



Broad Greenstate International Company Limited

博大綠澤國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code : 1253)



2016
INTERIM REPORT



博 大 精 深

博採眾長
ECLECTIC

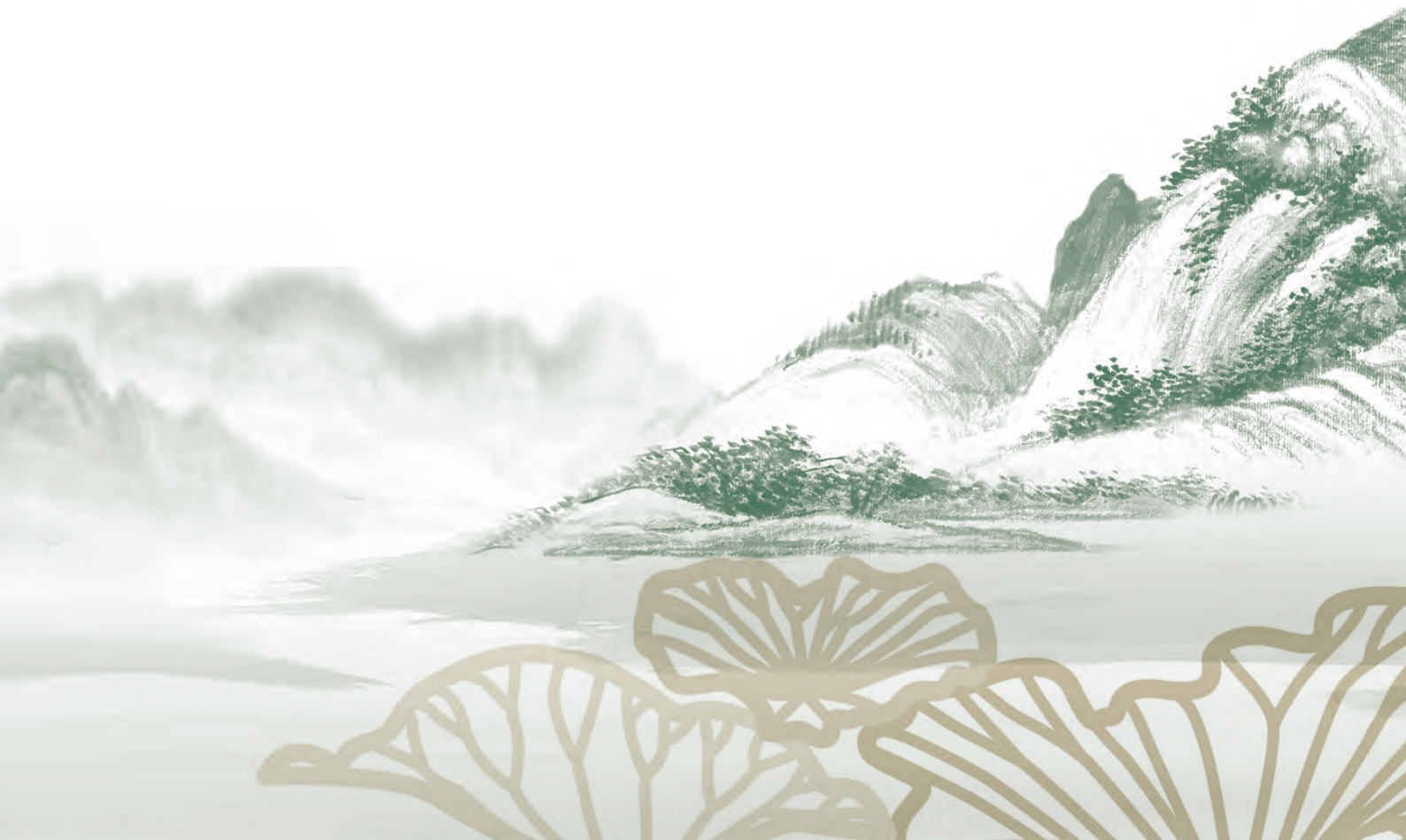
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ACCOMPLISHMENT

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深生不息
CONTINUOUS
SUCCESSION

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Corporate Information

COMPANY NAME

Broad Greenstate International Company Limited

PLACE OF LISTING OF SHARES

The Stock Exchange of Hong Kong Limited — main board

STOCK CODE

1253

STOCK NAME

BROADGREENSTATE

BOARD OF DIRECTORS

Executive Directors

Mr. Wu Zhengping (*Chairman and chief executive officer*)

Ms. Xiao Li (*Deputy general manager*)

Ms. Zhu Wen (*Administrative manager*)

Mr. Wang Lei (*Head of engineering department*)

Independent Non-executive Directors

Mr. Dai Guoqiang

Mr. Zhang Qing

Dr. Jin Hexian

COMPANY SECRETARY

Ms. Ho Siu Pik, *FCIS, FCS(PE)*

AUTHORIZED REPRESENTATIVES

Ms. Zhu Wen

Ms. Ho Siu Pik

AUDIT COMMITTEE

Mr. Zhang Qing (*Chairman*)

Mr. Dai Guoqiang

Dr. Jin Hexian

REMUNERATION COMMITTEE

Dr. Jin Hexian (*Chairman*)

Mr. Dai Guoqiang

Ms. Zhu Wen

NOMINATION COMMITTEE

Mr. Dai Guoqiang (*Chairman*)

Ms. Xiao Li

Dr. Jin Hexian

REGISTERED OFFICE

The offices of Maples Corporate Services Limited

PO Box 309, Uglan House

Grand Cayman, KY1-1104

Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Floor 8, Hong Quan Building

No. 1357, Mei Chuan Road

Putuo District

Shanghai, PRC

PLACE OF BUSINESS IN HONG KONG

Room 607, 6/F, MassMutual Tower

38 Gloucester Road, Wanchai

Hong Kong

Corporate Information (Continued)

HONG KONG LEGAL ADVISOR

Morrison & Foerster
33/F, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

AUDITORS

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093
Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANK

Shanghai Bank Changning Branch

COMPANY WEBSITE

www.broad-greenstate.com.cn

Financial Summary

For the six months ended 30 June

	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	Change RMB'000	%
Revenue	430,281	327,823	102,458	31.3%
Gross profit	148,523	115,445	33,078	28.7%
Profit before tax	109,373	95,792	13,581	14.2%
Net profit attributable to owners of the Parent	79,528	71,263	8,265	11.6%

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)	Change RMB'000	%
Total assets	1,566,766	1,373,132	193,634	14.1%
Total equity attribute to owners of the Parent	594,613	553,448	41,165	7.4%

For the six months ended 30 June

	2016 (Unaudited)	2015 (Unaudited)
Profit ability ratio (%)		
Gross profit margin	34.5%	35.2%
Net profit margin	18.5%	21.7%
Return on assets	5.1%	6.7%
Return on equity	13.4%	14.9%

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Working Capital data		
Current ratio (time)	1.2	1.2
Gearing ratio (%)	54.0%	42.9%

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Broad Greenstate International Company Limited ("**Broad Greenstate**" or the "**Company**"), and its subsidiaries (collectively, the "**Group**"), I am pleased to present to our shareholders the unaudited consolidated interim results of the Group for the six months ended 30 June 2016 (the "**Reporting Period**").

In the first half of 2016, the overall performance of the Group remained stable compared to the corresponding period last year. The public-private partnership projects ("**PPP projects**") in preparation since 2015 were also launched in succession this year. As observed in the first half of 2016, a number of PPP projects have entered into the stages of prequalification and tender invitation. Meanwhile, several projects have already commenced construction process and the pace of business development is satisfactory. For the six months ended 30 June 2016, the Group's income was RMB430.3million, representing a growth of 31.3% compared to RMB327.8 million of the same period in 2015. The gross profit margin decreased by 0.7% to 34.5% as compared to 35.2% in the corresponding period of 2015. During the Reporting Period, the net profit attributable to owners of the Company increased by RMB8.3 million to RMB79.5 million as compared to RMB71.3 million in the corresponding period last year, representing a growth of 11.7%. The Group's customers mainly include state and local governments as well as state-invested enterprises. For the six months ended 30 June 2016, projects granted by those customers contributed approximately 94.5% of the Group's total revenue as compared to 90.3% in the corresponding period of 2015.

2016 is the commencing year of the "13th Five-year" Plan. The entire state has fully implemented in depth the forestry development strategy emphasizing on the ecological construction, with a main direction on maintaining the forest ecological safety and the basic requirement for enhancing greenery, quality and effectiveness, so as to deepen reform and innovation, strengthen resources protection, expedite state land greening, increase greenery for people's well being, reinforce fundamental protection, expand the open policy for cooperation, and expedite modernized forestry construction for the comprehensive fulfillment of building up a society of moderate prosperity, constructing ecological civilization and Beautiful China. In April 2016, the State Forestry Administration published the Development Outline of China Eco-culture (2016–2020). Specifically, it mentioned that the Chinese government would vigorously nurture the popularity of the domestic eco-culture, in order to create a society with high ethical standards promoting the ecological civilization construction.

Upon proactive promulgation by the state, the industry of landscape architecture has definitely entered into the stage of rapid development, with the relevant projects executed and substantiated in full swing. To secure a stronghold in the market of keen competition, many domestic enterprises are seeking to fulfill integration of industrial chain for achieving business expansion and consolidation. As far as the current market situation in China is concerned, those landscaping enterprises of bigger scale, on the premise of having abundant capital and technical support, are seeking to integrate resources within the scope of their respective business to realize the synergy effects of economies of scale and upgrade their competitiveness among their counterparts in the aspects including the cross-region operating capability, leading to the encouraging effects of centralization of industry. As a leading enterprise in the landscaping industry, during the Reporting Period, the Group based on the landscaping construction actively integrated the upstream and downstream businesses along the industry chain including planning and design, cultural tourism operation, management and maintenance to fulfill the objective of providing customers with "one-stop" landscaping services.

Therefore the Group and Greenland Financial Overseas Investment Group Co., Ltd. (綠地金融海外投資集團有限公司) ("**Greenland Financial**") executed a share purchase agreement during the Reporting Period, pursuant to which Greenland Group intended to increase its shareholding proportion in the Group to 25.08%. This is not only an important step for the group's overall strategic deployment in the landscape architecture sector, as for the Group, but also a step to actively push forward the future development by virtue of the industry layout advantages, business platforms and financing channels of both parties. In the long run, it would also be beneficial to the Group in expanding its business scope and turnover, optimization of financial structure, and enhancing its of capital operation level, and therefore to the effective increase in the sources of income and a better profits for shareholders.

Chairman's Statement (Continued)

In addition, we have also strengthened the Group's competitiveness by vigorously conducting internal enhancement. In the aspects of design and construction capacity, the Ministry of Housing and Urban-Rural Development of the PRC granted the Group with Grade A qualification for Landscape Architecture Design Projects, and Shanghai Municipal Administration of Planning and Land Resources granted the Group with Grade B qualification for Urban-rural Planning during the Reporting Period, resulting in the significant enhancement of the Group's capabilities for undertaking various types of landscape architecture design and construction businesses, which formed the Group's core advantages among the counterparts. As for the cost control, the Group has updated the project information management system since February 2015 to implement comprehensive supervision and control in different stages of projects including design in the early, procurement in the middle stage and construction in the final stage for manpower, the Company employed a group of management personnel with extensive experiences in procurement and engineering management last year to strengthen process management and cost supervision. The adoption of above measures during the Reporting Period proved to be effective for cost control. Meanwhile, the Group has adopted a scientific management through putting a comprehensive management system into practice, which enhanced departmental supervision on various levels, improved management efficiency as well as facilitated the allocation of fund and the progressing each stage of the projects. With effective and scientific management, each project was launched effectively and smoothly during the Reporting Period. Meanwhile, the Group continued to maintain a good and close cooperation relationship with long-term customers and various financial institutions during the Reporting Period to lay a good foundation for undertaking more projects in future.

Ecological services, environmental control, green industry and ecological products have become primary requirements under the new normal in economic development, following the ever-increasing understanding among the general public on the important of ecosystem services for the development of the earth, human being and society. As a leading landscape architecture design service provider in China, the Group will actively seize the current market opportunities and continue to focus on the development of landscape projects in major cities across China and provide our customers with "one-stop" solutions of professional services covering design and planning, design refinement, construction, seedlings cultivation and maintenance. As for business expansion, we also wish to accelerate the business expansion of our PPP project mode, and explore more market opportunities and increase our source of income by virtue of further cooperation with Greenland Group. Meanwhile, we are actively identifying several merger and acquisition targets concerning soil improvement, ecological control and water treatment at home and abroad, so as to turn Broad Greenstate into the leading enterprise in ecology rehabilitation industry with a technological focus, and strive to expand into the related upstream and downstream businesses of the industry chain. We are fully confident in the prospects of the industry, and hope to satisfy the demands of the society and our customers through our rapid and high standard development. In respect of the capital market, we hope to offer investors and shareholders with reasonable returns as well.

Finally, on behalf of the Board, I would like to thank all the investors, business partners and customers of the Company for their continuing trust and support. Meanwhile, I would also like to take this chance to thank the Board members for their highly effective contributions and our staff for their continuous hard work and efforts. As usual, we will make our best endeavour to provide more satisfactory returns for our shareholders.

Mr. Wu Zhengping

Chairman and Chief Executive Officer

25 August 2016

Management Discussion and Analysis

As a fast-growing integrated landscape architecture design service provider in China, the Group focuses on municipal and city level landscape projects across China and provides our customers with “one-stop” solutions of landscape architecture design services, including design and planning, design refinement, construction, seedlings cultivation and maintenance. As a general contractor, the Group takes charge of implementing the overall management and progress of landscape projects so as to ensure that the projects obtained are properly completed. Under the stable development of market and proactive policy support from the government, the Group’s overall performance grew steadily in the first half of 2016, and the major landscape architecture business has progressed smoothly.

INDUSTRY REVIEW

Government Projects

At the end of 2014, the Ministry of Finance of the State Council successively issued documents to regulate debt financing mechanism of local government and required that the PPP project mode to be actively and extensively applied in infrastructure and public service areas. Since then, the PPP project mode has been vigorously promoted in the landscape industry. Starting from the fourth quarter of 2015, the PPP progress has been further expedited in the landscape industry. With a continuous increase in the number of signed-on projects, it provided greater room of development for all landscape companies.

According to the statistics of Public-Private-Partnership Center under the Ministry of Finance, as of 31 May 2016, there was a total of 8,644 projects in the pipeline of national PPP integrated information platform with a total project sum of over RMB10 trillion. In particular, there was a total of 453 projects under the category of ecological construction and environmental protection. On 28 May 2016, the National Development and Reform Commission under the Ministry of Finance of the PRC further issued the “Notice on Further Joint Efforts of Relevant Work for Public-Private-Partnership (PPP) (《關於進一步共同做好政府和社會資本合作(PPP)有關工作的通知》)” (the “**Notice**”). The Notice has raised seven requirements for how to vigorously promote the PPP project mode, endeavoring to further improve the relevant work for PPP. As such, the implementation of the PPP project mode has still been supported by the state policy with good development trend. As at the end of May 2016, the total investment in PPP projects in the pipeline of the Ministry of Finance reached RMB9.9 trillion. The continuous increase in the number of projects and the on-going effective growth in the total investment represented the strength of the government support for PPP projects, and this also complied with the development concept of the “structural reform of the supply-side” currently implemented in China.

Private Projects

In China, private landscape projects are mainly real estate development projects. In the first half of 2016, with the regulatory policy of the property market being appropriately deregulated in China, the major property indices were on the rise persistently. As for the supply, with the sales market heating up persistently, there was an obvious progress in real estate destocking. Stimulated by the steady rally of real estate quantities and prices, the real estate development and investment continued to speed up as well. Meanwhile, the government also increased the scale of land supply and adjusted the structure, with monetized resettlement for indemnificatory apartments, leading to the obvious improvement in the overall real estate environment. As for the demand, the central government has repeatedly cut the Requirement Reserve Ratio (RRR) and lowered key interest rates, reduced down payment, granted remission of taxes and so on to lower the cost of house purchase, which successfully promoted market demand. The flexible adjustment of local policies and various measures including adoption of reduced interest rates for taxation, financial subsidy, and elimination of restriction on house purchase and on foreign purchasers also aroused positive consumer sentiment. However, the problem of city disintegration has remained severe with the high level of destocking pressure for the non-major cities and towns, which has brought potential problems for the overall recovery of China’s real estate market.

Management Discussion and Analysis (Continued)

BUSINESS REVIEW

The Group's current customers are mainly classified into two categories: (1) landscape projects in the public sector, such as urban public green areas and various types of theme parks; (2) landscape projects in the private sector, such as greening of residential areas and holiday resorts. The Group has a strong and well established customer base. Our customers mainly consist of state and local governments as well as state-invested enterprises, and the projects granted by those customers have contributed approximately 94.5% of the Group's total revenue for the six months ended 30 June 2016, compared to 90.3% in the corresponding period of 2015.

Contribution to the Company from the acquired Shanghai Dongjiang Building Survey and Design Engineering Co., Ltd. (上海東江建築勘察設計工程有限公司)

In early December 2015, the Group acquired the entire interests equity of Shanghai Dongjiang Building Survey and Design Engineering Co., Ltd. (上海東江建築勘察設計工程有限公司) ("Shanghai Dongjiang") at the price of RMB3 million through Shanghai Greenstate Landscape Properties Company Limited (上海綠澤景觀置業有限公司), an indirect wholly-owned subsidiary of the Group. Both Shanghai Dongjiang and its subsidiary Shanghai Dongjiang Building Landscape Engineering Co., Ltd. (上海東江建築園林工程有限公司) have possessed an experienced and excellent team of designers obtained Grade One qualification for the Construction Industry (Construction Engineering Professional Design), Grade Two qualification for Landscape Architecture Design and Grade Two qualification for Urban Landscape Greening at the time of acquisition, and Grade Two qualification for Urban-rural Planning in the first half of 2016. Such qualifications significantly increased the Group's capability and standard for undertaking relevant landscape design and planning business, and enhanced the overall competitiveness of the Group, with material contribution to the Group's "one-stop" landscape architecture design services. The strengthened capability in construction design and landscape design will effectively bring tremendous benefits for the Company's business capacity and cost control. With ever-demanding requirements of projects of different scales on the business integration capability in the course of developing PPP, the possession of more powerful teams of designers is beneficial to the Group in undertaking projects.

Projects in Cooperation with Greenland Group

The Group and Greenland Group have formed the consortium to participate in the bidding for a number of domestic large-scale city public greening projects. At present, the tender invitations for those projects are under preparation on schedule. It is expected that the bidding will be completed in the third quarter of this year.

Research and Development Center for New Varieties of Seedlings

The Group has completed the research and development base for seedlings and executed the contracts for introducing new species of greening plants with a number of scientific research institutions and domestic and overseas seed ranches. As at 30 June 2016, it was confirmed that 66 species were newly introduced, in which 29 species of green plants are being introduced from Netherlands and other places for a total of over 30,000 green plants from countries including Netherlands.

Management Discussion and Analysis (Continued)

Major Large-scale Projects

Completed Major Landscape Projects

During the Reporting Period, the Group has completed 3 major projects with the details set out in the following table.

Project	Customer type	Contract value RMB'000	Commencement	Completion Year	Revenue recognised during the Reporting Period RMB'000
Project A	State-invested enterprise	7,139	July 2014	2016	48
Project B	State-invested enterprise	39,300	May 2013	2016	—
Project C	State-invested enterprise	26,397	January 2015	2016	—

Major Landscape Projects in Progress

The following table sets forth the Group's major landscape projects commenced during the Reporting Period but not yet completed. Such landscape projects have contributed 94% of the total revenue recognised for landscape projects under construction confirmed in the Reporting Period.

Project	Customer type	Initial contract value RMB'000	Updated contract value RMB'000	Date of commencing construction	Expected year of completion	Revenue recognised during the Reporting Period RMB'000
Project D	State-invested enterprise	350,000	441,000	March 2014	2016	16,387
Project E	State-invested enterprise	166,352	172,082	December 2012	2016	—
Project F	PPP company	500,000	500,000	April 2016	2017	297,768
Project G	State-invested enterprise	360,000	360,000	November 2014	2016	—
Project H	Government	42,189	42,189	January 2016	2016	40,960
Project I	Business unit	34,979	34,979	January 2016	2016	34,056
Project J	Private enterprise	17,095	17,095	March 2016	2016	16,662

New Major Landscape Projects Awarded But Construction Not Yet Commenced

The following table sets out our new major landscape projects which were awarded to us but were not commenced, or no relevant revenue was recognized during the Reporting Period.

Project	Customer type	Contract value RMB'000	Date of commencing construction	Expect year of completion
Project K	PPP company	300,000	March 2017	2018
Project L	PPP company	1,000,000	June 2017	2018
Total		1,300,000		

Management Discussion and Analysis (Continued)

Qualifications and Licenses

On 4 February 2016, the Ministry of Housing and Urban-Rural Development of the PRC granted the Group with Grade One qualification for scenery landscape design, enabling the Group to proceed with the design of landscape projects of any scales. This strengthens the Group's capability of undertaking large-scale municipal and city level public department projects. The Group also possesses Grade One qualification for urban landscape construction enterprises, Grade One qualification for construction engineering professional design and Grade Two qualification for urban-rural planning. More than 70 large-scale landscape projects have been completed so far.

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

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	Scenery landscape design	Grade One
Ministry of Housing and Urban-Rural Development of the PRC	Design qualification for construction engineering professional design	Grade One
Shanghai Municipal Administration of Planning and Land Resources	Qualification for Urban-rural Planning	Grade Two

Cost Control

During the Reporting Period, the Group adhered to reasonable style of operation method in order to erect cost control in three different aspects which include policy, system and manpower. As for the system, the Group carried out a comprehensive budget management covering budget, control, supervision, analysis and appraisal in order to increase the application efficiency of funds; the Group updated the project information management system in February 2015, to conduct the comprehensive supervision and control of various project stages comprising design in the early stage, procurement in the middle stage and construction in the final stage; as for manpower, the Company employed a group of management personnel with abundant experiences in procurement and engineering management last year to strengthen process management and cost supervision. The adoption of above cost control measures during the Reporting Period proved to be effective.

Quality Control

With landscape construction as the major business, quality control is of the utmost importance for the Group. The Company has conducted quality control in three aspects, similar to that of cost control. As for the system, sound and complete processes were established, coupled with optimized systems for quality control. As for manpower, a well-experienced project manager was employed to control the engineering quality on a comprehensive basis. Quality management system of the Company have already passed the certification of ISO9001, ISO14001 and OHSAS18001.

Research and Development

In order to enhance our competitive advantage, the Group has made use of large quantities of resources in our research and development. For the six months ended 30 June 2016, the primary directions of the Group's research and development were: (i) introduction and cultivation of new varieties of seedlings to solve the problem of scarcity and shortage of excellent local plant species; (ii) relevant technologies in the concept of "sponge city", such as the water self-purification system, the sewage interception and treatment, and the diversion of rain and sewage in separate flow.

Management Discussion and Analysis (Continued)

Outlook

Since the concept of “Beautiful China” was raised for the first time in November 2012 at China’s 18th Party Congress, the Chinese government has increased attention in the concepts of ecological civilization construction and sustainable development. Vigorously driven by the favorable policies, the Group believed that landscape greening design and the construction industry will definitely become one of the important industries subject to the deployment of national development strategy in future. According to the content of the joint promulgation of “Outline of Urban-rural Landscape Development Planning “13th Five-year Plan”” launched by the Ministry of Housing and Urban-Rural Development, China Urban Construction Design & Research Institute Limited, China Academy of Urban Planning and Design and Beijing Forestry University, the government has expanded the overall layout of strategic development of the so-called “Four-in-One” model which comprising ecological economic, political, cultural and society constructions to a “Five-in-One” model by adding ecological civilisation construction. Driven by the implementation of this policy, ecological restoration, green building, environmental protection and so on which are relevant to the landscape industry will be vigorously developed and opportunities of having more continuous projects will be increased.

Meanwhile, confronted with the harsh environment of increasing resource constraints, ever-worsening environmental pollution, and ecosystem degradation, ecological civilization construction has been placed at the conspicuous position. The synchronous development of implementing the ecological civilization construction and the new urbanization construction is the pressing need due to the ever-increasing constraints for resources and environment currently. Hence, even higher demands and requirements have been raised for the development of urban landscape industry, and such will bring unprecedented opportunities for the industry.

Judging from the development trend of the industry, PPP project mode has become dominant in the market which is an undeniable truth. Contrary to the Build-and-Transfer mode, PPP has definitely made tremendous progress. PPP project mode has led to a win-win situation among the government, the social capital and the enterprises, and integrated the respective advantages of the participating parties, resulting in the higher project efficiency at the implementation stage and operating benefits at the later stage. As of 31 March 2016, there was a total of 165 landscape projects in the library of the PPP Center under the Ministry of Finance, amounting to a total investment of RMB1 17.3 billion. In addition, the downstream investment in ecological restoration and tourism will also bring about opportunities for PPP projects. To cope with the market development trend, the Group will continue to focus on the development of greening PPP projects at the municipal and city level. For the six months ended 30 June 2016, the Group has won one tender for the PPP project with construction commenced. The Group expects to accumulate experiences, and build up good reputation with public recognition to lay good foundation for launching even more PPP projects in future.

As for the cooperation with Greenland Group, both parties have actively launched strategic cooperation and formed a consortium with participation in the bidding for various large-scale domestic urban greening projects so as to sufficiently seize market opportunities brought about by PPP projects. In the future, if these projects are implemented smoothly, it will have a very positive impact on the Group’s revenue and profits. Furthermore, with the advantages of the powerful financing platform and channels established by Greenland Group, as well as cost advantages, the Group will possess more advantages to build up cooperation platforms with financial institutions, so as to optimize the financial structure and upgrade the level of capital operation.

Looking forward, under the guidance and support of the Chinese government for ecological civilization construction, and the power platform and abundant resources of Greenland Group, it will be favorable for the Group to further expand the scope of business and increase the quantity of projects. Hence, the Group is definitely confident in developing the landscaping industry. Broad Greenstate is determined to turn into a provider of “One-Stop” landscape architecture design services, including a series of services such as design and planning, design refinement, construction, seedlings cultivation and maintenance, and endeavors to become one of the top 10 enterprises in China’s landscaping industry by 2021.

Management Discussion and Analysis (Continued)

FINANCE REVIEW

Revenue

During the Reporting Period, the Group actively took part in undertaking various domestic large-scale municipal and city level ecological landscape projects and recorded remarkable results in the year with a total of 3 completed projects and coupled with the conclusion of 4 new projects.

For the six months ended 30 June 2016, the Group's total income increased 31.3% from RMB327.8 million in the corresponding period of 2015 to RMB430.3 million. There were 12 projects in total which made a contribution to the revenue, 7 of which with initial contract value of RMB5 million or above, contributing nearly 98% of revenue for the Group. The net profit was RMB79.5 million, increased by 11.5% as compared to RMB71.3 million in the corresponding period of 2015.

Gross profit and gross profit margin

For the six months ended 30 June 2016, the Group's gross profit was RMB148.5 million as compared to RMB115.4 million in the comparable period in 2015, representing an increase of 28.7%. The gross profit margin for the six months ended 30 June 2016 was 34.5%, representing a decrease of 0.7 percentage point as compared to 35.2% for the comparable period in 2015, which was mainly due to the slight decrease in revenue contributed from larger projects which have higher gross profit margin as the projects are more complex and require more integrated management.

Administrative expenses

The administrative expenses principally consist of salaries and benefits of administrative staff, consultation fees, depreciation and amortization, travelling and business meeting expenses, equipment expenses and other expenses. During the Reporting Period, the Group's administrative expenses amounted to RMB33.8 million as compared to RMB18.9 million for the comparable period in 2015, representing an increase of RMB14.9 million, which was mainly attributable to the increase in the scale of the entire business.

Financial cost

For the six months ended 30 June 2016, the Group's financial cost was RMB9.4 million as compared to RMB4.5 million in the comparable period in 2015. The increase was attributable to the provision of capital for existing and potential projects, distribution of final dividend and replenishing general work capital with increase on various interest-bearing borrowings including the short-term finance notes issued to Greenland Financial.

Income tax

The income tax of the Group increased from RMB24.5 million of the comparative period in 2015 to RMB29.8 million for the six months ended 30 June 2016, mainly due to the increased assessable profit of the Group. During the Reporting Period, the effective tax rate of the Group was 27.3% as compared to 25.6% for the comparative period in 2015.

Net profit and net profit margin

During the Reporting Period, the net profit attributable to the owners of the Parent Company increased by RMB8.3 million from RMB71.3 million of the same period last year to RMB79.5 million, representing an increase of 11.7%. The net profit margin was 18.5% as compared to 21.7% for the comparative period in 2015.

Management Discussion and Analysis (Continued)

LIQUIDITY AND CAPITAL RESOURCES

In general, we have historically met our liquidity requirements through cash flows from operations, bank borrowings and obtaining the credit term from suppliers. Our primary liquidity requirements are to finance working capital, fund the payments of interests and principal due on our indebtedness and capital expenditure, and provide funds for the expansion of our facilities and operations. In future, we expect those sources will still continue to be our principal sources of liquidity.

As at 30 June 2016, cash and cash equivalents of the Group was RMB121.5 million as compared to RMB257.4 million as at 31 December 2015, and the interest-bearing bank borrowings and long-term loans of the Group amounted to RMB73.1 million as compared to RMB28.9 million as at 31 December 2015. As at 30 June 2016, we had RMB65 million of unrestricted banking facilities available but not yet utilised.

Details of our bank borrowings are set out in note 18 to the condensed consolidated interim financial statement on page 41 of this interim report.

GEARING RATIO

As at 30 June 2016, the Group's gearing ratio was 54.0% compared to 42.9% as at 31 December 2015, which was calculated at the net debt divided by the equity plus net debt.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENT

During the Reporting Period, the Group had no material capital expenditure nor material capital commitment.

PLEDGE OF ASSETS

As at 30 June 2016, the entire issued shares of Greenstate Times and Greenstate International, both of which were subsidiaries wholly owned by the Company, were pledged to secure the issuance of a redeemable fixed coupon promissory note with a principal amount of US\$40,000,000 to Greenland Financial.

MARKET RISKS

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

Interest rate risk

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

Management Discussion and Analysis (Continued)

Credit risk

For the six months ended 30 June 2016, our maximum exposure to credit risk due to the counterparties' failure to perform their obligations in relation to each class of recognized financial assets is the carrying amount of those assets as set forth in the statement of financial position. In order to minimize the credit risk, we will review recoverable amount of each individual trade and other receivables regularly at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. As at the balance sheet date, our cash and cash equivalents were deposited in high quality financial institutions without significant credit risk accordingly.

Liquidity risk

We make use of a recurring liquidity planning tool to monitor our risk to shortage of funds. Such tool considers the maturity of both of our financial instruments and financial assets such as trade receivables and projected cash flows from operations. We also manage our capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, we may adjust the dividend payment to shareholders, return the capital to shareholders or issue new shares. We are not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital for the six months ended 30 June 2016.

Foreign exchange risk

The Group's businesses are located in China and substantially all of its transactions are denominated in Renminbi. The Group reviews its foreign currency exposures regularly and considers no significant exposure on its foreign exchange risk. The Group has not made use of hedging to manage its foreign exchange risk.

Other Information and Corporate Governance Highlights

CORPORATE INFORMATION AND GLOBAL OFFERING

The Company was incorporated in the Cayman Islands on 22 October 2013 as an exempted company with limited liability, and the Company's Shares were listed on the Main Board of the Stock Exchange on 21 July 2014.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2016, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were (i) recorded in the register required to be kept under section 352 of the SFO, or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director/Chief Executive	Nature of Interest	Number of Shares/underlying Shares held ⁽¹⁾	Approximate Percentage of Issued Capital
Mr. Wu Zhengping ⁽²⁾⁽³⁾⁽⁴⁾	Interest in controlled corporation; interest of spouse and beneficial owner	2,103,695,744 (L)	63.62%
	Interest in controlled corporation	753,561,041 (S) ⁽⁵⁾	22.78%
Ms. Xiao Li ⁽²⁾⁽³⁾⁽⁴⁾	Interest in controlled corporation; interest of spouse and beneficial owner	2,103,695,744 (L)	63.62%
	Interest of spouse	753,561,04 (S) ⁽⁵⁾	22.78%
Ms. Zhu Wen ⁽⁴⁾	Beneficial owner	5,000,000 (L)	0.15%
Mr. Wang Lei ⁽⁴⁾	Beneficial owner	5,000,000 (L)	0.15%
Mr. Zhang Yihua ⁽⁴⁾	Beneficial owner	13,500,000 (L)	0.40%

Notes:

- (1) The letter "L" denotes the person's long position in such shares and the letter "S" denotes the person's short position in such shares.
- (2) Mr. Wu Zhengping holds 100% equity interests in Broad Landscape International and under the SFO, Mr. Wu Zhengping is deemed to be interested in the 1,516,586,880 Shares (L) and 753,561,041 Shares (S) held by Broad Landscape International. Ms. Xiao Li has controlled more than one third of the voting power at the general meeting of Eastern Greenstate International, therefore under the SFO, Ms. Xiao Li is deemed to be interested in the 534,608,864 Shares held by Eastern Greenstate International.
- (3) Mr. Wu Zhengping is the spouse of Ms. Xiao Li. Under the SFO, Mr. Wu Zhengping is deemed to be interested in the same number of Shares in which Ms. Xiao Li is interested.
- (4) The number of underlying Shares in which the Directors and chief executives hold under the Share Option Scheme are detailed in "Share Option Scheme" section of this interim report.
- (5) On 27 June 2016, Broad Landscape International and Greenland Financial (both substantial shareholders of the Company) entered into a share purchase agreement, pursuant to which Broad Landscape International conditionally agrees to sell, and Greenland Financial conditionally agrees to purchase, 753,561,041 Shares (the "Share Purchase Agreement"). On 15 August 2016, Broad Landscape International and Greenland Financial have entered into a supplemental agreement to amend certain terms of the Share Purchase Agreement (the "Supplemental Agreement"). Pursuant to the terms of the Supplemental Agreement, the parties agreed that the number of Shares to be transferred from Broad Landscape International to Greenland Financial on the terms and conditions set out in the Share Purchase Agreement shall be reduced from 753,561,041 Shares to 591,561,041 Shares. As at the date of this interim report, the transaction completed under the Share Purchase Agreement (as supplemented by the Supplemental Agreement) has not been completed.

Other Information and Corporate Governance Highlights (Continued)

Save as disclosed above, as of 30 June 2016, so far as is known to any Director or the chief executive of the Company, none of the Directors or the chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations which were (i) recorded in the register required to be kept under section 352 of the SFO, or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2016, so far as the Directors are aware, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register required referred to therein, were as follows:

Name of Shareholder	Nature of Interest	Number of Shares/underlying Shares held ⁽¹⁾	Approximate Percentage of Issued Capital
Broad Landscape International ⁽²⁾	Beneficial owner	1,516,586,880 (L)	45.86%
	Beneficial owner	753,561,041 (S) ⁽⁴⁾	22.78%
Eastern Greenstate International ⁽²⁾	Beneficial owner	534,608,864 (L)	16.16%
Greenland Holding Group Company Limited (綠地控股集團有限公司) ⁽³⁾	Interest in a controlled corporation	1,017,029,041 (L) ⁽⁴⁾	30.75%
Greenland Financial Holdings Company Limited (綠地金融投資控股集團有限公司) ⁽³⁾	Interest in a controlled corporation	1,017,029,041 (L) ⁽⁴⁾	30.75%
Greenland Financial ⁽³⁾	Beneficial owner	1,017,029,041 (L) ⁽⁴⁾	30.75%

Notes:

- (1) The letter "L" denotes the person's long position in such shares and the letter "S" denotes the person's short position in such shares.
- (2) Mr. Wu Zhengping holds 100% equity interests in Broad Landscape International and under the SFO, Mr. Wu Zhengping is deemed to be interested in the 1,516,586,880 Shares (L) and 753,561,041 Shares (S) held by Broad Landscape International. Ms. Xiao Li has controlled more than one third of the voting power at the general meeting of Eastern Greenstate International, therefore under the SFO, Ms. Xiao Li is deemed to be interested in the 534,608,864 Shares held by Eastern Greenstate International.
- (3) Greenland Holding Group Company Limited wholly owns Greenland Financial Holdings Company Limited which in turn wholly owns Greenland Financial so that Greenland Holding Group Company Limited and Greenland Financial Holdings Company Limited are deemed to be interested in the Shares in which Greenland Financial is interested for the purpose of Part XV of the SFO.
- (4) On 27 June 2016, Broad Landscape International and Greenland Financial (both substantial shareholders of the Company) entered into a share purchase agreement, pursuant to which Broad Landscape International conditionally agrees to sell, and Greenland Financial conditionally agrees to purchase, 753,561,041 Shares (the "Share Purchase Agreement"). On 15 August 2016, Broad Landscape International and Greenland Financial have entered into a supplemental agreement to amend certain terms of the Share Purchase Agreement (the "Supplemental Agreement"). Pursuant to the terms of the Supplemental Agreement, the parties agreed that the number of Shares to be transferred from Broad Landscape International to Greenland Financial on the terms and conditions set out in the Share Purchase Agreement shall be reduced from 753,561,041 Shares to 591,561,041 Shares. As at the date of this interim report, the transaction completed under the Share Purchase Agreement (as supplemented by the Supplemental Agreement) has not been completed.

Other Information and Corporate Governance Highlights (Continued)

Save as disclosed above, as of 30 June 2016, the Directors have not been notified by any person (not being the Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Company conditionally adopted the Share Option Scheme on 25 June 2014, which became effective from the Listing Date.

Purpose

The purposes of the Share Option Scheme are to attract and retain the best available personnel, to provide additional incentive to employees, directors, consultants and advisers of the Group and to promote the success of the business of the Group.

Participants of the Share Option Scheme

The Board may offer any employee (whether full-time or part-time), Director, consultant or adviser of the Group (the “**Eligible Person**”) options to subscribe for Shares at a price determined in accordance with the terms of the Share Option Scheme.

Maximum number of Shares

The total number of Shares which may be granted under the Share Option Scheme and under any other schemes of the Company shall not in aggregate exceed 10% of the issued share capital of the Company as at the Listing Date, being 76,680,000 Shares (or 306,720,000 subdivided shares upon the Share Subdivision becoming effective on 19 August 2015) (the “**Scheme Mandate Limit**”) unless Shareholders’ approval has been obtained. Options lapsed in accordance with the Share Option Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit.

Notwithstanding the foregoing, the Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company shall not exceed 30% of the issued share capital of the Company from time to time.

As at the date of this interim report, a total of 193,970,000 share options, representing 5.87% of the issued share capital of the Company as at the same date, is available for issue under the Share Option Scheme.

Maximum entitlement of each participant

Unless approved by the Shareholders in a general meeting in the manner set out in the Share Option Scheme, the total number of Shares issued and to be issued upon the exercise of options granted to each Eligible Person (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the relevant class of securities of the Company in issue.

In addition, any options granted to an Eligible Person who is a Director, chief executive or substantial shareholder of the Company or any of their respective associates shall be approved by the independent non-executive Directors (excluding any independent non-executive Director who is proposed to be the grantee). Any options granted to an Eligible Person who is a substantial shareholder, or independent non-executive Director, or their respective associates, which will result in the total number of Shares issued and to be issued upon exercise of all the options granted and to be granted (including options whether exercised, cancelled or still outstanding) to such person in any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the issued share capital of the Company; and having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, such further grant of options must be approved, in addition to the approval of the independent non-executive Directors, by the Shareholders in general meeting.

Other Information and Corporate Governance Highlights (Continued)

Offer period

An offer of grant of an option shall remain open for acceptance by the Eligible Person concerned for such period of not less than three business days as determined by the Board, provided that no such offer shall be open for acceptance after the expiry of the Share Option Scheme or after the Share Option Scheme has been terminated in accordance with the provisions thereof. An option may be exercised in whole or in part by the option holder in accordance with the terms of the Share Option Scheme at any time during the exercise period to be notified by the Board to each option holder upon the grant of options, such period shall not exceed ten years from the date of grant of the relevant option.

Minimum period for which an option must be held before it can be exercised

The Company may specify a minimum holding period and performance conditions which must be satisfied before options can be exercised by the option holders.

Amount payable for options

Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company as consideration for the grant, which is in no circumstances be refundable.

Basis of determining the exercise price

The amount payable for each Share to be subscribed for under an option pursuant to the Share Option Scheme in the event of the option being exercised shall be determined by the Board and shall be not less than the greater of:

- (i) the closing price of the Shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option;
- (ii) the average closing price of the Shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and
- (iii) the nominal value of the Shares.

Life of the Share Option Scheme

The Share Option Scheme will remain in force for a period to be notified by the Board, such period shall not exceed the period of ten (10) years commencing from 25 June 2014. Unless otherwise terminated earlier by the Company by resolution in general meeting or the Board, as at 30 June 2016, the Share Option Scheme has a remaining life of approximately eight (8) years.

Other Information and Corporate Governance Highlights (Continued)

Particulars of the movement of the options held by each of the Directors, chief executive or substantial shareholders of the listed issuer, or their respective associates under the Share Option Scheme during the Reporting Period, were as follows:

Grantees	Date of grant	Number of Options					Held at 30 June 2016	Exercise price per Share (HK\$)	Vesting and Exercise period
		Held at 1 January 2016	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ Forfeited ⁽¹⁾ during the Reporting Period	Lapsed during the Reporting Period			
Wu Zhengping	1 Sept 2015	6,000,000	—	—	—	—	6,000,000	1.24	1 Sept 2017–31 Aug 2018
		6,000,000	—	—	—	—	6,000,000		1 Sept 2018–31 Aug 2019
		9,000,000	—	—	—	—	9,000,000		1 Sept 2019–31 Aug 2020
		9,000,000	—	—	—	—	9,000,000		1 Sept 2020–31 Aug 2021
Xiao Li	1 Sept 2015	4,500,000	—	—	—	—	4,500,000	1.24	1 Sept 2017–31 Aug 2018
		4,500,000	—	—	—	—	4,500,000		1 Sept 2018–31 Aug 2019
		6,750,000	—	—	—	—	6,750,000		1 Sept 2019–31 Aug 2020
		6,750,000	—	—	—	—	6,750,000		1 Sept 2020–31 Aug 2021
Zhu Wen	1 Sept 2015	1,000,000	—	—	—	—	1,000,000	1.24	1 Sept 2017–31 Aug 2018
		1,000,000	—	—	—	—	1,000,000		1 Sept 2018–31 Aug 2019
		1,500,000	—	—	—	—	1,500,000		1 Sept 2019–31 Aug 2020
		1,500,000	—	—	—	—	1,500,000		1 Sept 2020–31 Aug 2021
Wang Lei	1 Sept 2015	1,000,000	—	—	—	—	1,000,000	1.24	1 Sept 2017–31 Aug 2018
		1,000,000	—	—	—	—	1,000,000		1 Sept 2018–31 Aug 2019
		1,500,000	—	—	—	—	1,500,000		1 Sept 2019–31 Aug 2020
		1,500,000	—	—	—	—	1,500,000		1 Sept 2020–31 Aug 2021
Zhang Yihua	1 Sept 2015	2,700,000	—	—	—	—	2,700,000	1.24	1 Sept 2017–31 Aug 2018
		2,700,000	—	—	—	—	2,700,000		1 Sept 2018–31 Aug 2019
		4,050,000	—	—	—	—	4,050,000		1 Sept 2019–31 Aug 2020
		4,050,000	—	—	—	—	4,050,000		1 Sept 2020–31 Aug 2021
Other grantees (in aggregate)	1 Sept 2015	6,750,000	—	—	1,200,000	—	5,550,000	1.24	1 Sept 2017–31 Aug 2018
		6,750,000	—	—	1,200,000	—	5,550,000		1 Sept 2018–31 Aug 2019
		10,125,000	—	—	1,800,000	—	8,325,000		1 Sept 2019–31 Aug 2020
		10,125,000	—	—	1,800,000	—	8,325,000		1 Sept 2020–31 Aug 2021

Note:

(1) 6,000,000 share options were forfeited during the Reporting Period.

Other Information and Corporate Governance Highlights (Continued)

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

No rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted to any Director or their respective spouse or children under 18 years of age, nor were any such rights exercised by them, nor was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate throughout the Reporting Period.

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER

As disclosed in the announcement of the Company dated 30 April 2015, Broad Landscape International the controlling shareholder of the Company, entered into a share charge pursuant to which Broad Landscape International agreed to charge by way of first mortgage all the right, title and interest in and to 75,000,000 ordinary shares in the issued share capital of the Company in favour of the Lender (the **"Share Charge"**), and charge over account pursuant to which Broad Landscape International agreed to charge by way of first fixed charge a bank account of Broad Landscape International with the Lender (the **"Account"**), all its present and future rights, title and interest in or to the Account and all moneys (including interest) standing to the credit of the Account (the **"Account Charge"**), to secure a credit loan facility of RMB44,350,000 and HKD34,600,000 (the **"Original Facility"**) from Bank of Shanghai (Hong Kong) Limited (the **"Lender"**).

As of 9 May 2016, the loans under the Original Facility have been repaid. The Company entered into a new facility letter with the Lender on 6 May 2016 to obtain a one year credit loan facility of up to RMB138,800,000 from the Lender (the **"New Facility"**) for the purpose of financing existing and potential projects, paying final dividend and general working capital of the Company. As a security of the New Facility, Broad Landscape International entered into a supplemental agreement (the **"Supplement Agreement"**) with the Lender, pursuant to which Broad Landscape International agreed to, inter alia, (i) further mortgage and charge the subject matter of the Share Charge and the Account Charge, (ii) mortgage by way of first mortgage, inter alia, all the right, title and interest in and to 30,000,000 Shares in favour of the Lender; and (iii) supplement and amend certain terms and conditions of the Share Charge and Account Charge. The total number of Shares to be charged by Broad Landscape International in favour of the Lender pursuant to the Share Charge as supplemented by the Supplement Agreement amounts to 330,000,000 Shares.

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 listed securities 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 2016, the Group did not hold any significant investments.

Other Information and Corporate Governance Highlights (Continued)

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 CG Code 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 the chief executive should be segregated and should not be performed by the same individual. However, the Company does not have a separate chairman and chief executive officer and Mr. Wu Zhengping currently performs these two roles. 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, the external auditors should attend the annual general meeting to answer questions about the conduct of the audit. The external auditors of the Company did not attend the Company's 2016 annual general meeting held on 6 May 2016 due to delay of flight. It is expected that the auditors will arrange a more flexible schedule in order to attend the Company's annual general meetings in the future.

UPDATE ON DIRECTORS' INFORMATION

There is no change in the information of each Director that is required to be disclosed under Rule 13.51(2) and 13.51(B) of the Listing Rules throughout the Reporting Period.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2016, the Group had 238 full time employees (as at 31 December 2015: 214) in the PRC. During the Reporting Period, the staff cost of the Group was approximately RMB11.8 million (six months ended 30 June 2015: RMB5.8 million).

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

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

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

Other Information and Corporate Governance Highlights (Continued)

AUDIT COMMITTEE

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted 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.

INTERIM DIVIDEND

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

Other Information and Corporate Governance Highlights (Continued)

USE OF PROCEEDS FROM LISTING

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

Purposes	Proportion	Proceeds RMB'000	Utilized amount RMB'000
Offering to finance the completion of Chenzhou Project	20%	33,659	33,659
For our potential future projects	30%	50,488	50,488
For the potential acquisition of landscape architecture service companies or design companies	20%	33,659	3,000
For the expansion of our geographical coverage in China by establishing more subsidiaries and branches	10%	16,829	16,829
For our research and development activities	10%	16,829	16,829
Used as general working capital of the Group	10%	16,829	16,829
Total:		168,293	137,634

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

For the six-month period ended 30 June 2016

	Notes	Six-month period ended 30 June	
		2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
REVENUE	5(a)	430,281	327,823
Cost of sales		(281,758)	(212,378)
Gross profit		148,523	115,445
Other income and gains	5(b)	4,327	3,803
Administrative expenses		(33,841)	(18,909)
Finance costs	7	(9,391)	(4,524)
Share of profits and losses of:			
A joint venture		(245)	(22)
An associate		—	(1)
Profit before tax		109,373	95,792
Income tax expense	8	(29,848)	(24,529)
Profit for the period		79,525	71,263
Attributable to:			
Owners of the Parent		79,528	71,263
Non-controlling interest		(3)	—
Exchange differences on translation of foreign operations		(5,787)	(222)
Other comprehensive income for the period, net of tax		(5,787)	(222)
Total comprehensive income for the period		73,738	71,041
Earnings per share attributable to ordinary Equity holders of the Parent:			(Restated)
Basic and diluted			
— For profit for the period	10	RMB0.02	RMB0.02

The notes on pages 30 to 47 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2016

	Notes	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	20,942	20,751
Goodwill		1,916	1,916
Other intangible assets	12	25,273	25,960
Investment in a joint venture		5,061	5,306
Available-for-sale investments	13	60,000	—
Construction contracts	14	254,205	305,032
Deferred tax assets		6,402	4,903
Total non-current assets		373,799	363,868
CURRENT ASSETS			
Construction contracts	14	703,933	425,010
Trade receivables	15	313,809	281,270
Prepayments, deposits and other receivables		53,703	45,617
Cash and cash equivalents	16	121,522	257,367
Total current assets		1,192,967	1,009,264
CURRENT LIABILITIES			
Corporate bonds		261,989	248,908
Trade and bills payables	17	441,518	355,490
Other payables and accruals		91,622	96,053
Interest-bearing bank borrowings	18	73,124	28,925
Tax payable		97,063	82,927
Total current liabilities		965,316	812,303
NET CURRENT ASSETS		227,651	196,961
TOTAL ASSETS LESS CURRENT LIABILITIES		601,450	560,829
NON-CURRENT LIABILITIES			
Deferred tax liabilities		6,310	6,481
Total non-current liabilities		6,310	6,481
NET ASSETS		595,140	554,348

Condensed Consolidated Interim Statement of Financial Position (Continued)

As at 30 June 2016

	<i>Notes</i>	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
EQUITY			
Equity attributable to owners of the Parent			
Share capital	19	246,137	285,312
Other reserves		348,476	268,136
		594,613	553,448
Non-controlling interests		527	900
Total equity		595,140	554,348

Wu Zhengping
Director

Xiao Li
Director

The notes on pages 30 to 47 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Interim Statement of Changes in Equity

For the six-month period ended 30 June 2016

Notes	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Share premium account	Other reserve	Exchange fluctuation reserve	Retained profits	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015	60,917	151,223	3,471	(753)	117,008	331,866	900	332,766
Profit for the year	—	—	—	—	71,263	71,263	—	71,263
Exchange differences on translation of foreign operations	—	—	—	(222)	—	(222)	—	(222)
Total comprehensive income for the year	—	—	—	(222)	71,263	71,041	—	71,041
Issue of shares	4,685	96,593	—	—	—	101,278	—	101,278
Share issue expense	—	(500)	—	—	—	(500)	—	(500)
Dividends declared	9	(27,606)	—	—	—	(27,606)	—	(27,606)
At 30 June 2015 (Unaudited)	65,602	219,710	3,471	(975)	188,271	476,079	900	476,979

Notes	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
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2016	65,602	219,710	3,229*	3,471*	(6,078)*	267,514*	553,448	900	554,348
Profit for the period	—	—	—	—	—	79,528	79,528	(3)	79,525
Exchange differences on translation of foreign operations	—	—	—	—	(5,787)	—	(5,787)	—	(5,787)
Total comprehensive income for the period	—	—	—	—	(5,787)	79,528	73,741	(3)	73,738
Equity-settled share option arrangements	21	—	4,929	—	—	—	4,929	—	4,929
Dividends declared	9	(39,175)	—	—	—	—	(39,175)	—	(39,175)
Transfer to non-controlling interest	—	—	—	—	—	1,670	1,670	(370)	1,300
At 30 June 2016 (Unaudited)	65,602	180,535	8,158*	3,471*	(11,865)*	348,712*	594,613	527	595,140

* These reserve accounts comprise the consolidated other reserves of RMB348,476,000 (31 December 2015: RMB268,136,000) in the consolidated statement of financial position.

The notes on pages 30 to 47 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Interim Statement of Cash Flows

For the six-month period ended 30 June 2016

	Notes	Six-month period ended 30 June	
		2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		109,373	95,792
Adjustments for:			
Share of profits and losses of a joint venture and an associate		245	23
Depreciation of items of property, plant and equipment	6,11	415	623
Amortisation of other intangible assets	6,12	687	169
Impairment for trade receivables	15	5,976	1,277
Loss on disposal of items of property, plant and equipment	6,11	400	237
Finance costs	7	9,391	4,524
Equity-settled share option expense	6,21	4,929	—
		131,416	102,645
Increase in trade receivables		(38,515)	(19,451)
(Increase)/decrease in prepayments, deposits and other receivables		(8,086)	14,969
Increase in construction contracts		(228,096)	(192,543)
Increase in trade payables and bills payables		86,028	99,031
(Decrease)/increase in other payables and accruals		(5,038)	5,306
		Cash (used in)/generated from operations	9,957
PRC tax paid		(17,382)	(17,108)
		Net cash flows used in operating activities	(7,151)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment	11	(1,006)	(371)
Purchases of available-for-sale investments	13	(60,000)	—
		Net cash flows used in investing activities	(371)

Condensed Consolidated Interim Statement of Cash Flows (Continued)

For the six-month period ended 30 June 2016

	Notes	Six-month period ended 30 June	
		2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		213,658	27,226
Repayments of bank loans		(169,459)	(50,000)
Proceeds from issue of shares		—	102,288
Share issue expense		—	(1,510)
Transfer of non-controlling interests		1,300	—
Dividends paid	9	(39,175)	(27,606)
Interest paid		(1,490)	(1,998)
Net cash flows from financing activities		4,834	48,400
Net (decrease)/increase in cash and cash equivalents		(135,845)	40,878
Cash and cash equivalents at beginning of the period		257,367	143,919
Effect of foreign exchange rate changes, net		—	—
Cash and cash equivalents at end of the period		121,522	184,797

The notes on pages 30 to 47 are an integral part of these condensed consolidated financial statements.

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2016

1. CORPORATE INFORMATION

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

The Company is an investing holding company. During the six months ended 30 June 2016 (the "Reporting Period"), the Company's subsidiaries were principally engaged in the services of landscape designing and gardening and the related services.

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

Name	Place of incorporation/ registration and business	Date of incorporation	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
				2015 direct	2015 indirect	2016 direct	2016 indirect	
Greenstate Times International Company Limited	British Virgin Islands	30 October 2013	USD50,000	100%	—	100%	—	Investment holding
Greenstate International Company Limited	Hong Kong	12 November 2013	HKD10,000	—	100%	—	100%	Investment holding
Shanghai Qianyi Landscape Engineering Company Limited [#]	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 Landscape Properties Company Limited [#]	PRC/Mainland China	15 June 2004	RMB32,000,000	—	100%	—	100%	Landscaping
Shanghai Broad Landscape Construction and Development Company Limited ("Shanghai Broad") [#]	PRC/Mainland China	1 June 1999	RMB400,000,000	—	100%	—	100%	Landscaping
Shanghai Greenstate Gardening Company Limited ("Shanghai Greenstate") [#]	PRC/Mainland China	17 September 2004	RMB5,000,000	—	100%	—	100%	Landscaping
Shanxi Broad Weiye Landscape Engineering Company Limited ("Shanxi Broad") ^{*,#}	PRC/Mainland China	11 September 2013	RMB2,000,000	—	55%	—	55%	Landscaping
Zhejiang Greenstate Ecological Gardening Company Limited ("Zhejiang Greenstate") [#]	PRC/Mainland China	14 April 2015	RMB30,000,000	—	100%	—	100%	Landscaping
Shanghai Dongjiang Building Survey and Design Engineering Co., Ltd. ("Shanghai Dongjiang") ^{**,#}	PRC/Mainland China	26 March 2010	RMB13,000,000	—	100%	—	90%	Design
Shanghai Dongjiang Building Landscape Engineering Co., Ltd. ("Dongjiang Landscape") ^{**,#}	PRC/Mainland China	25 May 2010	RMB10,000,000	—	100%	—	90%	Landscaping

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

** In the Reporting Period, 10% of Shanghai Dongjiang shares are transferred to a non-controlling shareholder. Dongjiang Landscape is a wholly-owned subsidiary of Shanghai Dongjiang.

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

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six-month period ended 30 June 2016

2.1 BASIS OF PRESENTATION

These unaudited interim condensed consolidated financial statements for the six months ended 30 June 2016 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 25 August 2016.

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 2015, 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 2015, except for the adoption of new standards and interpretations effective as of 1 January 2016.

The Group has adopted the following revised standards for the first time for the financial year beginning 1 January 2016.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements 2012–2014 Cycle</i>	<i>Amendments to a number of HKFRSs</i>

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

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

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

Amendments to HKAS 7	<i>Statement of Cash Flows</i> ¹
Amendments to HKAS 12	<i>Income Taxes</i> ¹
HKFRS 9	<i>Financial Instruments</i> ²
HKFRS 15	<i>Revenue from Contracts with Customers</i> ²
HKFRS 16	<i>Leases</i> ³
Amendments to HKFRS 10 and HKAS 28 (Revised)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴

¹ Effective for annual periods beginning on or after 1 January 2017

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after 1 January 2019

⁴ No mandatory effective date yet determined but is available for adoption

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six-month period ended 30 June 2016

2.3 NEW AND REVISED IFRSS AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED (Continued)

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application.

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 2015.

4. OPERATING SEGMENT INFORMATION

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

Information about major customers

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

	Six-month period ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Customer A	297,768	—
Customer B	40,960	—
Customer C	*	131,716
Customer D	*	109,819

* Less than 10% of the total revenue.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six-month period ended 30 June 2016

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	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Construction contracts	428,087	326,143
Rendering of services	2,194	1,680
	430,281	327,823

(b) Other income and gains:

	Six-month period ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Bank interest income	907	54
Other interest income	1,353	2,735
Government grants*	1,724	863
Others	343	151
	4,327	3,803

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

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six-month period ended 30 June 2016

6. PROFIT BEFORE TAX

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

	Notes	Six-month period ended 30 June	
		2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Cost of construction contracts		277,381	210,798
Cost of services provided		2,336	1,580
Employee benefit expenses			
Wages and salaries		5,372	4,499
Pension scheme contribution		1,523	1,114
Share option contributions	21	4,929	—
		11,824	5,613
Depreciation	11	415	623
Amortisation of other intangible assets*	12	687	169
Impairment of trade receivables	15	5,976	1,277
Consulting fees		4,832	3,556
Auditors' remuneration		850	756
Loss on disposal of items of property, plant and equipment	11	400	237
Minimum lease payments under operating lease:			
Land and buildings		366	187

* 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	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Interest on bank loans	1,490	4,524
Interest on corporate bonds	7,901	—
	9,391	4,524

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six-month period ended 30 June 2016

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	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Current — PRC		
Charge for the period	31,518	24,629
Deferred tax	(1,670)	(100)
Total tax charge for the period	29,848	24,529

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

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

	Six-month period ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Profit before tax	109,373	95,792
Tax at the statutory tax rate (25%)	27,343	23,948
Profits and losses attributable to a joint venture and an associate	(62)	6
Tax losses not recognised	2,221	—
Expenses not deductible for tax	346	575
Tax charge at the Group's effective rate	29,848	24,529

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six-month period ended 30 June 2016

9. DIVIDENDS

	Six-month period ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Proposed and paid final — HK1.4 cents (30 June 2015: HK4.5 cents) per ordinary share	39,175	27,606

The proposed and paid final dividend for the year ended 2015 was approved by the Company's shareholders at the annual general meeting.

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

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 3,306,616,000 (30 June 2015: 3,075,460,000 retrospectively adjusted to reflect the Share Subdivision effective from 19 August 2015) in issue during the Reporting Period.

The calculation of the diluted earnings per share amounts for the Reporting Period is based on the profit 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 assume 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	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	79,528	71,263

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six-month period ended 30 June 2016

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

	Six-month period ended 30 June	
	2016 (Unaudited) '000	2015 (Unaudited) (Restated) '000
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	3,306,616	3,075,460
Effect of dilution — weighted average number of ordinary shares		
Share option	20,207	—
Basic earnings per share (RMB)	0.02	0.02
Diluted earnings per share (RMB)	0.02	0.02

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Machinery RMB'000	Total RMB'000
Six months ended 30 June 2016 (Unaudited)					
At 1 January 2016, net of accumulated depreciation and impairment	12,377	1,213	7,143	18	20,751
Additions	—	908	98	—	1,006
Disposals	—	—	(400)	—	(400)
Depreciation provided for the period (note 6)	(304)	(45)	(60)	(6)	(415)
At 30 June 2016, net of accumulated depreciation and impairment	12,073	2,076	6,781	12	20,942
Six months ended 30 June 2015 (Unaudited)					
At 1 January 2015, net of accumulated depreciation and impairment	8,796	773	725	29	10,323
Additions	—	45	326	—	371
Disposals	—	(237)	—	—	(237)
Depreciation provided for the period (note 6)	(219)	(219)	(179)	(6)	(623)
At 30 June 2015, net of accumulated depreciation and impairment	8,577	362	872	23	9,834

At 30 June 2016, nil of the Group's building (31 December 2015: RMB8,357,000) was pledged to secure bank loans granted to the Group.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six-month period ended 30 June 2016

12. OTHER INTANGIBLE ASSETS

	Licenses RMB'000
Six months ended 30 June 2016 (Unaudited)	
Cost at 1 January 2016, net of accumulated amortisation	25,960
Amortisation provided during the period (note 6)	(687)
At 30 June 2016	25,273
Six months ended 30 June 2015 (Unaudited)	
Cost at 1 January 2015, net of accumulated amortisation	5,546
Amortisation provided during the period (note 6)	(169)
At 30 June 2015	5,377

The licenses represent the urban landscape construction enterprises qualification certificate of Grade One, issued by Ministry of Housing and Urban-rural development P.R.China, the scenery landscape design qualification certificate of Grade Two, issued by Shanghai Urban Construction and Communications Commission, and design qualification for construction engineering professional design of Grade One, issued by Ministry of Housing and Urban-rural development P.R.China.

All the certificates help the Group to undertake the projects which have requirements on the qualification.

13. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Unlisted equity investments, at cost	60,000	—

As at 30 June 2016, available-for-sale investment represented 10% equity interest of Shanghai Bifu Investment Center LP (上海必府投資中心(有限合伙)) with a carrying amount of RMB60,000,000 which were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of them in the near future.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six-month period ended 30 June 2016

14. CONSTRUCTION CONTRACTS

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Current	703,933	425,010
Non-current	254,205	305,032
Gross amount due from contract customers	958,138	730,042
Contract costs incurred plus recognised profits less recognised losses to date Less: Progress billings	1,281,978 (323,840)	1,110,347 (380,305)
	958,138	730,042

15. TRADE RECEIVABLES

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Trade receivables	328,606	290,091
Impairment	(14,797)	(8,821)
	313,809	281,270

The Group's trading terms with its customers are mainly on credit. The credit period is based on actual projects, ranging from 7 to 42 days (excluding retention money 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.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six-month period ended 30 June 2016

15. TRADE RECEIVABLES (Continued)

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 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Within one year	194,877	225,724
Over one year but within two years	117,492	48,736
Over two years	1,440	6,810
	313,809	281,270

Provision for impairment of trade receivables is RMB5,976,000 during the Reporting Period.

Included in the provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB14,797,000 (31 December 2015: RMB8,821,000) with a carrying amount before provision of RMB320,358,000 at 30 June 2016 (31 December 2015: RMB276,777,000).

For retention money receivables in respect of construction works carried out by the Group, the respective due dates usually range from one to three years after the completion of the relevant construction work. At 30 June 2016, retention money held by customers included in trade receivables amounted to approximately RMB8,248,000 as compared to RMB8,248,000 as at 31 December 2015.

16. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Cash and cash equivalents	121,522	257,367

As at the end of the Reporting Period, cash and cash equivalents of the Group are all denominated in RMB. 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 cash equivalents approximate to their fair values.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six-month period ended 30 June 2016

17. 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 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Within one year	284,774	220,060
Over one year but within two years	156,244	134,883
Over two years	500	547
	441,518	355,490

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

18. INTEREST-BEARING BANK BORROWINGS

	Notes	30 June 2016 (Unaudited)			31 December 2015 (Audited)		
		Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current							
Bank loans — unsecured		4.35	2017	33,558	—	—	—
Bank loans — secured	(i)	3.25	2017	39,566	3.00	2016	28,925
				73,124			28,925

Notes:

- (i) Certain of the Group's bank loans are secured by the share charge over the 330,000,000 shares of the Company held by the Company's controlling shareholder.
- (ii) The secured bank loan is denominated in Hong Kong dollars ("HKD") while the unsecured bank loans are denominated in RMB.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six-month period ended 30 June 2016

19. SHARE CAPITAL

Shares

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Issued and fully paid: 3,306,616,000 (31 December 2015: 3,306,616,000) ordinary shares of HK\$0.025 each	65,602	65,602

20. RESERVES

The amounts of the Group's reserves and the movements therein for the Reporting Period are presented in the consolidated statement of changes in equity.

Share premium

The share premium of the Group represents the amount paid by shareholders for capital injection in excess of its nominal value. Details of the movements in the share premium are shown in the condensed consolidated interim statement of changes in equity.

21. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors and other employees of the Group. The Scheme became effective on 1 September 2015 and, unless otherwise cancelled or amended, will remain in force for 6 years from that date.

As at 30 June 2016, the number of share options outstanding under the Scheme is 103,750,000 (31 December 2015: 109,750,000). There is 6,000,000 share options forfeited during the Reporting Period, besides there is no share options granted, exercised, or expired during the Reporting Period.

The Group recognised a share option expense of RMB4,929,000 during the Reporting Period.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six-month period ended 30 June 2016

22. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging between one and twenty years.

At the end of the Reporting Period, the Group had total future minimum lease payments under non-cancellable operating lease payables as follows:

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Within one year	601	731
In the second to fifth years, inclusive	558	808
After five years	39	60
	1,198	1,599

23. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the Reporting Period:

	Six-month period ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Lease of office from Mr. Wu Zhengping (" Mr. Wu ") and Ms. Xiao Li	400	180

(b) Other transaction with related party:

- (i) During the Reporting Period, Shanghai Greenstate used an office premise with gross floor area of 100 sq.m. located at Group 17, Zhangqiao Village, Jinshanwei Town, Jinshan District, Shanghai, PRC, which was owned by Mr. Wu Jie, a close family member of that Mr. Wu's family, free of charge.
- (ii) The Company's controlling shareholder has charged 330,000,000 ordinary shares in the issued share capital of the Company to provide a one year credit loan facility HK\$39,566,000 to the Company, as further detailed in note 18 to the financial statements.

(c) Outstanding balances with related parties:

At the end of the Reporting Period, the Group had no significant outstanding balances with related party (31 December 2015: Nil).

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six-month period ended 30 June 2016

23. RELATED PARTY TRANSACTIONS (Continued)

(d) Compensation of key management personnel of the Group

	Six-month period ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Salaries	1,961	1,961
Pension scheme contribution	145	145
Equity-settled share option expense	3,354	—
	5,460	2,106

24. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the Reporting Period are as follows:

30 June 2016 (Unaudited)

Financial assets

	Loans and receivables RMB'000
Trade receivables	313,809
Financial assets included in prepayments, deposits and other receivables	33,617
Cash and cash equivalents	121,522
	468,948

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Corporate bonds	261,989
Trade and bills payables	441,518
Financial liabilities included in other payables and accruals	43,881
Interest-bearing bank borrowings	73,124
	820,512

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six-month period ended 30 June 2016

24. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

31 December 2015 (Audited)

Financial assets

	Loans and receivables RMB'000
Trade receivables	281,270
Financial assets included in prepayments, deposits and other receivables	32,148
Cash and cash equivalents	257,367
	570,785

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Corporate bonds	248,908
Trade and bills payables	355,490
Financial liabilities included in other payables and accruals	40,140
Interest-bearing bank borrowing	28,925
	673,463

25. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's and the Company's financial instruments approximate to their fair values.

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, corporate bonds trade and bills payables, Interest-bearing bank borrowing and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair values of these financial instruments have been calculated by discounting the expected future cash flows at prevailing interest rate.

As at 30 June 2016 and 31 December 2015, the Group did not hold any assets or liabilities measured at fair value.

During the Reporting 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.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six-month period ended 30 June 2016

26. COMMITMENTS

At the end of the Reporting Period, the Group had no material commitment.

27. CONTINGENT LIABILITIES

At the end of the Reporting Period, the Group had no material contingent liabilities.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2015.

There have been no changes in the risk management department since the year end or in any risk management policies

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest bearing bank borrowing with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowing).

	Increase/ (decrease) in basic points	(Decrease)/ increase in profit before tax RMB'000	(Decrease)/ increase in equity RMB'000
30 June 2016			
RMB	15	(60)	(45)
RMB	(15)	60	45
30 June 2015			
RMB	15	(846)	(635)
RMB	(15)	846	635

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six-month period ended 30 June 2016

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of cash and cash equivalents, trade and other receivables included in the consolidated financial statements represent the Group's maximum exposure to credit risk in relation to its financial assets.

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

Liquidity risk

Compared to the year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

29. EVENTS AFTER THE REPORTING PERIOD

The Group had no material events after the Reporting Period.

30. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 25 August 2016.

Definitions

"associates"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Company
"Board" or "Board of Directors"	the Board of directors of the Company
"Broad Landscape International"	Broad Landscape International Company Limited (博大國際有限公司), a company incorporated in BVI on 8 October 2013 and a wholly-owned company of Mr. Wu Zhengping (吳正平)
"BVI"	the British Virgin Islands
"CG Code"	Corporate Governance Code and Corporate Governance Report as amended from time to time contained in Appendix 14 to the Listing Rules
"China" or the "PRC"	the People's Republic of China excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company", "Parent", "we", "us" or "our"	Broad Greenstate International Company Limited (博大綠澤國際有限公司), a company incorporated in the Cayman Islands on 22 October 2013
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholders"	has the meaning ascribed to it under the Listing Rules
"Directors"	director(s) of the Company
"Eastern Greenstate International"	Eastern Greenstate International Company Limited (綠澤東方國際有限公司), a company incorporated in BVI on 9 October 2013, which is owned as to approximately 48.3% by Ms. Xiao Li (肖莉), 3.2% by Mr. Wang Lei (王磊), 1.6% by Ms. Zhu Wen (朱雯), and 46.9% by other parties
"Greenland"	Greenland Holdings Group Corporation Limited (綠地控股集團股份有限公司), a company incorporated under the laws of the PRC
"Greenland Financial"	Greenland Financial Overseas Investment Group Co., Ltd. (綠地金融海外投資集團有限公司), a company incorporated under the laws of the BVI, an indirectly wholly-owned subsidiary of Greenland
"Greenstate International"	Greenstate International Company Limited (綠澤國際有限公司), a company incorporated in Hong Kong with limited liability on 12 November 2013 and a wholly-owned subsidiary of the Company
"Greenstate Times"	Greenstate Times International Company Limited (綠澤時代國際有限公司), a company incorporated in BVI on 30 October 2013 and a wholly-owned subsidiary of the Company

Definitions (Continued)

“Group”	the Company and its subsidiaries
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	a person(s) or company(ies) who/which is or are independent of and not connected (within the meaning of the Listing Rules) with the Company and our connected persons
“Listing”	listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	21 July 2014, the date on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
“Nomination Committee”	the nomination committee of the Company
“Notes”	the redeemable fixed coupon promissory note due 2016 with a principal amount of US\$40,000,000 (equivalent to approximately RMB258.4 million based on the conversion rate of US\$1 to RMB6.46) at the rate of 9.00% per annum issued pursuant to the terms and conditions of the Note Purchase Agreement
“Prospectus”	the prospectus of the Company dated 30 June 2014 issued in connection with the initial public offering and listing of shares of the Company on the main board of Stock Exchange on 21 July 2014
“Remuneration Committee”	the remuneration committee of the Company
“Renminbi” or “RMB”	the lawful currency of China
“Reporting Period”	the 6-month period from 1 January 2016 to 30 June 2016
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Qianyi”	Shanghai Qianyi Landscape Engineering Company Limited* (上海千頤景觀工程有限公司), a wholly foreign owned enterprise established in the PRC with limited liability on 26 December 2013, and an indirect wholly-owned subsidiary of the Company
“Share Charges”	The Company Share Charge and the Greenstate Times Share Charge
“Share Option Scheme”	the share option scheme conditionally approved and adopted by the Company on 25 June 2014 which became unconditionally effective on the Listing Date, the principal terms of which are summarised in the subsection headed “Share Option Scheme — Summary of terms” in Appendix V to the Prospectus

Definitions (Continued)

“Share Subdivision”	The subdivision of each of the issued and unissued shares of par value of HK\$0.10 each in the share capital of the Company into four (4) subdivided shares of par value of HK\$0.025 each with effect from 19 August 2015
“Shareholders”	holder(s) of our Share(s) from time to time
“Shares”	ordinary shares of HK\$0.025 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Supplemental Prospectus”	the supplemental prospectus of the Company dated 14 July 2014

In this interim report, if there is any inconsistency between the Chinese names of the entities or enterprises established in China and their English translations, the Chinese names shall prevail. English translation of company names in Chinese or another language which are marked with “*” is for identification purpose only.