shanghai Dongjiang Building Landscape Engineering Co., Ltd.#	PRC/Mainland China	25 May 2010	RMB10,000,000	—	100%	**—**	**100%**	Landscaping
Shanghai Bifu Investment Center LLP#	PRC/Mainland China	31 December 2015	RMB190,000,000	—	100%	**—**	**100%**	Investment holding
Yuzhou Shenhou Old Town Protection Construction Co., Ltd.#	PRC/Mainland China	12 May 2016	RMB50,000,000	—	90%	**—**	**90%**	Project management
Hangzhou Xiaoshan Jiangnan Garden Construction Co., Ltd.#	PRC/Mainland China	11 January 1996	RMB100,000,000	—	60%	**—**	**60%**	Landscaping
Zhongbo Construction Engineering Group Co., Ltd.#	PRC/Mainland China	16 January 2002	RMB321,000,000	—	51%	**—**	**85%**	Landscaping
Shanghai Luyou Investment Center LLP#	PRC/Mainland China	14 October 2015	RMB20,000,000	—	80%	**—**	**80%**	Investment Holding
Shanghai Qingfu Business Management Consulting Center LLP#	PRC/Mainland China	17 March 2017	RMB20,000,000	—	96%	**—**	**96%**	Investment Holding
Shanghai Zhaofu Business Management Consulting Center LLP#	PRC/Mainland China	30 December 2016	RMB20,000,000	—	100%	**—**	**100%**	Investment Holding
Shanghai City Investment Virescence Technology Development LLP#	PRC/Mainland China	10 March 1994	RMB36,000,000	—	15%	**—**	**75%**	Landscaping

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

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

2.1 BASIS OF PRESENTATION

These unaudited interim condensed consolidated financial statements for the six months ended 30 June 2018 have been prepared in accordance with Hong Kong Accounting Standard 34 Interim financial reporting and the disclosure requirements of the Rules Governing the listing of securities on the Stock Exchange.

The interim condensed consolidated financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated. These interim condensed consolidated financial statements have not been audited. These interim condensed consolidated financial statements were approved and authorized for issue by the Board on 30 August 2018.

The interim financial information does not include all the information and disclosures required in the financial statements, and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2017, which have been 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 2017, except for the adoption of new standards and interpretations effective as of 1 January 2018.

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

The following new standard and amendment to standards are mandatory for the first time for the financial year beginning 1 January 2018:

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customer*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014–2016 Cycle	*Amendments to HKFRS 1 and HKAS 28*

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

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 16	*Leases*[1]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2021
3 No mandatory effective date yet determined but available for adoption

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 these 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 2017.

4. OPERATING SEGMENT INFORMATION

The Group's principal business is providing landscape design and gardening and related services. 100% of the Group's revenue and operating profit were generated from providing the service of 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 accounted for 10% or more of the total revenue, is set out below:

	Six-month period ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Customer A	**241,917**	358,643
Customer B	**76,087**	—
Customer C	*	181,476

* Less than 10% of the total revenue.

5. REVENUE, OTHER INCOME AND GAINS

Revenue 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	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Construction contracts	**613,085**	758,667
Rendering of services	**4,547**	530
	617,632	759,197

(b) Other income and gains:

	Six-month period ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Bank interest income	**1,197**	748
Other interest income*	**4,782**	4,069
Government grants**	**965**	885
Gain on Acquisition of a subsidiary	**—**	9,924
Foreign exchange difference, net	**(343)**	(4,022)
Others	**37**	193
	6,638	11,797

* 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.

6. PROFIT BEFORE TAX

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

	Notes	Six-month period ended 30 June **2018** **(Unaudited)** ***RMB'000***	2017 (Unaudited) *RMB'000*
Cost of construction contracts		**452,624**	544,719
Cost of services provided		**640**	507
Employee benefit expenses			
Wages and salaries		**12,813**	8,354
Pension scheme contribution		**4,205**	2,879
Share option contributions		**1,221**	2,429
		18,239	13,662
Depreciation of items of property, plant and equipment		**2,834**	1,116
Depreciation of items of investment properties		**364**	—
Amortisation of other intangible assets*		**1,834**	956
Amortisation of prepaid land lease payment		**8**	5
Impairment of trade receivables	*11*	**4,053**	18,359
Consulting fees		**4,516**	1,048
Auditors' remuneration		**1,200**	852
Gain on disposal of items of property, plant and equipment		**(26)**	—
Loss on disposal of a subsidiary		**530**	—
Minimum lease payments under operating lease:			
Land and buildings		**6,031**	2,313

* 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 **2018** **(Unaudited)** ***RMB'000***	2017 (Unaudited) *RMB'000*
Interest on bank loans and other loans	**18,604**	9,543
Interest on corporate bonds	**6,916**	12,341
	25,520	21,884

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	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current — PRC		
Charge for the period	**17,535**	46,441
Deferred tax	**983**	(4,785)
Total tax charge for the period	**18,518**	41,656

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 rate on new hi-technology enterprises. This letter states that an income tax rate of 15% is imposed on new hi-technology enterprises. Broad Greenstate Ecological applied for the 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 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	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Profit before tax	**84,169**	142,260
Tax at the statutory tax rate (25%)	**21,042**	35,565
Profits and losses attributable to joint ventures	**136**	109
Lower tax rate enacted by local authority	**(7,589)**	4,760
Adjustments in respect of current tax of previous periods	**631**	—
Tax losses not recognised	**3,946**	938
Expenses not deductible for tax	**352**	284
Tax charge at the Group's effective rate	**18,518**	41,656

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share amounts for the Reporting Period is based on the profit attributable to ordinary equity holders of the Parent, and the weighted average number of ordinary shares of 3,342,536,957 (30 June 2017: 3,333,556,718) in issue during the Reporting Period.

The calculation of the diluted earnings per share amount is based on the profit for the Reporting Period attributable to ordinary equity holders of the parent, adjusted to reflect the interest 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:

	Six-month period ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**65,651**	102,746

	Number of shares Six-month period ended 30 June	
	2018	2017
Shares		
Weighted average number of ordinary shares in issue during the Reporting Period used in the basic earnings per share calculation	**3,342,536,957**	3,333,556,718
Effect of dilution — weighted average number of ordinary shares:		
Share options	**7,012,302**	13,213,992
Basic earnings per share (RMB)	**0.02**	0.03
Diluted earnings per share (RMB)	**0.02**	0.03

10. CONSTRUCTION CONTRACTS

	30 June 2018 (Unaudited) ***RMB'000***	31 December 2017 (Audited) *RMB'000*
Current	**964,308**	667,134
Non-current	**487,127**	537,618
Gross amount due from contract customers	**1,451,435**	1,204,752
Contract costs incurred plus recognised profits less recognised losses to date	**4,035,634**	2,322,353
Less: Progress billings	**(2,584,199)**	(1,117,601)
	1,451,435	1,204,752

11. TRADE RECEIVABLES

	30 June 2018 (Unaudited) ***RMB'000***	31 December 2017 (Audited) *RMB'000*
Trade receivables	**1,863,268**	1,686,753
Impairment	**(50,249)**	(46,196)
	1,813,019	1,640,557

The Group's trading terms with its customers are mainly on credit. The credit period is based on actual projects, ranging from 7 to 180 days (excluding retention money receivable). The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. 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:

	30 June 2018 (Unaudited) ***RMB'000***	31 December 2017 (Audited) *RMB'000*
Within one year	**1,390,138**	1,194,100
Over one year but within two years	**379,507**	393,926
Over two years	**43,374**	52,531
	1,813,019	1,640,557

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

	30 June 2018 (Unaudited) ***RMB'000***	31 December 2017 (Audited) *RMB'000*
At 1 January 2018	**46,196**	12,881
Impairment losses recognised *(note 6)*	**4,053**	37,771
Impairment losses reversed *(note 6)*	**—**	(4,456)
	50,249	46,196

Included in the provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB50,249,000 (31 December 2017: RMB46,196,000) with a carrying amount before provision of RMB837,824,000 at 30 June 2018 (31 December 2017: RMB784,995,000).

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.

For retention money receivables in respect of construction works carried out by the Group, the respective due dates usually range from one to three years after the completion of the relevant construction work. At 30 June 2018, retention money held by customers included in trade receivables amounted to approximately RMB74,799,000 as compared to RMB69,694,000 as at 31 December 2017.

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:

	30 June 2018 (Unaudited) *RMB'000*	31 December 2017 (Audited) *RMB'000*
Within one year	**1,812,432**	1,589,999
Over one year but within two years	**17,604**	92,162
Over two years	**52,640**	54,225
	1,882,676	1,736,386

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

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

		30 June 2018 (Unaudited)			31 December 2017 (Audited)		
	Notes	**Effective interest rate (%)**	**Maturity**	***RMB'000***	Effective interest rate (%)	Maturity	*RMB'000*
Current							
Bank loans — secured	*(i)*	3.24–7.2	2018	90,492	3.24–7.2	2018	212,069
Bank loans — secured	*(i)*	3.24–7.2	2019	129,500	—	—	—
Bank loans — unsecured		—	—	—	5.87	2018	13,000
Other loans — unsecured		3.47–8.5	2018	25,000	8.5	2018	28,000
Other loans — unsecured	*(ii)*	3.47–8.5	2019	47,170	—	—	—
				292,162			253,069
Non-current							
Bank loans — secured	*(i)*	5.74	2028	300,000	5.74	2028	300,000
Other loans — secured	*(i)*	6.8	2020	115,200	6.8	2020	115,200
				415,200			415,200
				707,362			668,269

(i) As at 30 June 2018, bank and other loans secured were as follows:

	Notes	As at 30 June 2018 RMB'000
Share charge over the 441,011,440 shares	*(a)*	128,117
Pledge of properties	*(b)*	18,500
Guaranteed by Mr. Wu Zhengping	*(c)*	20,000
Guaranteed by Hangzhou Xiaoshan Yonghe Landscaping Engineering Co., Ltd. ("**Xiaoshan Yonghe**") and Mr. Ling Jijiang	*(d)*	31,600
Guaranteed by Xiaoshan Yonghe, Mr. Ling Jijiang and Ms. Chen Jianfen	*(d)*	9,800
Guaranteed by Zhejiang Yulin Holding Group Company Limited	*(d)*	11,975
Pledge of shares of Shanghai Bifu Investment Center	*(e)*	115,200
Guaranteed by Henan Shenhou Old Town Development Co., Ltd. and the trade receivables of Yuzhou Shenhou Old Town Protection Construction Co., Ltd. (a subsidiary of the Group) from Henan Yuzhou Shenhou Government		300,000
Guaranteed by the trade receivables of Broad Greenstate Ecological Construction Group Co., Ltd. from Quanzhou Haixi Botanic Garden Development Co., Ltd.		47,170
		682,362

(a) The 350,161,440 shares of the Company are held by the holding company and the ultimate holding company was pledged to secure the bank loans of RMB94,300,000;

The share charge over the 90,850,000 shares of the Company held by the holding company and the ultimate holding company was pledged to secure the bank loans of RMB33,817,000;

(b) A mortgage over the Group's building situated in Shanghai, which had an aggregate carrying value at 30 June 2018 of RMB7,045,000, was pledged to secure bank loans of RMB10,000,000;

A mortgage over the Group's investment property situated in Hangzhou, which had an aggregate carrying value at the end of the Reporting Period of RMB18,715,000, was pledged to secure bank loans of RMB8,500,000;

(c) A mortgage over the property belonging to Mr. Wu Zhengping, the executive director of the Group, which is located in Shanghai and had an aggregate fair value of RMB15,030,000 assessed by the appraiser was pledged to secure bank loans of RMB20,000,000;

(d) Except for Xiaoshan Yonghe, which is a third party, Mr. Ling Jijiang, Ms. Chen Jianfen and Zhejiang Yulin Holding Group Company Limited are non-controlling shareholders of Hangzhou Xiaoshan Jiangnan Garden Construction Company Limited;

(e) The shares of Shanghai Bifu Investment Center pledged are held by the Company.

(ii) Except for secured bank loans of HKD40,110,000 which are denominated in HKD, all borrowings are denominated in RMB.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

As the report of the 19th CPC National Congress highlighted "speeding up reform of the system for developing an ecological civilization, and building a beautiful China", the importance of building ecological civilization is evident. In the National Conference on Ecological and Environmental Protection held in May 2018, President Xi Jinping said that the country will channel more energy in promoting ecological civilization and resolve environmental problems, fight a good battle against pollution and push ecological civilization to a new level.

According to the "PPP Blue Book of China: Development Report on PPP Industry in China 2017–2018" debuted in April 2018, 2018 will be an important year for regulated and sustainable development of the Public-Private Partnership ("**PPP**") model, with "regulated" as the keyword. Although the growth will slow down, the quality will improve gradually; the top-down design of the policies and laws will be accelerated and participation of private capital is encouraged; the PPP financial policies will be improved, while market transparency and information disclosure will be strengthened.

Business Review

Local governments and state-owned enterprises remained to be the Group's major customers. After years of good track record in the industry, the Group is reputable and credible among local governments. The business units and the business development center established by the Group facilitated the PPP projects in full gear together with the investment development department, various relevant industrial entities and the real estate units of Greenland Holdings Group Corporation Limited ("**Greenland**"). During the Reporting Period, the Group entered into cooperation framework agreements with Yulin Municipal Government, Zhongxiang Municipal Government, Changyang Municipal Government, Hubei Ecological Protection and Green Development Investment Co., Ltd. and Cultural Tourism Co., Ltd. of Hubei Hongtai Group, etc..

During the Reporting Period, the Group continued to focus on the ecological business, and developed a working plan of "Specializing in the core business of ecological construction, improving the businesses of environmental restoration and cultural tourism operation". Leveraging on its core competitiveness, the Company fostered strengths and minimized weaknesses based on its actual status and advantages, with a view to improve the operational quality of its projects.

Projects in Cooperating with Greenland

After Greenland, a Global Fortune 500 Companies, became the Group's most important strategic shareholder in 2016, the Group is benefited from the industrial synergies brought by the overall strengths in resource of the Greenland. The Group focuses on environmental protection and ecological construction business in the infrastructure construction sector, which are consistent with the main business of Greenland, and, thus, it is able to secure strong financial support for consolidating the

Group's favorable market position. With qualifications granted by municipal governments, construction qualifications and design qualifications as well as strong capital strengths, the Group is capable to secure projects and predominate in the market.

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

For cost control of procurement, with the experience accumulated in the industry in which we have been operating for over a decade since our establishment, the Group is able to source the best suppliers and maintain and optimize cost control in the process of implementing project across the country through searching its information database.

During the Reporting Period, on the basis of maintaining reasonable cost operation model, the Group spent effort to improve its systems and procedures for cost management to have personnel involved in cost contract system well fulfill their respective responsibilities and realize business collaboration, and it also promoted the building of a full life-cycle risk prevention system that covers all processes before, during and after cost control management and contract management. Besides, the Group prioritized the important tasks after overall consideration to ensure business development of the Group are under guarantee by cost contract control management and laws and regulation compliance. Specifically, we prepared a standard guidance checklist for cost inspection and conducted crosscheck regularly;

improved the templates of the Group's target cost and contract planning; and established a sound cost database to achieve real-time control over cost. During the Reporting Period, the above mentioned systems and procedures had effectively strengthened the Group's cost control.

Quality Control

Quality safety is extremely essential for ecological construction enterprises as well as for the Group. In the first half of 2018, the Group continued to implement extraordinarily strict control over quality safety on top of regular quality control measures. We improved quality control approval procedure for construction organization and other early stages of project, regulated quality management practices and standards throughout construction process by offering quality control training and other measures, and conducted construction inspection and timely rectification to address management weakness on quality control. As of now, quality management system of the Company has already passed the certification of ISO9001, ISO14001 and OHSAS18001.

Research and Development

Ecological civilization and environment protection cannot sustain without research, development and innovation. During the Reporting Period, the Group continued to promote the synergetic development of the Group's three segments, namely ecological construction, environmental governance and cultural tourism operations. In order to expand its environmental restoration business, the Company has made great scientific progress in various environmental restoration technologies for soil improvement, waste biotechnology, pollutant disposal, 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. During the Reporting Period, the Group found the solution to improve saline soil condition on Songnen Plain and the solution that utilize garden waste to prepare nursery substrate. In addition, as extension to the latter stages for operating PPP project and in line with the development of the cultural tourism operation segment, the research and development department of the Group cultivates new and superior varieties of seedlings based on specific climate and local culture in different regions of China. Such cultivated plants could elevate uniqueness of our cultural tourism project, reduce our dependence on introduced plants from abroad, improve operational revenue and reduce operational cost.

Future Development

In the first half of 2018, the global growth momentum was divided with United States continuing to record strong economic growth, while Europe and Japan recording a reversal in growth momentum. As international economy becomes divided, the Federal Reserve raises interest rate and the trade dispute between United States and China escalates, the economic risks of some emerging market countries increase. Although the economy of China has fallen slightly from the first quarter, and faces uncertainty, the trend of stabilizing and improvement has continued generally with GDP increased by 6.8% compared with the same period of last year.

As for the development of PPP, the China PPP Bluebook: "China PPP Industry Development Report (2017–2018)" (the "**Bluebook**") conveys opinion that the market of state-owned enterprises is broad and the opportunities of private enterprises are prominent in 2018, the connection between the PPP model and the "Belt and Road" initiative becomes closer as the municipal projects decrease and the environmental protection sector warms up, and the requirements for consulting agencies improve. The Bluebook points out that the stable and sustainable development of the PPP model requires enterprises to dedicate to development on the basis of standardization, rationalization and legalization, and suggests to make improvement from four aspects: to improve PPP related laws and regulations, to promote PPP financing through different measures, to strengthen government supervision over PPP projects and to improve the risk prevention mechanism of PPP projects.

Although there is still room for improvement in the PPP market, 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 the future, the Group will continue to take PPP as its major model to expand its business in ecological construction, cultural tourism and environmental governance, as well as promote the awarded large-scale PPP projects. As the regulatory control over PPP projects being reinforced, the Group will select more outstanding PPP projects and implement project precision. In terms of research and development, the Group plans to obtain the relevant qualification for professional contracting of environmental protection projects within five years, and takes soil remediation as its main research and development direction to undertake the construction of soil remediation projects. Meanwhile, the Group has conducted development and research on a number of patented technologies, and 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 is conducive to the further development of the Group's environmental protection business in the future.

The steady improvement in economy builds a solid foundation for ecological construction. Since the 19th CPC National Congress, the financial investment and infrastructure construction in China have gradually moved from the originally extensive to more intensive with focus on environmental protection and ecological civilization construction, thus the economy will also gradually change from a medium-to-high speed of growth to steady-state growth. The improvement of the broad environment and people's living standards are crucial to the Group, such an enterprise with ecological construction as its core. In addition, with the increasing urban population and the emerging urbanization issues, the new-type city may become a development trend in the future. In view of the above, the Group expects that many infrastructure facilities will emerge in this area, which provides development opportunities for the Group. By closely following the policy orientation, the Group will be committed to making contribution to the vision of building a beautiful China and achieving technological and environmental protection. After two-year integration, the synergy between the Group and the Greenland will gradually emerge this year, to provide customers with comprehensive "one-stop" ecological construction solutions that contribute to the ecological environment and green development.

CORPORATE INFORMATION

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

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

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

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

During the Reporting Period, the Group had not made any material acquisitions and disposal of subsidiaries and associated companies. As at 30 June 2018, the Group did not hold any significant investments.

CORPORATE GOVERNANCE HIGHLIGHTS

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

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

Pursuant to code provision A.7.1 of the CG Code, agenda and full Board papers should be sent to all Directors at least 3 days (or other agreed period) before a regular Board or Board committee meeting. The board papers for the first quarter board meeting of the Company and meetings of the audit, remuneration and nomination committees held on 28 March 2018 approving final results were, however, sent to the Directors less than 3 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 board papers could be dispatched to the Directors in a timely manner.

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.

AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL STATEMENTS

The Audit Committee was established with terms of reference in compliance with the CG Code, and comprises three members, namely Dr. Chan Wing Bun, 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 and was of the opinion that the preparation of such interim results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

INTERIM DIVIDEND

The Board does not recommend the distribution of any interim dividend for the Reporting Period (for the six months ended 30 June 2017: nil).

PUBLICATION OF INTERIM RESULTS AND 2018 INTERIM REPORT

This announcement is published on the websites of the Company (http://www.greenland-broadgreenstate.com.cn) and the Stock Exchange (http://www.hkexnews.hk). The 2018 interim report will be dispatched 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
30 August 2018

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. Chan Wing Bun and Dr. Jin Hexian.