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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 2021

FINANCIAL HIGHLIGHTS		For the six months ended		
		30 June		
		2021	2020	Change
		Unaudited	Unaudited	
Revenue	RMB'000	193,289	322,221	(128,932)
Gross Profit	RMB'000	58,483	84,839	(26,356)
Net profit attributable to owners of the Parent	RMB'000	15,334	52,839	(37,505)
Gross Profit margin	%	30.3	26.3	4.0
Net profit margin	%	7.9	16.4	(8.5)

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 2021 (the “**Reporting Period**” or the “**Period**”), together with unaudited comparative figures for the corresponding period in the year 2020.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

	<i>Notes</i>	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
REVENUE	3	193,289	322,221
Cost of sales		<u>(134,806)</u>	<u>(237,382)</u>
Gross profit		58,483	84,839
Other income and gains	3	14,595	7,665
Other expense		(2,686)	(4,589)
Administrative expenses		(30,682)	(30,115)
Impairment losses on financial and contract assets		(25,917)	(2,300)
Finance costs	4	(18,121)	(26,880)
Share of profits and losses of:			
Joint ventures		22,652	30,154
An associate		<u>—</u>	<u>1,004</u>
PROFIT BEFORE TAX	5	18,324	59,778
Income tax expense	6	<u>(2,670)</u>	<u>(6,771)</u>
PROFIT FOR THE PERIOD		<u>15,654</u>	<u>53,007</u>
Attributable to:			
Owners of the Parent		15,334	52,839
Non-controlling interests		<u>320</u>	<u>168</u>
		<u>15,654</u>	<u>53,007</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted			
— For profit for the Period		<u>RMB0.005</u>	<u>RMB0.016</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

For the six months ended 30 June 2021

	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	<u>15,654</u>	<u>53,007</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>6,183</u>	<u>(10,704)</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>6,183</u>	<u>(10,704)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	<u>6,183</u>	<u>(10,704)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>21,837</u>	<u>42,303</u>
Attributable to:		
Owners of the Parent	<u>21,517</u>	42,135
Non-controlling interests	<u>320</u>	<u>168</u>
	<u>21,837</u>	<u>42,303</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

		30 June	31 December
		2021	2020
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	127,934	131,022
Right-of-use assets		744	1,488
Goodwill		3,060	3,060
Other intangible assets		19,413	20,294
Investments in joint ventures		827,537	699,899
Equity investment at fair value through profit or loss		65,435	65,435
Financial assets at fair value through profit or loss	10	20,142	20,142
Contract assets	14	129,511	105,265
Prepayments, other receivables and other assets	11	61,315	44,844
Deferred tax assets		28,834	25,064
Other non-current assets		19,449	19,449
		<u>1,303,374</u>	<u>1,135,962</u>
Total non-current assets			
CURRENT ASSETS			
Biological assets	12	33,802	33,539
Trade receivables	13	545,519	615,641
Contract assets	14	1,185,105	1,190,209
Prepayments, other receivables and other assets	11	259,057	166,828
Pledged deposits		800	1,300
Cash and cash equivalents	15	43,971	309,292
		<u>2,068,254</u>	<u>2,316,809</u>
Total current assets			

		30 June	31 December
		2021	2020
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
CURRENT LIABILITIES			
Corporate bonds	<i>16</i>	194,166	196,947
Trade and bills payables	<i>17</i>	789,440	953,379
Other payables and accruals	<i>18</i>	601,899	549,307
Interest-bearing bank and other borrowings	<i>19</i>	295,010	280,338
Lease liabilities		838	1,722
Tax payable		170,121	170,645
		<u>2,051,474</u>	<u>2,152,338</u>
Total current liabilities			
		<u>2,051,474</u>	<u>2,152,338</u>
NET CURRENT ASSETS			
		<u>16,780</u>	<u>164,471</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>1,320,154</u>	<u>1,300,433</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	<i>19</i>	265,533	267,610
Deferred tax liabilities		8,777	8,816
		<u>274,310</u>	<u>276,426</u>
Total non-current liabilities			
		<u>274,310</u>	<u>276,426</u>
Net assets		<u>1,045,844</u>	<u>1,024,007</u>
EQUITY			
Equity attributable to owners of the Parent			
Share capital	<i>20</i>	66,396	66,396
Other reserves		951,052	929,535
		<u>1,017,448</u>	<u>995,931</u>
Non-controlling interests		<u>28,396</u>	<u>28,076</u>
Total equity		<u>1,045,844</u>	<u>1,024,007</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

Note	Attributable to owners of the Parent						Total	Non-controlling interests	Total equity
	Share capital	Share premium account	Share option reserve	Other reserve	Exchange fluctuation reserve	Retained profits			
At 1 January 2021 (audited)	66,396	151,609*	—*	23,577*	(281)*	754,630*	995,931	28,076	1,024,007
Profit for the Period	—	—	—	—	—	15,334	15,334	320	15,654
Other comprehensive profit for the Period:									
Exchange differences on translation of foreign operations	—	—	—	—	6,183	—	6,183	—	6,183
Total comprehensive income for the Period	—	—	—	—	6,183	15,334	21,517	320	21,837
Transfer from retained profits	—	—	—	664	—	(664)	—	—	—
At 30 June 2021 (unaudited)	<u>66,396</u>	<u>151,609*</u>	<u>—*</u>	<u>24,241*</u>	<u>5,902*</u>	<u>769,300*</u>	<u>1,017,448</u>	<u>28,396</u>	<u>1,045,844</u>

* These reserve accounts comprise the consolidated other reserves of RMB951,052,000 (2020: RMB929,535,000) in the consolidated statement of financial position.

	Attributable to owners of the Parent								Non-controlling interests	Total equity
	Share capital	Share premium account	Share option reserve	Other reserve	Exchange fluctuation reserve	Retained profits	Total			
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2020 (audited)	66,396	151,609*	—*	15,220*	(33,677)*	684,692*	884,240	18,655	902,895	
Profit for the Period	—	—	—	—	—	52,839	52,839	168	53,007	
Other comprehensive Loss for the Period:										
Exchange differences on translation of foreign operations	—	—	—	—	(10,704)	—	(10,704)	—	(10,704)	
Total comprehensive income for the Period	—	—	—	—	(10,704)	52,839	42,135	168	42,303	
Transfer from retained profits	—	—	—	4,824	—	(4,824)	—	—	—	
Capital injection from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	9,182	9,182	
At 30 June 2020 (unaudited)	<u>66,396</u>	<u>151,609*</u>	<u>—*</u>	<u>20,044*</u>	<u>(44,381)*</u>	<u>732,707*</u>	<u>926,375</u>	<u>28,005</u>	<u>954,380</u>	

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	<i>Notes</i>	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Unaudited)
CASH FLOWS USED IN OPERATING ACTIVITIES			
Profit before tax:		18,324	59,778
Adjustments for:			
Finance costs		18,121	26,880
Share of profits and losses of joint ventures		(22,652)	(30,154)
Share of profits and losses of an associate		—	(1,004)
Gain on disposal of items of property, plant and equipment		(14)	(66)
Depreciation of property, plant and equipment		3,230	4,343
Depreciation of right-of-use assets		744	744
Amortisation of other intangible assets		888	869
Impairment of trade receivables		23,747	1,551
Impairment of financial and contract asset		2,170	749
		44,558	63,690
Decrease in trade receivables		46,375	84,610
Increase in prepayments, deposits and other receivables		(73,959)	(190,844)
Increase in biological assets		(263)	(265)
Increase in contracts assets		(19,701)	(74,744)
(Decrease)/increase in trade and bills payables		(163,939)	26,839
Decrease in pledged deposits for contract assets		500	8,370
Increase in other payables and accruals		56,869	14,446
Cash used in operations		(109,560)	(67,898)
PRC tax paid		(7,003)	(9,006)
Net cash flows used in operating activities		(116,563)	(76,904)

	<i>Notes</i>	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		(150)	(853)
Purchase of intangible assets		(7)	(1)
Purchase of financial assets at fair value through profit or loss		—	(2,412)
Proceeds from disposal of items of property, plant and equipment		22	846
Capital injection in joint ventures		(104,986)	(21,500)
Advances of loans to related parties		(29,049)	—
Decrease in time deposits with original maturity of more than three months		—	208,400
		<u>—</u>	<u>208,400</u>
Net cash flows (used in)/from investing activities		<u>(134,170)</u>	<u>184,480</u>
CASH FLOWS USED IN FINANCING ACTIVITIES			
New bank and other loans		171,900	401,138
Repayments of bank and other loans		(158,600)	(392,430)
Decrease in an amount due to related parties		(2,236)	(4,887)
Contribution from non-controlling shareholders		—	9,182
Repayment of bonds		(13,588)	(31,136)
Principal portion of lease payments		(851)	(1,566)
Interest paid		(11,229)	(22,143)
		<u>(11,229)</u>	<u>(22,143)</u>
Net cash used in financing activities		<u>(14,604)</u>	<u>(41,842)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
		(265,337)	65,734
Cash and bank balances at beginning of the Period		309,292	229,905
Effect of foreign exchange rate changes, net		16	(24)
		<u>16</u>	<u>(24)</u>
CASH AND BANK BALANCES AT END OF PERIOD			
	<i>15</i>	<u><u>43,971</u></u>	<u><u>295,615</u></u>

	<i>Notes</i>	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the statement of financial position	<i>15</i>	<u>44,771</u>	<u>295,945</u>
Less: Time deposits with original maturity of less than three months, when acquired, pledged as security for construction contracts	<i>15</i>	<u>800</u>	<u>330</u>
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF CASH FLOWS	<i>15</i>	<u><u>43,971</u></u>	<u><u>295,615</u></u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

1. BASIS OF PRESENTATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with HKAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 9, HKAS 39 and Interest Rate Benchmark Reform — Phase 2
HKFRS 7, HKFRS 4 and HKFRS 16

Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June
2021 (early adopted)

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

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

During the six months ended 30 June 2021, the amendment did not have any impact on the financial position and performance of the Group.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

During the six months ended 30 June 2021, the amendment did not have any impact on the financial position and performance of the Group.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	<u>193,289</u>	<u>322,221</u>

Disaggregated revenue information for revenue from contracts with customers

Types of goods or services

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Construction contracts	190,761	318,941
Design and maintenance services	<u>2,528</u>	<u>3,280</u>
Total revenue from contracts with customers	<u>193,289</u>	<u>322,221</u>

Timing of revenue recognition

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Services transferred over time	<u>193,289</u>	<u>322,221</u>

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	224	4,206
Other interest income arising from revenue contracts*	12,793	2,560
Rental income	698	253
Others	<u>15</u>	<u>66</u>
	<u>13,730</u>	<u>7,085</u>
Gains		
Government grants**	<u>865</u>	<u>580</u>
	<u>14,595</u>	<u>7,665</u>

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

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

4. FINANCE COSTS

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on bank loans, overdrafts and other borrowings	6,430	13,669
Interest on leasing liabilities	33	71
Interest on corporate bonds	<u>11,658</u>	<u>13,140</u>
Total interest expense on financial liabilities not at fair value through profit or loss	<u>18,121</u>	<u>26,880</u>

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Cost of construction contracts	131,813	234,718
Cost of services provided	2,993	2,664
Employee benefit expenses		
Wages and salaries	6,174	8,955
Pension scheme contribution	1,984	2,052
	8,158	11,007
Depreciation of items of property, plant and equipment	3,230	2,760
Depreciation of right-of-use assets	744	744
Amortisation of other intangible assets	888	869
Impairment of trade receivables	23,747	1,551
Impairment of contract assets	559	749
Impairment of financial assets included in prepayment, other receivables and other assets	1,611	—
Consulting fees	4,730	6,573
Auditors' remuneration	1,100	1,075
Gain on disposal of items of property, plant and equipment	(14)	(66)
Lease payment not included in the measurement of lease liabilities	50	—

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

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current — the People's Republic of China ("PRC")		
Charge for the Period	6,479	6,955
Deferred	(3,809)	(184)
Total tax charge for the Period	2,670	6,771

7. DIVIDENDS

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Final dividends declared and paid — HK0 cents (30 June 2020: HK0 cents) per ordinary share	—	—

The Board does not recommend the distribution of any interim dividend for the Reporting Period (for the six months ended 30 June 2020: nil).

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 period attributable to ordinary equity holders of the Parent of RMB15,333,672 (2020: RMB52,839,167), and the weighted average number of ordinary of 3,342,536,957 (2020: 3,342,536,957) in issue during the period, as adjusted to reflect the rights issue during the period.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Parent of RMB15,333,672 (2020: RMB52,839,167), adjusted to reflect the expense of equity-settled share options, where applicable. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares of 3,342,536,957 (2020: 3,342,536,957) in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 3,342,536,957 (2020: 3,342,536,957) assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired assets with a cost of RMB150,748 (30 June 2020: RMB852,802), excluding property, plant and equipment acquired through a business combination.

Asset (other than those classified as held for sale) with a net book value of RMB8,028 was disposed by the Group during the six months ended 30 June 2021 (30 June 2020: RMB779,858), resulting in a net gain of disposal of RMB14,000 (30 June 2020: a net gain of RMB65,889).

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Financial assets		
Unlisted financial assets investments at fair value through profit or loss		
Xi'an Greenland Jue River Wetland Park Development Company Limited	15,345	15,345
Taiyuan Longcheng Greenland Botanical Garden Company Limited	<u>4,797</u>	<u>4,797</u>
	<u>20,142</u>	<u>20,142</u>

11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Current		
Prepayments	73,067	64,311
Deposits and other receivables	204,789	119,704
Impairment	<u>(18,798)</u>	<u>(17,187)</u>
	<u>259,058</u>	<u>166,828</u>
Non-current		
Other receivables	61,314	44,844
Impairment	<u>—</u>	<u>—</u>
	<u>61,314</u>	<u>44,844</u>
	<u>320,372</u>	<u>211,672</u>

Included in the provision for impairment of prepayments, other receivables and other assets is a provision for individually impaired receivables of RMB18,798,000 (2020: RMB17,187,000) with a carrying amount before provision of RMB27,465,000 (2020: RMB27,465,000). The individually impaired receivables relate to a portion of receivables that were not expected to be recovered.

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

Receivables resulted from disposal of a subsidiary was RMB20,000,000 at cost, and it was secured by 35,920,957 shares of the Company which were held by the debtors. A provision amounting to RMB11,332,000 (2020: RMB9,721,000) was accrued.

12. BIOLOGICAL ASSETS

A. Nature of activities

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

B. Value of plants and saplings

The value of plants and saplings at 30 June 2021 was:

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Plants and saplings	<u>33,802</u>	<u>33,539</u>

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

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

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

C. Fair value hierarchy

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

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs).

Assets measured at fair value:

As at 30 June 2021

	<u>Fair value measurement using</u>			Total <i>RMB'000</i>
	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	
Biological assets	<u>—</u>	<u>33,802</u>	<u>—</u>	<u>33,802</u>

As at 31 December 2020

	<u>Fair value measurement using</u>			Total <i>RMB'000</i>
	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	
Biological assets	<u>—</u>	<u>33,539</u>	<u>—</u>	<u>33,539</u>

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

13. TRADE RECEIVABLES

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

	30 June 2021 <i>RMB'000</i> (Unaudited)	31 December 2020 <i>RMB'000</i> (Audited)
Within one year	281,634	298,554
Over one year but within two years	171,098	271,405
Over two years	<u>92,787</u>	<u>45,682</u>
	<u>545,519</u>	<u>615,641</u>

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

14. CONTRACT ASSETS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Contract assets arising from:		
Construction services	1,329,016	1,309,315
Impairment	<u>(14,400)</u>	<u>(13,841)</u>
	<u>1,314,616</u>	<u>1,295,474</u>

Contract assets are initially recognised for revenue earned from the provision of construction services as the receipt of consideration is conditional on successful completion of construction. Included in contract assets for construction services are retention receivables. For retention money receivables in respect of construction works carried out by the Group, the respective due dates usually range from one to three years after the completion of the relevant construction work. As at 30 June 2021, retention money held by customers included in contract assets amounted to approximately RMB10,291,610 (2020: RMB10,291,610), of which RMB10,291,610 (2020: RMB10,291,610) is expected to be recovered after more than twelve months.

Upon completion of construction and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The ending balance of contract assets as at 30 June 2021 was stable compared to that as at the end of 2020.

During the Reporting Period, RMB559,000 was recognised as an allowance for expected credit losses on contract assets. The Group's trading terms and credit policy with customers are disclosed in note 13 to the financial statements.

15. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Cash and bank balances	43,971	309,292
Time deposits	<u>800</u>	<u>1,300</u>
	44,771	310,592
Less: Pledged time deposits		
Pledged for construction contracts	<u>800</u>	<u>1,300</u>
Cash and cash equivalents	<u><u>43,971</u></u>	<u><u>309,292</u></u>

At the end of the Reporting Period, the cash and bank balances of the Group denominated in US dollars (“USD”) amounted to RMB1,722,252 (2020: RMB1,646,827) and denominated in Hong Kong dollars (“HKD”) amounted to RMB8,028 (2020: RMB8,033).

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

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

16. CORPORATE BONDS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Current corporate bonds	<u><u>194,166</u></u>	<u><u>196,947</u></u>

The 2015 Note instrument

On 15 October 2015, the Company issued corporate bond to Greenland Financial Overseas Investment Group Co., Ltd. (“Greenland Financial”, a related party of a non-controlling shareholder) with a face value of USD40,000,000. The bond was guaranteed by 100,000 shares of Greenstate Times International Company Limited and 10,000 shares of Greenstate International Company Limited held by the Company directly and indirectly. On 11 October 2016, the Company extended the term of the bonds, where the maturity date of the bonds fell one calendar year after 15 October 2016 on 15 October 2017.

The 2017 Note Instrument

On 10 November 2017, the Company signed an agreement with Greenland Financial to agree that the condition to the bonds would be amended and restated as set out in a new instrument agreement to be entered into in 2018. In addition, during the period from 15 October 2017 to the date on which the new instrument is issued, the Company shall not bear any interest. On 15 January 2018, the Company announced that it decided to propose the issuance of a redeemable fixed coupon promissory note with a principal amount of USD40,000,000 at the rate of 9.00% per annum to Greenland Financial from 15 November 2017, guaranteed by 50,000 ordinary shares of Greenstate Times International Company Limited and 5,000 ordinary shares of Greenstate International Company Limited. On 15 January 2019, the Company extended the term of the bonds to 15 January 2020. The other terms and conditions remain unchanged.

The 2019 Note Instrument

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

On 14 July 2020, the Group extended the term of the bonds by 6 months to 14 January 2021 as stated in the 2019 Note Instrument, with the other terms and conditions unchanged. The balance of the principal amount of the 2019 Note Instrument was USD30,000,000 at 31 December 2020 as the Group repaid the principal amounting to USD1,000,000 and USD4,000,000 in August and October 2020 separately.

17. TRADE AND BILLS PAYABLES

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within one year	256,560	411,930
Over one year but within two years	407,655	403,380
Over two years	<u>125,225</u>	<u>138,069</u>
	<u>789,440</u>	<u>953,379</u>

The trade payables are non-interest-bearing and are normally partially settled on terms of six months according to the progress of completion. A certain percentage of payment is retained until the end of the retention period.

18. OTHER PAYABLES AND ACCRUALS

	<i>Notes</i>	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Contract liabilities	<i>(a)</i>	335,015	295,587
Other tax payable		144,652	124,486
Amounts due to related parties		58,629	60,865
Other payables	<i>(b)</i>	44,338	47,411
Interest payable		13,553	15,290
Deposits from sub-contractors		4,462	4,229
Staff payroll and welfare payables		<u>1,250</u>	<u>1,439</u>
		<u>601,899</u>	<u>549,307</u>

(a) Details of contract liabilities as at 30 June 2021 and 31 December 2020 are as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
<i>Short-term advances received from customers</i>		
Construction services	<u>335,015</u>	<u>295,587</u>
Total contract liabilities	<u>335,015</u>	<u>295,587</u>

Contract liabilities include short-term advances received to render construction services. The increase in contract liabilities in 2021 was mainly due to the increase in short-term advances received from customers in relation to the provision of construction services at the end of Period.

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

19. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	30 June 2021 (Unaudited)			31 December 2020 (Audited)		
		Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current							
Bank loans — secured and guarantee	(a)i	3.9	2021	7,900	—	—	—
Bank loans — secured	(b)	4.47	2021	104,110	4.5	2021	55,100
Other loans — unsecured	(c)	—	—	—	11.2	2021	70,238
Other loans — unsecured		—	2021	<u>181,000</u>	—	2021	<u>152,000</u>
				<u>293,010</u>			<u>277,338</u>
Current portion of long-term							
Bank loans — secured and guaranteed	(a)ii	7.5	2021	2,000	7.5	2021	2,000
Bank loans — secured				<u>—</u>	4.3	2021	<u>1,000</u>
				<u>2,000</u>			<u>3,000</u>
				<u>295,010</u>			<u>280,338</u>
Non-current							
Bank loans — secured and guaranteed	(a)ii	7.5	2030	196,000	7.5	2030	197,000
Bank loans — secured		—	—	—	4.3	2022	70,610
Other loans — unsecured	(c)	11.2	2022	<u>69,533</u>	—	—	<u>—</u>
				<u>265,533</u>			<u>267,610</u>
				<u>560,543</u>			<u>547,948</u>

Notes:

- (a) Certain of the Group's bank borrowings were secured and guaranteed by:
- i. Certain bank borrowing of the Group amounting to RMB7,900,000 was secured by a mortgaged building held by Mr. Wu Zhengping and Ms. Xiao Li and a mortgaged building of Broad Greenstate Ecological Construction Group Company Limited (“**Board Greenstate Ecological**”) with a carrying amount of RMB6,157,000, and guaranteed by Ms. Zhu Wen and Shanghai Policy Financing Guarantee Fund Management Center for Micro, Small and Medium-sized Enterprises.
 - ii. Certain bank borrowing of the Group amounting to RMB198,000,000 was secured by trade receivables, and guaranteed by Kaifeng Eastern New Town Infrastructure Construction Investment Company. An amount of RMB2,000,000 of the borrowings would be due within one year.
- (b) Certain bank borrowing of the Group amounting to RMB33,000,000 was secured by a mortgaged building of Broad Greenstate Ecological with a carrying amount of RMB114,351,000.
- (c) Certain other borrowings from Eastern Greenstate International Company Limited, a shareholder of the Company, are unsecured.

20. SHARE CAPITAL

Shares

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Issued and fully paid:		
3,342,536,957 (31 December 2020: 3,342,536,957) ordinary shares of HKD0.025 each	<u>66,396</u>	<u>66,396</u>

21. COMMITMENTS

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Contracted, but not provided for:		
Capital injection of joint ventures	<u>228,767</u>	<u>255,452</u>

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

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

Foreign currency risk

The Group's businesses are located in Mainland China and nearly all transactions are conducted in RMB. As nearly all of the Group's assets and liabilities were denominated in RMB, the Group was not subject to significant foreign currency risk as at 30 June 2021. As at 30 June 2021, the Group's assets and liabilities denominated in USD and HKD were mainly held by the Company and a subsidiary incorporated outside Mainland China which had HKD as their functional currencies. The Company and the subsidiary incorporated outside Mainland China also held corporate bonds denominated in USD and other payable denominated in RMB, from which foreign currency exposure arises.

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

	Increase/ (decrease) in rate %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity* RMB'000
2021			
If HKD weakens against USD	1	(2,618)	—
If HKD strengthens against USD	(1)	2,618	—
If RMB weakens against HKD	1	—	—
If RMB strengthens against HKD	(1)	—	—

* Excluding retained profits

Credit risk

The Group's trade receivables and contract assets are mainly from government authorities. The carrying amounts of cash and cash equivalents, trade and other receivables and contract assets included in the consolidated financial statements represent the Group's maximum exposure to credit risk in relation to its financial assets.

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

Liquidity risk

The Group monitors its risk of a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The maturity profile of the Group's financial liabilities as at the end of the Reporting Period, based on the contractual undiscounted payments, was as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Interest-bearing bank and other borrowings	560,543	547,948
Corporate bonds	194,166	196,947
Trade and bills payables	789,440	953,379
Other payables and accruals	120,982	127,795
Less: Cash and cash equivalents	<u>(43,971)</u>	<u>(309,292)</u>
Net debt	<u>1,621,160</u>	<u>1,516,777</u>
Equity attributable to owners of the Parent	<u>1,017,448</u>	<u>995,931</u>
Capital and net debt	<u>2,638,608</u>	<u>2,512,708</u>
Gearing ratio	<u>61%</u>	<u>60%</u>

INDUSTRY REVIEW

China is the first major economy in the world to recover from the COVID-19 epidemic, with industrial and commercial activities as well as consumption activity back to the situation before the epidemic. Despite in the face of various challenges on the road of economic development in the post-epidemic period, China maintained a steady and progressive momentum of development in the first half of 2021, with a significant GDP growth of 18.3% in the first quarter of 2021. Against the backdrop of accelerating economic recovery, a variety of landscape construction projects are also gradually resuming their operation, leading to a rebound in the performance of landscape enterprises.

After years of exploration, China's Public-Private Partnership (“**PPP**”) has gone through a process of development from “active promotion” to “clean-up and regulation”, and further to “orderly promotion”, and China has become the world's largest PPP market, and its development has been included in the “14th Five-Year Plan” and the Long-Range Objectives Through the Year 2035. Among others, the National Development and Reform Commission has encouraged social capital to actively participate in the construction of the new infrastructure, new urbanization initiatives, transportation, water conservancy and other major projects and projects of shoring up weak spots. In addition to PPP models, Real Estate Investment Trusts (“**REITs**”) in the field of infrastructure are actively launched in order to encourage the community to actively explore the combined development of PPP+REITs, so as to stimulate innovative social investment to drive infrastructure investment. There are still numerous uncertainties in domestic and international economic development, thus “maintaining stability in investment and economy and shoring up our weak spots” will remain to be the main task of the country this year. PPP, as a mode of operation to encourage social capital to participate in public infrastructure construction, will become an inevitable option for China to effectively cope with various risk and challenges. PPP will also enter a new stage of high quality and sustainable development.

BUSINESS REVIEW

The Group has always adhered to the principle of “specializing in the core business of ecological construction, improving the businesses of environmental restoration and cultural tourism operation”. Confronting the severe economic situation brought by the COVID-19 epidemic, but grasping the opportunities brought by national policies in response to the epidemic in a timely manner, the Group successfully secured financing to ensure the normal operation of various projects. The Group also adjusted its business strategy in a timely manner to focus on developing investment projects in previous years and actively optimized the Company's management model, so as to officially step into the stage of comprehensive high-quality development in 2021.

During the Reporting Period, the Group recorded a total revenue of RMB193.3 million and net profit attributable to owners of the Parent of RMB15.3 million. Gross profit margin was 30.3%, representing an increase of 4.0 percentage points as compared with last year. Such figures proves that various reform measures of the Group, such as optimizing management model, enhancing strength, income-generating and cost-saving measures, have achieved a certain level of result in controlling operating risks and achieving stable and sustainable operations.

Qualifications and Licenses

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

COST CONTROL

The Group adhered to its scientific, rational and economical operation practice to increase revenue and reduce expenditure. Unlike the traditional extensive contracting model of project management in the industry, the Group adopted a refined project cost control model, and established a group-wide unified supplier database and utilised its self-developed project management information platform to ensure that all expenses on projects were strictly managed in accordance with the budget. During the Reporting Period, the Group also completed the preparation and trial operation on a procurement platform for well-known enterprises in China, comprehensively expanding the supply chain channel.

Benefiting from the above cost control model, the Group has maintained industry-leading gross margin levels over the years. During the Reporting Period, the Group has made progress in cost control with the application of the above measures.

RESEARCH AND DEVELOPMENT

As a service provider and investment operator with high potential in the fields of ecological construction, cultural tourism, and environmental governance in China, the Group strives to become an internationally advanced and domestic leading player in the industry by adhering to the guidance of applying high-efficiency, energy-saving and clean green technology and design so as to promote its development through scientific and technological innovation. Based on currently available technology accumulation, project experience and product advantages, the Group has continuously invested a large amount of funds in establishing its technology center, adhering to independent development, with the introduction, digestion and absorption of other technologies as a supplement, as well as constantly strengthened the cooperation of industry, education and research, and the construction of intellectual property rights, and actively realized the industrialization of science and technology. The Group keeps regarding scientific research as an important strategy to achieve sustainable development, and provides strong technical support for the Group through scientific research innovation, so as to secure its healthy development.

The Group has been constantly carrying out projects while conducting development and research in respect of a number of patented technologies, and successfully made substantial progress in plant cultivation, soil improvement and water ecological treatment. Currently, the Group has owned a number of patented technologies and patented products with independent intellectual property rights, and acquired core technologies in the field of ecological construction, which contributes strong competitive advantages in the industry.

The Group has a total of three invention patents, 59 utility model patents, five trademark copyrights, three software copyrights, one exclusive right of integrated circuit layout design, one invention patent under application, ten utility model patents under application and three new cultivars at the reproductive stage, all of which relate to sewage treatment, saline-alkali land restoration, ecological restoration, garden plants, construction and other fields.

FUTURE DEVELOPMENT

The year 2021 is the beginning year for the 14th Five-Year Plan, during which the regional government work reports continued to focus on stabilizing infrastructure and expanding domestic demand. With the acceleration of the construction of major projects in various regions, it is expected that the investment in infrastructure construction will also speed up in the second half of the year, and the size of the issue of infrastructure special debt in various regions may increase accordingly. The 14th Five-Year Plan proposes to optimize the investment structure, focuses on making up for shortcomings in infrastructure, promotes the construction of major projects, and advocates developing green buildings. In the future, building efficiency improvement, energy saving and emission reduction, and green development will become new trends. At the same time, “Carbon Neutrality” and “Carbon Peak Emissions” were officially included in the government work report, which became a central concern of policy. Carbon emission reduction projects are expected to have tremendous growth. After adjustment in recent years, the landscape engineering industry has gradually standardized. Under the guidance of policies such as “Carbon Neutrality” and “Green and Low-Carbon Development”, the implementation scale and progress of ecological projects can be expected. Meanwhile, with the continuous improvement and refinement of the management mechanisms and policies to forestry carbon sequestration projects based on the market in the future, the landscape industry is expected to usher in new development opportunities. Quality landscape enterprises may fully capitalise on the new development opportunities, and the industry is also expected to take advantage of these opportunities to further show its huge potential.

Looking ahead, the Group will actively respond to the call of the state and is more inclined to undertake major projects of energy-efficient and environmentally friendly and green development, while more energy-efficient and environmentally friendly equipment will be used in the construction of existing projects. The later stages for operating the project will also adopt a greener and more energy-saving approach. The Group will learn from each other’s strengths in the model of PPP and Engineering Procurement Construction going hand in hand, which continues to be adopted. In addition, the Group will improve the precision of business projects and speed up the conversion of the projects’ output value, further accelerate the completion of existing projects, strengthen operation management, layout the whole industrial chain to

promote business development, accelerate the consolidation of its own strategic advantages, and continue to deepen its brand image, lay a solid foundation, so as to contribute to the construction of a beautiful China.

BANK AND OTHER BORROWINGS

As at 30 June 2021, the Group's total outstanding bank and other borrowings amounted to RMB560,543,000 (31 December 2020: RMB547,948,000).

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**”).

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.

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 shareholders of the Company (the “**Shareholders**”) and to enhance corporate value, accountability and transparency of the Company.

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

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and 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. However, the Company does not have a separate chairman and chief executive officer and Mr. Wu Zhengping (“**Mr. Wu**”) currently performs these two roles and accordingly, there are no written terms setting out the division of responsibilities between the chairman and chief executive. The Board

believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority will not be impaired by the present arrangement and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will review the management structure regularly and consider separating the roles of the chairman and chief executive officer if and when appropriate.

Pursuant to code provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting. On the annual general meeting of the Company held on 21 May 2021, Mr. Wu, the chairman of the Board and chief executive officer of the Company was unable to attend the annual general meeting due to other business commitments. The Board had arranged for Ms. Xiao Li, an executive Director, the deputy chief executive officer and a member of the nomination committee of the Company, who was well versed in all business activities and operations of the Group, to attend and chair the annual general meeting on behalf of Mr. Wu and to respond to questions from the Shareholders. The Company will adopt a more flexible schedule in order to facilitate the chairman to attend future general meeting of the Company.

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

An audit committee (the “**Audit Committee**”) was established by the Company with terms of reference in compliance with the CG Code, and comprises three members, namely Mr. Yang Yuanguang (*Chairman*), Mr. Dai Guoqiang and Dr. Jin Hexian.

The Audit Committee has reviewed together with the management of the Company the accounting principles and policies adopted by the Group, the interim report and the unaudited consolidated interim results of the Group for the Reporting Period and was of the opinion that the preparation of such interim report and unaudited consolidated interim results complied with the applicable accounting standards and requirements and that adequate 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 2020: nil).

EVENTS AFTER REPORTING PERIOD

There are no significant events subsequent to 30 June 2021 that have material impact on the Group’s operating and financial performance as at the date of this announcement.

PUBLICATION OF INTERIM RESULTS AND 2021 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 2021 interim report of the Company will be dispatched to the Shareholders and will be made available on the websites of the Company and the Stock Exchange in accordance with the requirements of the Listing Rules.

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

25 August 2021

As at 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 Mr. Yang Yuanguang.

* *for identification purposes only*