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## China Greenland Broad Greenstate Group Company Limited

中國綠地博大綠澤集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1253)

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

		Year ended 31 December		Change
		2020 Audited	2019 Audited	
Revenue	RMB'000	<b>676,161</b>	949,088	(272,927)
Gross Profit	RMB'000	<b>190,611</b>	211,291	(20,680)
Net profit attributable to owners of the Parent	RMB'000	<b>78,295</b>	71,383	6,912
Gross Profit margin	%	<b>28.2</b>	22.3	5.9
Net profit margin	%	<b>11.6</b>	7.5	4.1

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

The board (the “**Board**”) of directors (the “**Directors**”) of China Greenland Broad Greenstate Group Company Limited (the “**Company**” or the “**Parent**”) is pleased to announce the audited annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020 (the “**Reporting Period**”), together with audited comparative figures for the preceding financial year.

**AUDITED ANNUAL RESULTS OF THE GROUP FOR THE REPORTING PERIOD**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*Year ended 31 December 2020*

	<i>Notes</i>	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>REVENUE</b>	4	<b>676,161</b>	949,088
Cost of sales		<u>(485,550)</u>	<u>(737,797)</u>
Gross profit		<b>190,611</b>	211,291
Other income and gains	4	<b>19,087</b>	39,351
Administrative expenses		<b>(54,699)</b>	(86,875)
Impairment losses on financial and contract assets		<b>(58,205)</b>	(63,012)
Finance costs	6	<b>(47,489)</b>	(53,969)
Share of profits and losses of:			
Joint ventures		<b>42,588</b>	32,463
An associate		<u>2,153</u>	<u>1,944</u>
<b>PROFIT BEFORE TAX</b>	5	<b>94,046</b>	81,193
Income tax expense	8	<u>(15,512)</u>	<u>(10,979)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>78,534</b></u>	<u>70,214</u>
Attributable to:			
Owners of the parent		<b>78,295</b>	71,383
Non-controlling interests		<u>239</u>	<u>(1,169)</u>
		<u><b>78,534</b></u>	<u>70,214</u>

	<i>Notes</i>	<b>2020</b> <b>RMB'000</b>	2019 <i>RMB'000</i>
<b>OTHER COMPREHENSIVE INCOME/ (LOSS)</b>			
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u>33,396</u>	<u>(29,745)</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		<u>33,396</u>	<u>(29,745)</u>
<b>OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR, NET OF TAX</b>		<u>33,396</u>	<u>(29,745)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>111,930</u></u>	<u><u>40,469</u></u>
Total comprehensive income Attributable to:			
Owners of the parent		111,691	41,638
Non-controlling interests		<u>239</u>	<u>(1,169)</u>
		<u><u>111,930</u></u>	<u><u>40,469</u></u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:</b>			
Basic			
For profit for the year	<i>10</i>	<u><u>0.02</u></u>	<u><u>0.02</u></u>
Diluted			
For profit for the year	<i>10</i>	<u><u>0.02</u></u>	<u><u>0.02</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

		2020	2019
	Notes	RMB'000	RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		131,022	136,485
Right-of-use assets	11(a)	1,488	2,976
Goodwill		3,060	3,060
Other intangible assets		20,294	21,631
Investments in joint ventures		699,899	632,031
Investment in an associate		—	53,544
Equity investment at fair value through profit or loss		65,435	—
Financial assets at fair value through profit or loss		20,142	17,380
Contract assets	13	105,265	24,194
Prepayments, other receivables and other assets		44,844	7,482
Other non-current asset		19,449	—
Deferred tax assets		25,064	17,915
Total non-current assets		1,135,962	916,698
<b>CURRENT ASSETS</b>			
Biological assets		33,539	33,427
Trade receivables	12	615,641	815,052
Contract assets	13	1,190,209	994,100
Prepayments, other receivables and other assets		166,828	161,620
Pledged deposits		1,300	213,203
Cash and cash equivalents		309,292	229,905
Total current assets		2,316,809	2,447,307
<b>CURRENT LIABILITIES</b>			
Corporate bonds		196,947	282,132
Trade and bills payables	14	953,379	965,861
Other payables and accruals		549,307	527,543
Interest-bearing bank and other borrowings		280,338	500,722
Lease liabilities	11(b)	1,722	1,722
Tax payable		170,645	161,554
Total current liabilities		2,152,338	2,439,534
NET CURRENT ASSETS		164,471	7,773
TOTAL ASSETS LESS CURRENT LIABILITIES		1,300,433	924,471

	<i>Notes</i>	<b>2020</b> <b>RMB'000</b>	2019 <i>RMB'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings		<b>267,610</b>	14,064
Lease liabilities	<i>11(b)</i>	<b>—</b>	1,559
Deferred tax liabilities		<u><b>8,816</b></u>	<u>5,953</u>
<b>Total non-current liabilities</b>		<u><b>276,426</b></u>	<u>21,576</u>
<b>Net assets</b>		<u><b>1,024,007</b></u>	<u>902,895</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		<b>66,396</b>	66,396
Other reserves		<u><b>929,535</b></u>	<u>817,844</u>
		<u><b>995,931</b></u>	<u>884,240</u>
<b>Non-controlling interests</b>		<u><b>28,076</b></u>	<u>18,655</u>
<b>Total equity</b>		<u><b>1,024,007</b></u>	<u>902,895</u>

## NOTES TO FINANCIAL STATEMENTS

### 1. CORPORATE AND GROUP INFORMATION

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

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

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

### 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.
- (b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The

amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

- (c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“**RFR**”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.
- (d) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 December 2020, no lease payment for the leases of the Group’s building, land or machinery has been reduced or waived by the lessors upon reducing the scale of production as a result of the pandemic. Amendment to HKFRS 16 has no impact on the Group.

- (e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

### 3. OPERATING SEGMENT INFORMATION

The Group's principal business is providing landscape design and gardening and related services. 100% of the Group's revenue and operating profit were generated from providing the service of landscaping. No operating segments have been aggregated to form the above reportable operating segment.

#### Information about geographical areas

Since 100% of the Group's revenue and operating profit were generated in Mainland China and 100% of the Group's identifiable assets and liabilities were located in Mainland China, no geographical information in accordance with HKFRS 8 *Operating Segments* is presented.

#### Information about major customers

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Customer A	227,532	*
Customer B	85,875	97,683
Customer C	81,000	*
Customer D	78,688	*

\* Less than 10% of the total revenue

### 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>	<u>676,161</u>	<u>949,088</u>



## Revenue from contracts with customers

### (i) *Disaggregated revenue information*

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Types of services</b>		
Construction services	664,561	928,427
Design and maintenance services	<u>11,600</u>	<u>20,661</u>
Total	<u><u>676,161</u></u>	<u><u>949,088</u></u>
<b>Timing of revenue recognition</b>		
Services transferred over time	<u><u>676,161</u></u>	<u><u>949,088</u></u>

The following table shows the amounts of revenue recognised in the current Reporting Period that were included in the contract liabilities at the beginning of the Reporting Period and recognised from performance obligations satisfied in previous periods:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Construction services	127,036	35,990
Design and maintenance services	<u>5,472</u>	<u>1,019</u>
Total	<u><u>132,508</u></u>	<u><u>37,009</u></u>

### (ii) *Performance obligations*

Information about the Group's performance obligations is summarised below:

#### *Construction services*

The performance obligation is satisfied over time as services are rendered and payment is generally due within two months from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

#### *Design and maintenance services*

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. Design and maintenance service contracts are for periods of one year or less, and are billed based on the time incurred.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2020 and 2019 are as follows:

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Amounts expected to be recognised as revenue:		
Within one year	<b>1,067,950</b>	856,118
After one year	<b><u>3,066,163</u></b>	<u>3,276,026</u>
	<b><u><u>4,134,113</u></u></b>	<u><u>4,132,144</u></u>

The remaining performance obligations expected to be recognised in more than one year related to construction services that are to be satisfied within 3 years. All the other remaining performance obligations are expected to be recognised within one year. The amounts disclosed above do not include variable consideration which is constrained.

	<i>Notes</i>	<b>2020</b>	2019
		<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Other income</b>			
Bank interest income		<b>4,353</b>	6,265
Other interest income arising from contracts with customers*		<b>6,584</b>	24,011
Rental income	<i>11</i>	<b>826</b>	286
Others		<b><u>509</u></b>	<u>(44)</u>
		<b><u>12,272</u></b>	<u>30,518</u>
<b>Gains</b>			
Gains on disposal of subsidiaries		—	3,618
Government grants**		<b>2,328</b>	2,285
Fair value gains/(losses), net			
financial assets at fair value through profit or loss		<b>350</b>	(1)
Fair value gains, net			
equity investment at fair value through profit or loss		<b>5,368</b>	—
Biological assets		<b>(787)</b>	1,048
Gains on reclassification from an associate to financial asset		<b>4,370</b>	—
Foreign exchange (loss)/gain, net		<b><u>(4,814)</u></b>	<u>1,883</u>
		<b><u>6,815</u></b>	<u>8,833</u>
		<b><u><u>19,087</u></u></b>	<u><u>39,351</u></u>

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

\*\* Government grants have been received from the local Finance Bureau in Mainland China as financial support to the growth enterprises.

## 5. PROFIT BEFORE TAX

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

	<i>Notes</i>	<b>2020</b> <b>RMB'000</b>	2019 RMB'000
Cost of construction contracts		<b>481,194</b>	729,383
Cost of services provided		<b>4,356</b>	8,414
Employee benefit expenses (including directors' and chief executive's remuneration as set out in note 7):			
Wages and salaries		<b>10,668</b>	11,155
Forfeiture of equity-settled share option arrangements		—	(5,690)
Pension scheme contributions		<u><b>3,781</b></u>	<u>7,851</u>
		<u><b>14,449</b></u>	<u>13,316</u>
Depreciation of items of property, plant and equipment		<b>6,675</b>	7,934
Depreciation of right-of-use assets	<i>11(a)</i>	<b>1,488</b>	2,086
Amortisation of other intangible assets*		<b>1,705</b>	3,051
Bank interest income	<i>4</i>	<b>(4,353)</b>	(6,265)
Interest income arising from contracts with customers	<i>4</i>	<b>(6,584)</b>	(24,011)
Gain on disposal of subsidiaries		—	(3,618)
Gain on reclassification from an associate to equity investment	<i>4</i>	<b>(4,370)</b>	—
Impairment of financial and contract assets:			
Impairment of trade receivables	<i>12</i>	<b>45,099</b>	73,085
Impairment of contract assets	<i>13</i>	<b>2,758</b>	4,215
Impairment of financial assets included in prepayments, other receivables and other assets		<b>10,348</b>	(14,288)
Consulting fees		<b>7,317</b>	6,740
Auditor's remuneration (non-audit fee: Nil)		<b>2,200</b>	2,150
(Gain)/loss on disposal of items of property, plant and equipment		<b>(387)</b>	50
Lease payments not included in the measurement of lease liabilities	<i>11(c)</i>	<u><b>1,141</b></u>	<u>1,380</u>

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

## 6. FINANCE COSTS

		<b>2020</b>	2019
	<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Interest on bank loans and other borrowings		<b>21,562</b>	26,764
Interest on lease liabilities	<i>11(b)</i>	<b>122</b>	204
Interest on corporate bonds		<b><u>25,805</u></b>	<u>27,001</u>
Total interest expense on financial liabilities not at fair value through profit or loss		<b><u><u>47,489</u></u></b>	<u><u>53,969</u></u>

## 7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	<b>Group</b>	
	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Fees	<b><u>240</u></b>	<u>240</u>
Other emoluments:		
Salaries, allowances and benefits in kind	<b>3,500</b>	3,650
Pension scheme contributions	<b><u>561</u></b>	<u>525</u>
	<b><u><u>4,301</u></u></b>	<u><u>4,415</u></u>

The remuneration of each executive director and non-executive director is set out below:

	Fees <i>RMB'000</i>	Salaries, allowances and benefits in kind <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Total <i>RMB'000</i>
<b>2020</b>				
<i>Executive directors</i>				
Mr. Wu Zhengping	—	960	118	1,078
Ms. Xiao Li	—	960	118	1,078
Ms. Chen Min	—	530	118	648
Ms. Zhu Wen <sup>(a)</sup>	—	600	118	718
<i>Non-executive directors</i>				
Mr. Dai Guoqiang	80	—	—	80
Dr. Chan Wing Bun <sup>(b)</sup>	33	—	—	33
Dr. Jin Hexian	80	—	—	80
Mr. Yang Yuanguang <sup>(c)</sup>	47	—	—	47
Total	<u>240</u>	<u>3,050</u>	<u>472</u>	<u>3,762</u>

- (a) Ms. Zhu Wen has been appointed as Chief Financial Officer of the Group since 21 September 2020.
- (b) Dr. Chan Wing Bun resigned as an independent non-executive director of the Company on 23 May 2020.
- (c) Mr. Yang Yuanguang has been appointed as an independent non-executive director of the Company since 23 May 2020.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

Mr. Wu Zhengping is the chief executive of the Group.

	Fees <i>RMB'000</i>	Salaries, allowances and benefits in kind <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Total <i>RMB'000</i>
2019				
<i>Executive directors</i>				
Mr. Wu Zhengping	—	960	105	1,065
Ms. Xiao Li	—	960	105	1,065
Ms. Chen Min	—	530	105	635
Ms. Zhu Wen	—	600	105	705
<i>Non-executive directors</i>				
Mr. Dai Guoqiang	80	—	—	80
Dr. Chan Wing Bun	80	—	—	80
Dr. Jin Hexian	80	—	—	80
Total	<u>240</u>	<u>3,050</u>	<u>420</u>	<u>3,710</u>

## 8. INCOME TAX

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Current — the People's Republic of China (“PRC”)		
Charge for the year	19,798	23,806
Deferred	<u>(4,286)</u>	<u>(12,827)</u>
Total tax charge for the year	<u>15,512</u>	<u>10,979</u>

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

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

A uniform income tax rate of 25% was imposed on both domestic and foreign-invested enterprises from 1 January 2008.

On 22 April 2009, the State Administration of Taxation issued State Tax Letter No.203 about the preferential income tax rate on new hi-technology enterprises which states an income tax rate of 15% being imposed on new hi-technology enterprises. Broad Greenstate Ecological Construction Group Company Limited (“**Broad Greenstate Ecological**”) applied for the recognition of new hi-technology enterprise, which was approved on 23 November 2017 and was effective for three years from 2017 to 2019 by the relevant authorities. Therefore, the preferential income tax rate of 15% was applied during the years from 2017 to 2019 for Broad Greenstate Ecological.

On 12 November 2020, the certificate of hi-technology enterprises was renewed, which is effective from 2020 to 2022, and the preferential income tax rate of 15% would be applied during the years from 2020 to 2022.

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

	<b>2020</b>	2019
	<b>RMB’000</b>	RMB’000
Profit before tax	<u><b>94,046</b></u>	<u>81,193</u>
Tax at the statutory tax rate (25%)	<b>23,512</b>	20,298
Lower tax rates for specific provinces or enacted by local authority	<b>(7,516)</b>	(1,604)
Adjustments in respect of current tax of previous periods	—	(70)
Additional deductible allowance for qualified research and development costs	<b>(4,153)</b>	(4,999)
Profits and losses attributable to joint ventures	<b>(10,735)</b>	(7,546)
Income not subject to income tax	<b>(1)</b>	(763)
Expenses not deductible for tax	<b>406</b>	1,621
Tax losses utilised from previous periods	—	(2,477)
Tax losses not recognised	<u><b>13,999</b></u>	<u>6,519</u>
Tax charge at the Group’s effective rate	<u><b>15,512</b></u>	<u>10,979</u>
Tax charge from continuing operations at the Group’s effective rate	<u><b>15,512</b></u>	<u>10,979</u>

## 9. DIVIDENDS

	<b>2020</b>	2019
	<b>RMB’000</b>	RMB’000
No final dividend for the year ended 31 December 2020 was recommended (2019: Nil)	<u>—</u>	<u>—</u>

The Board does not recommend any payment of dividend for the year ended 31 December 2020 (2019: Nil).

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,342,536,957 (2019: 3,342,536,957) in issue during the year.

No adjustment has been made to the basic profit per share amounts and basic loss per share amounts presented for the years ended 31 December 2020 and 2019 in respect of a dilution at no consideration on the deemed exercise of all dilutive potential ordinary shares with no dilutive effect, during the year ended 31 December 2020 (2019: Nil).

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

	<b>2020</b>	2019
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	<b>78,295</b>	71,383
	<b>Number of shares</b>	
	<b>2020</b>	2019
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<u><b>3,342,536,957</b></u>	<u>3,342,536,957</u>
Basic earnings per share (RMB)	<u><b>0.02</b></u>	<u>0.02</u>
Diluted earnings per share (RMB)	<u><b>0.02</b></u>	<u>0.02</u>



## 11. LEASES

### The Group as a lessee

The Group has lease contracts for various items of property, plant and machinery and other equipment used in its operations. Leases of property generally have lease terms between 1 and 3 years, while plant and machinery generally have lease terms within a year. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

#### (a) *Right-of-use assets*

The carrying amount of the Group's right-of-use assets and the movements during the year are as follows:

	<b>Property</b> <i>RMB'000</i>
As at 1 January 2019	5,062
Depreciation charge	<u>(2,086)</u>
As at 31 December 2019 and 1 January 2020	2,976
Depreciation charge	<u>(1,488)</u>
As at 31 December 2020	<u><u>1,488</u></u>

#### (b) *Lease liabilities*

The carrying amount of lease liabilities and the movements during the year are as follows:

	<b>2020</b>	2019
	<b>Lease liabilities</b>	Lease liabilities
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Carrying amount at 1 January	<b>3,281</b>	4,802
Accretion of interest recognised during the year	<b>122</b>	204
Payments	<u><b>(1,681)</b></u>	<u>(1,725)</u>
Carrying amount at 31 December	<u><u><b>1,722</b></u></u>	<u><u>3,281</u></u>
Analysed into:		
Current portion	<b>1,722</b>	1,722
Non-current portion	<u><u><b>—</b></u></u>	<u><u>1,559</u></u>

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Interest on lease liabilities	<b>122</b>	204
Depreciation charge of right-of-use assets	<b>1,488</b>	2,086
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2019 (included in administrative expenses)	<b>784</b>	1,026
Expense relating to leases of low-value assets (included in administrative expenses)	<b>7</b>	4
Variable lease payments not included in the measurement of lease liabilities (included in cost of sales)	<b>350</b>	350
	<u><b>2,751</b></u>	<u>3,670</u>
Total amount recognised in profit or loss	<u><b>2,751</b></u>	<u>3,670</u>

(d) The Group has lease contracts for a piece of land located in Changxing County that contain variable payment based on the rice price announced by the County's Agricultural Bureau. This term is negotiated by management for the piece of land that is used for planting biological assets. The following provides information on the Group's variable lease payments:

**2020**

	<b>Fixed payments</b>	<b>Variable payments</b>	<b>Total</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Fixed rent	—	—	—
Variable rent with minimum payment	—	—	—
Variable rent only	—	<b>350</b>	<b>350</b>
	<u>—</u>	<u><b>350</b></u>	<u><b>350</b></u>

2019

	Fixed payments	Variable payments	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Fixed rent	—	—	—
Variable rent with minimum payment	—	—	—
Variable rent only	—	350	350
	<u>—</u>	<u>350</u>	<u>350</u>

## The Group as a lessor

The Group leases its property which is a building located in Shanghai under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB826,000 (2019: RMB286,000), details of which are included in note 4 to the financial statements.

## 12. TRADE RECEIVABLES

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Trade receivables	<b>762,952</b>	920,828
Impairment	<b><u>(147,311)</u></b>	<u>(105,776)</u>
	<b><u>615,641</u></b>	<u>815,052</u>

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

Included in the Group's trade receivables are amounts due from the Group's joint ventures of RMB380,779,000 (2019: RMB381,568,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

Trade receivables pledged to secure a bank loan granted is nil (2019: RMB26,198,000).

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

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within one year	<b>298,554</b>	643,449
Over one year but within two years	<b>271,405</b>	121,172
Over two years but within three years	<b><u>45,682</u></b>	<u>50,431</u>
	<b><u>615,641</u></b>	<u>815,052</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	<b>2020</b>	2019
	<b>RMB'000</b>	RMB'000
At beginning of year	<b>105,776</b>	35,603
Impairment losses recognised ( <i>note 5</i> )	<b>45,635</b>	73,085
Impairment losses reversed ( <i>note 5</i> )	<b>(536)</b>	—
Amount written off as uncollectible	<b>(3,564)</b>	—
Disposal of subsidiaries	<b>—</b>	<b>(2,912)</b>
At end of year	<b><u>147,311</u></b>	<b><u>105,776</u></b>

Increase in the loss allowance of RMB41,535,000 (2019: RMB70,173,000) is due to an increase in trade receivables of RMB201,799,000 (2019: RMB100,851,000) which were past due for over 1 year.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2020 (RMB'000):

	Current	Less than 1 year	Past due			Total
			1 to 2 years	2 to 3 years	Over 3 years	
Expected credit loss rate	<b>1.06%</b>	<b>6.58%</b>	<b>9.95%</b>	<b>51.51%</b>	<b>100.00%</b>	
Gross carrying amount	<b>222,309</b>	<b>84,131</b>	<b>301,400</b>	<b>94,210</b>	<b>60,902</b>	<b>762,952</b>
Expected credit losses	<b>(2,350)</b>	<b>(5,536)</b>	<b>(29,995)</b>	<b>(48,528)</b>	<b>(60,902)</b>	<b>(147,311)</b>

As at 31 December 2019 (RMB'000):

	Current	Less than 1 year	Past due			Total
			1 to 2 years	2 to 3 years	Over 3 years	
Expected credit loss rate	1.08%	4.48%	22.34%	46.37%	100.00%	
Gross carrying amount	211,295	454,820	156,032	94,037	4,644	920,828
Expected credit losses	(2,276)	(20,390)	(34,860)	(43,606)	(4,644)	(105,776)

### 13. CONTRACT ASSETS

	<b>31 December 2020 RMB'000</b>	31 December 2019 RMB'000	1 January 2019 RMB'000
Contract assets arising from:			
Construction services	<b>1,309,315</b>	1,029,377	1,113,570
Impairment	<u>(13,841)</u>	<u>(11,083)</u>	<u>(6,868)</u>
	<u><b>1,295,474</b></u>	<u>1,018,294</u>	<u>1,106,702</u>

Contract assets are initially recognised for revenue earned from the provision of construction services as the receipt of consideration is conditional on successful completion of construction. Included in contract assets for construction services are retention receivables. For retention money receivables in respect of construction works carried out by the Group, the respective due dates usually range from one to three years after the completion of the relevant construction work. At 31 December 2020, retention money held by customers included in contract assets amounted to approximately RMB10,292,000 (2019: RMB15,623,000), of which RMB10,292,000 (2019: RMB15,623,000) is expected to be recovered after more than twelve months.

Upon completion of construction and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The ending balance of contract assets as at the end of 2020 increased 27% compared to that as at the end of 2019, which is the revenue of construction services recognised this year.

During the year ended 31 December 2020, RMB2,758,000 was recognised as an allowance for expected credit losses on contract assets. The Group's trading terms and credit policy with customers are disclosed in note 12 to the financial statements.

The expected timing of recovery or settlement for contract assets as at 31 December was subject to the specific contract terms and the progress of the performance obligations, which is as follows:

	<b>2020 RMB'000</b>	2019 RMB'000
Within one year	<b>1,190,209</b>	994,100
More than one year	<u>105,265</u>	<u>24,194</u>
Total contract assets	<u><b>1,295,474</b></u>	<u>1,018,294</u>

The movements in the loss allowance for impairment of contract assets are as follows:

	<b>2020 RMB'000</b>	2019 RMB'000
At beginning of year	<b>11,083</b>	6,868
Impairment losses	<u>2,758</u>	<u>4,215</u>
At end of year	<u><b>13,841</b></u>	<u>11,083</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on the estimated loss rate of trade receivables that are not past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

	<b>As at 31 December 2020</b>	As at 31 December 2019
Expected credit loss rate	<b>1.06%</b>	1.08%
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Gross carrying amount	<b>1,309,315</b>	1,029,377
Expected credit losses	<b>13,841</b>	11,083

Included in the Group's contract assets are amounts due from the Group's joint ventures of RMB584,169,000 (2019: RMB503,650,000).

#### 14. TRADE AND BILLS PAYABLES

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

	<b>2020 <i>RMB'000</i></b>	2019 <i>RMB'000</i>
Within one year	<b>411,930</b>	596,730
Over one year but within two years	<b>403,380</b>	185,389
Over two years	<b><u>138,069</u></b>	<u>183,742</u>
	<b><u><u>953,379</u></u></b>	<u><u>965,861</u></u>

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Review

In 2020, China's industrial and commercial activities, infrastructure investment and even the overall economy were hit by the impact of the epidemic and the global economic downturn. The Chinese government has always adopted a proactive attitude and has introduced a series of policies to stabilize economic growth in terms of infrastructure investment. These policies included increasing the deficit rate to 3.6% or above, issuing anti-epidemic special treasury bonds of RMB1 trillion, expanding the special debt limit to RMB3.75 trillion, and increasing the national railway construction capital by RMB100 billion. On the whole, a number of stable growth policies issued in response to the epidemic have achieved remarkable results. The commencement and resumption of major infrastructure projects in various regions have been continuously strengthened, the investment of funds has been precise and strong, the cumulative investment growth rate of infrastructure has recovered, and the investment in many sectors has rebounded significantly.

In terms of Public-Private Partnership (“**PPP**”), the National Development and Reform Commission re-emphasized the importance of ecological civilization and environmental protection in November 2020, and vigorously promoted the PPP projects in the field of environmental protection, such as urban sewage and garbage treatment, ecological governance, hazardous waste treatment, medical waste treatment, renewable energy and resource utilization, aiming to play a good demonstration and leading role. The central government also encouraged all parties in the society to actively explore the PPP+Real Estate Investment Trusts (“**REITs**”) model, so as to exert a substantial demonstration effect through the combined development of PPP and REITs. At the same time, in recent years, new infrastructure, new urbanization initiatives, transportation, water conservancy and other major projects have become hot spots for PPP investment. In addition, various projects carried out in PPP model to help poverty alleviation, rural revitalization, and ecological and environmental protection have all been vigorously promoted. The development of PPP will enter a new stage.

With the support of multiple national policies, the gardening industry has gradually passed the stage of the worst operating environment. Meanwhile, as the industry's financing environment has gradually improved in recent years, and investment in ecological construction and environmental protection has continued to maintain high growth, gardening companies are expected to accelerate their growth significantly and become new stars in the new round of development.

## **Business Review**

The Group has always adhered to the principle of “specializing in the core business of ecological construction, improving the businesses of environmental restoration and cultural tourism operation”. After years of unremitting efforts, the Group has succeeded in controlling operating risks through a series of reform measures such as optimizing the management model, enhancing strength, increasing revenue and reducing expenditure, and achieving stable and sustainable operations. The Group is committed to striding towards comprehensive and high-quality development.

Confronting the severe economic situation brought about by the COVID-19, the Group actively carried out reforms and explorations amidst difficulties and setbacks. The Group has established a more comprehensive and effective control mechanism, while adjusting and innovating its business development model, diversifying its business layout and exploring the conversion from PPP to Engineering Procurement Construction (“EPC”), EPC + Finance (“EPC+F”) and EPC + Operation (“EPC+O”). The Group strived to diversify its financial income to replace single source and ultimately achieve diversification of investment income, construction income and operation income, hence maximizing the benefits of the Group. The Group has also set up a technology innovation team to accelerate technological innovation and explored innovation in construction technology, work mode and operating system with relevant results achieved, realizing a steady development in innovation. The Group always adheres to the development guideline of “seeking innovation” in response to challenges brought forth by severe and complicated external situations.

During the Reporting Period, the Group recorded a total revenue of RMB676.2 million and net profit attributable to owners of the Parent of RMB78.3 million. Gross profit margin was 28.2%, while net profit margin was 11.6%, representing an increase of 5.9 percentage points and 4.1 percentage points respectively as compared with last year. Such an increase in consolidated results was mainly attributed to the Group’s active response to the central government’s call for rapid resumption of work and production, focusing on completing projects on hand, enhancing payment collection of the projects on hand, and evaluating the situation to grasp development opportunities and actively optimizing the management model.



## Qualifications and Licenses

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

## Cost Control

The Group continued to adopt a refined project cost control model in line with its scientific, rational and economical operation practice. It established a group-wide unified supplier database and utilised its self-developed project management information platform (the “**OA system**”) to ensure that all expenses on projects were strictly managed in accordance with the budget. During the Reporting Period, the Group also completed the preparation and trial operation on a procurement platform for well-known enterprises in China, comprehensively expanding the supply chain.

Stringent cost management underpinned the steady development of the Group and enabled the Group to maintain industry-leading gross margin levels over the years. During the Reporting Period, the Group has made progress in cost control.

## **Quality Control**

Being a group company with ecological construction as its core business, quality control has always been the utmost importance for the Group. The Group values its brand building and undertakes key government projects for the most part. Except for optimizing operational process and improving collaborative efficiency, the Group also established Special Purpose Vehicle (“SPV”) company at place where the project is located to further strengthen internal control management, so as to supervise the engineering quality strictly and to achieve steady development of the Company. The Group also set up a linkage mechanism between functional departments and each of the project department through the online OA system to improve the internal control and management system and to strengthen collaboration. In addition, the Group set specialized quality control position in each project department for the routine monitoring of the project quality. The management of the Group also carried out project inspections from time to time, aiming to guarantee the project construction quality and construction progress.

The Group has conducted quality control in three aspects, which include policy, system and manpower:

As for the policy and system, the Group established sound and comprehensive policy for processes, coupled with optimized systems for quality control. We carried out the inspection of projects quality and safety and implemented the projects inspection and assessment system with the methods of system as the standard, quality engineering as the goal, strictly checking as the practice; as for manpower, well-experienced project managers were employed to control engineering quality on a comprehensive basis, the appraisal system of project managers was improved and the inspection of quality and safety was fully implemented. The quality control department on the group level has adopted a standard quality control system for those construction enterprises which are under cooperation and newly cooperated with. The quality management system of the Group has been recognized by the certification of ISO 9001, ISO 14001 and OHSAS 18001.

## **Research and Development**

As a leading service provider and investment operator in the fields of ecological construction, cultural tourism, and environmental governance in China, the Group is striving to become an internationally advanced and domestic leading player in the industry by adhering to the guidance of applying high-efficiency, energy-saving and clean green technology and design so as to promote its development through scientific and technological innovation. Based on currently available technology accumulation, project experience and product advantages, the Group has continuously invested a large amount of funds in establishing its technology center, adhering to independent development, with the introduction, digestion and absorption of other technologies as a

supplement, as well as constantly strengthened the cooperation of industry, education and research, and the construction of intellectual property rights, and actively realized the industrialization of science and technology. The Group keeps regarding scientific research as an important strategy to achieve sustainable development, and provides strong technical support for the Group through scientific research innovation, so as to secure its healthy development.

The Group has been constantly carrying out projects while conducting development and research in respect of a number of patented technologies, and successfully made substantial progress in plant cultivation, soil improvement and water ecological treatment. Currently, the Group has owned a number of patented technologies and patented products with independent intellectual property rights, and acquired core technologies in the field of ecological construction, which contributes strong competitive advantages in the industry. The Group has a total of three invention patents, 59 utility model patents, five trademark copyrights, three software copyrights, one exclusive right of integrated circuit layout design, one invention patent under application and three new cultivars at the reproductive stage, all of which relate to sewage treatment, saline-alkali land restoration, ecological restoration, garden plants, construction and other fields.

## **FUTURE DEVELOPMENT**

Since the 18th National Congress of the Communist Party of China (“CPC”), the construction of ecological civilization has become a major national strategy, and various policies have laid a good foundation for the rapid development of ecological garden enterprises. At the 19th National Congress of the CPC, the central government clearly put forward the long-term goal of socialist modernization: “The goal of building a beautiful China will be basically achieved by 2035”, as well as the new goals and tasks of “achieving new progress in the construction of ecological civilization” during the “14th Five-Year Plan” period. Specifically, the central government has imposed green development and ecological environmental protection requirements on all aspects of economic and social development, and made special arrangements for accelerating the promotion of green and low-carbon development, continuously improving environmental quality, enhancing the quality and stability of the ecosystem, and comprehensively improving resource utilization efficiency. In the context of vigorously promoting the construction of ecological civilization, the ecological environmental protection industry will usher in new opportunities.

The Group will actively respond to the national strategy and firmly grasp the golden period of the “14th Five-Year Plan”. It will use its endeavor to do what the central government concerns about and live up to the people’s expectations, so as to build a beautiful home with practical actions, make cultural contributions to a wonderful China, and push the ecological construction to a new height. The Group will continue to pursue progress while maintaining stability, and improve its comprehensive

capabilities through qualification upgrades and industrial mergers and acquisitions. The Group will learn from each other's strengths in the model of PPP and EPC going hand in hand, which is to be adopted. In addition, the Group will improve the accuracy of business projects and speed up the conversion of the projects' output value, further accelerate the completion of existing projects, strengthen operation management, layout business development, accelerate the formation of its own strategic advantages, and continue to deepen its brand image, so as to make a good start for the Company at the beginning of the "14th Five-Year Plan" with solid foundation, and contribute to the construction of a beautiful China.

## **CORPORATE INFORMATION**

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

## **EVENTS AFTER THE REPORTING PERIOD**

There are no significant events subsequent to 31 December 2020 that have material impact on the Group's operating and financial performance as at the date of this announcement.

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

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

## **CORPORATE GOVERNANCE**

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

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

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

Pursuant to code provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. The chairman of the board shall also invite the chairmen of the audit committee, remuneration committee, nomination committee and any other committee (as appropriate) to attend the annual general meeting. In their absence, the chairman of the board should invite another committee member (or failing this, his duly appointed delegate) to attend. Such individuals shall attend the annual general meeting and answers questions.

On the annual general meeting of the Company held on 22 May 2020 (“**2020 AGM**”), Mr. Wu, the chairman of the Board and chief executive officer of the Company was unable to attend the 2020 AGM due to other business commitments. The Board arranged for Ms. Xiao Li, an executive Director, the deputy chief executive officer and a member of the nomination committee of the Company (the “**Nomination Committee**”), who is familiar with all business activities and operations of the Group, to attend and chair the 2020 AGM on behalf of Mr. Wu and to respond to questions from Shareholders. The Company will adopt a more flexible schedule in order to facilitate the chairman of the Board to attend future annual general meeting of the Company. While the chairman of the audit committee (the “**Audit Committee**”) of the Company, remuneration committee of the Company and Nomination Committee, or in their absence, their duly appointed delegates attended the 2020 AGM to answer questions. Auditors of the Company also attended the Company’s 2020 AGM pursuant to code provision E.1.2.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding the Directors’ dealings in the securities of the Company.

The provisions under the Listing Rules in relation to compliance with the Model Code by the Directors regarding securities transactions have been applicable to the Company throughout the Reporting Period.

Having made specific enquiry with all the Directors and all the Directors have confirmed that they have complied with the Model Code throughout the Reporting Period.

The Company has also adopted the Model Code as the written guidelines for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance of the Model Code by the employees was noted by the Company.

### **REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE**

The Audit Committee was established with terms of reference in compliance with the CG Code. As at the date of this annual results announcement, it comprises three members, namely Mr. Yang Yuanguang (*Chairman*), Mr. Dai Guoqiang and Dr. Jin Hexian.

The Audit Committee has reviewed together with the management and the external auditor of the Company the accounting principles and policies adopted by the Group and the audited consolidated annual results of the Group for the Reporting Period and was of the opinion that the preparation of such annual results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

### **SCOPE OF WORK OF MESSRS. ERNST & YOUNG**

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

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company will be held on Friday, 21 May, 2021 (“**2021 AGM**”). A notice convening the 2021 AGM will be published and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

## **FINAL DIVIDEND**

The Board does not recommend payment of final dividend for the year ended 31 December 2020 (2019: Nil).

## **RECORD DATE**

For the purpose of determining the Shareholders’ eligibility to attend and vote at the 2021 AGM, the record date will be on Thursday, 13 May 2021. In order to be eligible to attend and vote at the 2021 AGM, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, no later than 4:30 p.m. on Thursday, 13 May 2021.

## **PUBLICATION OF ANNUAL RESULTS AND 2020 ANNUAL REPORT**

This announcement is published on the websites of the Company (<http://www.greenland-broadgreenstate.com.cn>) and the Stock Exchange (<http://www.hkexnews.hk>). The 2020 annual report will be dispatched to the Shareholders and will be made available on the websites of the Company and the Stock Exchange in accordance with the requirements of the Listing Rules.

By order of the Board

**China Greenland Broad Greenstate Group Company Limited**  
**Wu Zhengping**

*Chairman and Executive Director*

Shanghai, the People’s Republic of China  
31 March 2021

\* *for identification purposes only*

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