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 2022 AND RESUMPTION OF TRADING

FINANCIAL HIGHLIGHTS

		Year ended 31 December		
		2022	2021	Change
		Audited	Audited	
Revenue	*RMB'000*	**109,275**	267,498	(158,223)
Gross Profit	*RMB'000*	**25,396**	80,259	(54,863)
Net profit attributable to owners of the Parent	*RMB'000*	**(422,794)**	4,542	(427,336)
Gross Profit margin	%	**23.2**	30.0	(6.8)

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 2022 (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 2022

	Notes	2022 RMB'000	2021 RMB'000
REVENUE	4	**109,275**	267,498
Cost of sales	4	**(83,879)**	(187,239)
Gross profit		**25,396**	80,259
Other income and gains	4	**22,569**	30,250
Other expense		**(1,397)**	—
Administrative expenses		**(29,282)**	(51,122)
Impairment losses on financial and contract assets		**(410,383)**	(4,237)
Finance costs	6	**(56,385)**	(52,320)
Share of profits and losses of joint ventures		**(33,294)**	8,886
(LOSS)/PROFIT BEFORE TAX	5	**(482,776)**	11,716
Income tax expense	8	**60,429**	(7,462)
(LOSS)/PROFIT FOR THE YEAR		**(422,347)**	4,254
Attributable to:			
Owners of the parent		**(422,794)**	4,542
Non-controlling interests		**447**	(288)
		(422,347)	4,254

	Note	**2022**	2021
		RMB'000	*RMB'000*
OTHER COMPREHENSIVE (LOSS)/INCOME			
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(30,370)**	15,809
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods		**(30,370)**	15,809
OTHER COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR, NET OF TAX		**(30,370)**	15,809
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR		**(452,717)**	20,063
Total comprehensive (loss)/income Attributable to:			
Owners of the parent		**(453,164)**	20,351
Non-controlling interests		**447**	(288)
		(452,717)	20,063
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic			
		RMB	RMB
For (loss)/profit for the year	*10*	**(12.65) cents**	0.14 cents
Diluted			
		RMB	RMB
For (loss)/profit for the year	*10*	**(12.65) cents**	0.14 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property and equipment		**120,087**	125,247
Investment properties	*11(a)*	**21,252**	24,024
Goodwill		**3,060**	3,060
Other intangible assets		**17,122**	18,613
Investments in joint ventures		**781,230**	814,281
Equity investment at fair value through profit or loss		**77,844**	80,324
Financial assets at fair value through profit or loss		**21,872**	20,098
Contract assets	*13*	**271,002**	244,563
Prepayments, other receivables and other assets		**39,398**	44,194
Other non-current asset		**19,449**	19,449
Deferred tax assets		**83,791**	23,709
Total non-current assets		**1,456,107**	1,417,562
CURRENT ASSETS			
Biological assets		**30,412**	31,972
Trade receivables	*12*	**302,964**	467,884
Contract assets	*13*	**842,865**	1,069,556
Prepayments, other receivables and other assets		**267,932**	291,536
Pledged deposits		**36,069**	2,366
Cash and cash equivalents		**2,844**	77,465
Total current assets		**1,483,086**	1,940,779
CURRENT LIABILITIES			
Corporate bonds		**207,286**	191,413
Trade and bills payables	*14*	**702,827**	736,593
Other payables and accruals		**653,029**	605,987
Interest-bearing bank and other borrowings		**234,414**	292,460
Lease liabilities	*11(b)*	**4,342**	1,439
Tax payable		**168,060**	167,487
Total current liabilities		**1,969,958**	1,995,379
NET CURRENT LIABILITIES		**(486,872)**	(54,600)
TOTAL ASSETS LESS CURRENT LIABILITIES		**969,235**	1,362,962

	Notes	**2022** *RMB'000*	2021 *RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**346,802**	285,286
Lease liabilities	*11(b)*	**20,911**	22,437
Deferred tax liabilities		**10,169**	11,169
Total non-current liabilities		**377,882**	318,892
Net assets		**591,353**	1,044,070
EQUITY			
Equity attributable to owners of the parent			
Share capital		**66,396**	66,396
Other reserves		**496,722**	949,886
		563,118	1,016,282
Non-controlling interests		**28,235**	27,788
Total equity		**591,353**	1,044,070

NOTES TO FINANCIAL STATEMENTS

31 December 2022

1. CORPORATE AND GROUP INFORMATION

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

The Company is an 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"), who is incorporated in the British Virgin Islands ("BVI").

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "**Conceptual Framework**") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to HKFRSs 2018–2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendment that is applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments:* clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or 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 further 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:

	2022	2021
	RMB'000	*RMB'000*
Customer A	**49,563**	41,636
Customer B	**24,998**	60,012
Customer C	**14,163**	10,528
Customer D	*	*
Customer E	*	*

* Less than 10% of the total revenue

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers	**109,275**	266,688
Revenue from other sources		
Rental income	**—**	810
	109,275	267,498

Revenue from contracts with customers

(i) ***Disaggregated revenue information***

	2022	2021
	RMB'000	*RMB'000*
Types of services		
Construction services	**102,618**	262,890
Design and maintenance services	**5,990**	3,520
Management service	**667**	278
Total	**109,275**	266,688
Timing of revenue recognition		
Services transferred over time	**109,275**	266,688

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:

	2022	2021
	RMB'000	*RMB'000*
Construction services	**49,563**	48,598
Design and maintenance services	**—**	31
Total	**49,563**	48,629

(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.

Management services

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. Management service contracts are for periods of one year to nine years, 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 2022 and 2021 are as follows:

	2022	2021
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**358,391**	783,779
After one year	**3,264,516**	3,193,479
	3,622,907	3,977,258

The remaining performance obligations are 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.

		2022	2021
	Note	***RMB'000***	*RMB'000*
Other income			
Bank interest income		**91**	552
Other interest income arising from contracts with customers*		**16,712**	19,933
Rental income	*11*	**3,461**	1,104
Others		**1,331**	299
		21,595	21,888
Gains			
Government grants**		**1,154**	2,219
Fair value gains/(losses) of financial assets at fair value through profit or loss, net		**1,774**	(44)
Fair value (losses)/gains of an equity investment at fair value through profit or loss		**(2,480)**	14,889
Fair value losses of biological assets		**—**	(1,149)
Foreign exchange gains/(losses), net		**526**	(7,553)
		974	8,362
		22,569	30,250

* 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 of enterprises.

5. (LOSS)/PROFIT BEFORE TAX

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

	Note	**2022** *RMB'000*	2021 *RMB'000*
Cost of construction contracts		**71,151**	180,510
Cost of services provided		**6,449**	5,533
Depreciation of investment properties		**3,507**	924
Cost of management service		**2,772**	272
Employee benefit expenses (including directors' and chief executive's remuneration as set out in note 7):			
Wages and salaries		**4,757**	7,188
Pension scheme contributions		**3,216**	3,710
		7,973	10,898
Depreciation of items of property and equipment		**5,153**	5,920
Depreciation of right-of-use assets	*11(a)*	**—**	1,488
Amortisation of other intangible assets*		**1,499**	1,688
Research and development costs		**7,880**	14,710
Bank interest income	*4*	**(91)**	(552)
Interest income arising from contracts with customers	*4*	**(16,712)**	(19,933)
Impairment of financial and contract assets:			
Impairment of provision for trade receivables	*12*	**169,600**	483
Impairment/(reversal of impairment) of provision for contract assets	*13*	**233,552**	(1,239)
Impairment of provision for financial assets included in prepayments, other receivables and other assets		**7,231**	4,993
Consulting fees		**781**	3,875
Auditor's remuneration (non-audit fee: Nil)		**2,580**	2,180
Gain on disposal of items of property and equipment		**(637)**	(188)
Lease payments not included in the measurement of lease liabilities	*11(c)*	**904**	902

* 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

	Note	2022 RMB'000	2021 RMB'000
Interest on bank loans and other borrowings		**31,031**	28,640
Interest on lease liabilities	*11(b)*	**1,377**	512
Interest on corporate bonds		**23,977**	23,168
Total interest expense on financial liabilities not at fair value through profit or loss		**56,385**	52,320

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:

	Group	
	2022 ***RMB'000***	2021 *RMB'000*
Fees	**240**	240
Other emoluments:		
Salaries, allowances and benefits in kind	**1,784**	2,783
Pension scheme contributions	**478**	455
	2,502	3,478

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

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2022				
Executive directors				
Mr. Wu Zhengping	**—**	**690**	**137**	**827**
Ms. Xiao Li	**—**	**500**	**137**	**637**
Ms. Chen Min	**—**	**154**	**67**	**221**
Ms. Zhu Wen	**—**	**440**	**137**	**577**
Independent non-executive directors				
Mr. Dai Guoqiang	**80**	**—**	**—**	**80**
Dr. Jin Hexian	**80**	**—**	**—**	**80**
Mr. Yang Yuanguang	**80**	**—**	**—**	**80**
Total	**240**	**1,784**	**478**	**2,502**

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	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2021				
Executive directors				
Mr. Wu Zhengping	—	960	130	1,090
Ms. Xiao Li	—	960	130	1,090
Ms. Chen Min	—	263	65	328
Ms. Zhu Wen	—	600	130	730
Independent non-executive directors				
Mr. Dai Guoqiang	80	—	—	80
Dr. Jin Hexian	80	—	—	80
Mr. Yang Yuanguang	80	—	—	80
Total	240	2,783	455	3,478

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.

	2022	2021
	RMB'000	*RMB'000*
Current — PRC		
Charge for the year	**653**	3,754
Deferred	**(61,082)**	3,708
Total tax charge for the year	**(60,429)**	7,462

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) 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 high and new-tech enterprises (the "HNTE status") pursuant to which an income tax rate of 15% is imposed on new hi-technology enterprises. Broad Greenstate Ecological applied for the recognition as a new hi-technology enterprise, which was approved by the relevant authorities on 23 November 2017 and the preferential rate was effective for three years from 2017 to 2020.

On 12 November 2020, the certificate of hi-technology enterprises, which is effective from 2020 to 2023 was renewed, and the preferential income tax rate of 15% is applied during the years from 2020 to 2023.

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

	2022	2021
	RMB'000	*RMB'000*
(Loss)/profit before tax	**(482,776)**	11,716
Tax at the statutory tax rate (25%)	**(120,694)**	2,929
Lower tax rates for specific provinces or enacted by local authority	**40,055**	(1,864)
Additional deductible allowance for qualified research and development costs	**(264)**	(4,744)
Profits and losses attributable to joint ventures and financial assets	**7,880**	(2,211)
Income not subject to income tax	**(1)**	(1)
Expenses not deductible for tax	**82**	428
Tax losses not recognised	**12,513**	12,925
Tax (credit)/charge at the Group's effective rate	**(60,429)**	7,462

9. DIVIDENDS

The Board does not recommend any payment of dividend for the year ended 31 December 2022 (2021: Nil).

10. (LOSSES)/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 (2021: 3,342,536,957) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2022 and 2021 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 2022 (2021: Nil).

The calculation of basic and diluted earnings per share is based on:

	2022	2021
	RMB'000	*RMB'000*
(Losses)/earnings		
(Losses)/earnings attributable to ordinary equity holders of the parent, used in the basic (losses)/earnings per share calculation	**(422,794)**	4,542

	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**3,342,536,957**	3,342,536,957
Basic (losses)/earnings per share	**RMB (12.65) cents**	RMB 0.14 cents
Diluted (losses)/earnings per share	**RMB (12.65) cents**	RMB 0.14 cents

11. LEASES

The Group as a lessee

The Group has lease contracts for various items of property used in its operations. Leases of properties generally have lease terms between 1 and 9 years, while machinery generally has 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 asset and the movements during the year are as follows:

	Property
	RMB'000
As at 1 January 2021	1,488
Depreciation charge	(1,488)
As at 31 December 2021 and 1 January 2022 and 31 December 2022	—

(b) ***Lease liabilities***

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

	2022 Lease liabilities *RMB'000*	2021 Lease liabilities *RMB'000*
Carrying amount at 1 January	**23,876**	1,722
New leases	**—**	23,408
Accretion of interest recognised during the year	**1,377**	512
Payments	**—**	(1,766)
Carrying amount at 31 December	**25,253**	23,876
Analysed into:		
Current portion	**4,342**	1,439
Non-current portion	**20,911**	22,437

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

	2022 *RMB'000*	2021 *RMB'000*
Interest on lease liabilities	**1,377**	512
Depreciation charge of right-of-use assets	**—**	1,488
Expense relating to short-term leases (included in administrative expenses)	**391**	433
Expense relating to leases of low-value assets (included in administrative expenses)	**163**	119
Variable lease payments not included in the measurement of lease liabilities (included in cost of sales)	**350**	350
Total amount recognised in profit or loss	**2,281**	2,902

(d) The Group has lease contract for a piece of land located in Changxing County that includes a term regarding variable payments 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:

2022

	Variable payments *RMB'000*	**Total** *RMB'000*
Variable rent only	**350**	**350**

2021

	Variable payments *RMB'000*	Total *RMB'000*
Variable rent only	350	350

The Group as a lessor

The Group leases its property which is a building located in Shanghai City, the PRC under operating lease arrangements, which terminated as at 31 December 2022. 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 RMB283,000 (2021: RMB1,104,000), details of which are included in note 4 to the financial statements.

The Group leases its investment properties (note 4) 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 RMB3,178,000 (2021: RMB810,000), details of which are included in note 4 to the financial statements.

12. TRADE RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**620,358**	615,678
Impairment	**(317,394)**	(147,794)
	302,964	467,884

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 RMB230,810,000 (2021: RMB253,457,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

No trade receivables were pledged to secure bank loans granted (2021: Nil).

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:

	2022	2021
	RMB'000	*RMB'000*
Within one year	**77,311**	134,196
Over one year but within two years	**109,555**	65,196
Over two years but within three years	**40,329**	210,912
Over three years	**75,769**	57,580
	302,964	467,884

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

	2022	2021
	RMB'000	*RMB'000*
At beginning of year	**147,794**	147,311
Impairment losses, net *(note 5)*	**190,179**	483
Impairment losses, reversed *(note 5)*	**(20,579)**	—
At end of year	**317,394**	147,794

Increase in the loss allowance of RMB169,600,000 (2021: RMB483,000) is due to an increase in trade receivables aged over three years of RMB315,354,000 (2021: RMB173,730,000) 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 2022 (RMB'000):

		Past due				
	Current	**Less than 1 year**	**1 to 2 years**	**2 to 3 years**	**Over 3 years**	**Total**
Expected credit loss rate	**6.90%**	**16.21%**	**30.49%**	**32.57%**	**75.97%**	
Gross carrying amount	**41,214**	**46,475**	**157,605**	**59,810**	**315,254**	**620,358**
Expected credit losses	**(2,843)**	**(7,535)**	**(48,050)**	**(19,481)**	**(239,485)**	**(317,394)**

As at 31 December 2021 (RMB'000):

		Past due				
	Current	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	0.81%	6.66%	10.30%	17.96%	59.94%	
Gross carrying amount	25,201	116,990	72,683	257,074	143,730	615,678
Expected credit losses	(205)	(7,790)	(7,487)	(46,162)	(86,150)	(147,794)

13. CONTRACT ASSETS

	31 December 2022	**31 December 2021**	**1 January 2021**
	RMB'000	*RMB'000*	*RMB'000*
Contract assets arising from:			
Construction services	**1,360,021**	1,326,721	1,309,315
Impairment	**(246,154)**	(12,602)	(13,841)
	1,113,867	1,314,119	1,295,474

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 2022, retention money held by customers included in contract assets amounted to approximately RMB78,897,000 (2021: RMB15,854,000), of which Nil (2021: RMB15,854,000) 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 2022 increased 3% compared to that as at the end of 2021, which is the revenue of construction services recognised this year.

Contract assets of RMB377,529,000 (2021: RMB342,418,000) are pledged to secure a bank loan granted.

During the year ended 31 December 2022, RMB233,552,000 (2021: RMB1,239,000) 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:

	2022	2021
	RMB'000	*RMB'000*
Within one year	**842,865**	1,069,556
More than one year	**271,002**	244,563
Total contract assets	**1,113,867**	1,314,119

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

	2022	2021
	RMB'000	*RMB'000*
At beginning of year	**12,602**	13,841
Impairment losses/(reversal of provision)	**233,552**	(1,239)
At end of year	**246,154**	12,602

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:

	As at 31 December 2022	As at 31 December 2021
Expected credit loss rate	**2.15%**	0.95%
	RMB'000	*RMB'000*
Gross carrying amount	**849,913**	1,326,721
Expected credit losses	**18,273**	12,602

Set out below is the information about the impairment individually accrued:

	As at 31 December 2022 ***RMB'000***	As at 31 December 2021 *RMB'000*
Gross carrying amount	**510,108**	—
Expected credit losses	**227,881**	—

Included in the Group's contract assets are amounts with the Group's joint ventures of RMB523,385,000 (2021: RMB523,385,000).

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:

	2022 ***RMB'000***	2021 *RMB'000*
Within one year	**99,277**	91,963
Over one year but within two years	**68,633**	279,060
Over two years	**534,917**	365,570
	702,827	736,593

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

The state's Plan for National Urban Infrastructure Construction during the "14th Five-Year" period emphasizes the promotion of urban sustainable development by improving the intelligence level of cities, strengthening urban public services, and intensifying the maintenance and management of urban infrastructure. The "14th Five-Year" Plan and Vision 2035 also mention the development of China's Public-Private Partnership ("**PPP**"), providing a broader space for PPP projects related to ecological construction and environmental protection in the medium and long run. According to a report by the China Research Institute of Industrial Research, local governments are actively promoting investment in urban greening projects, and the market demand for the landscape engineering industry is expected to reach nearly RMB1.1 trillion by 2025. Despite the uncertainty in the macro operating environment, the promotion of PPP projects remains unaffected, with the addition of 51 new PPP projects and an investment of RMB147.8 billion, representing a year-on-year increase of RMB34.7 billion, or 24.8%.

The national focus on stable growth is expected to accelerate infrastructure construction. In last year's Government Work Report, effective investment expansion and moderate advancement of infrastructure investment were proposed, with more emphasis on livelihood projects. This year, at the Central Economic Work Conference, the economic development principle of pursuing progress while maintaining stability was reiterated for 2023. On top of the implementation of the spirit of the Central Economic Work Conference, local governments have introduced new initiatives to stabilize the economy and promote development, such as expanding investment, boosting consumption, stabilizing foreign trade, support enterprises, and promoting innovation. These actions have boosted market players' expectations and confidence in all industries. With the domestic operational sentiment improving and the benefits of policies being released, economic indicators show that China's economy is expected to have a good start in 2023. PPP, as a mode of operation to encourage social capital participation in public infrastructure construction, will become an inevitable option for China to achieve major economic goals effectively and cope with various challenges. As such, the PPP mode is expected to have a significant rebound.

Business Review

The Group remains committed to its core business of ecological construction while also enhancing its environmental restoration and cultural tourism operations. Despite the challenging domestic and international economic environment, in 2022 the Group adjusted its business strategy to focus on completing ongoing investment projects and optimizing its management model to achieve comprehensive high-quality development. During the year under review, the Group effectively managed operational risks and maintained stable and sustainable operations through measures such as carrying out the ongoing investments, optimizing project management, enhancing its strength, and implementing income-generating and cost-saving initiatives. During the year under review, the Group recorded a total revenue of RMB109.3 million and net loss attributable to owners of the Parent of RMB422.8 million. Gross profit margin was 23.2%, representing a decrease of 6.8 percentage points as compared with the same period last year.

Greenland Financial Holdings Company Limited, an indirect shareholder of the Company, issued a letter on 27 April 2023 stating that it shall provide the Company with sufficient financial support for a period of no less than 12 months from the date of approval of the Company's audited financial statements for the year ended 2022, so that the Company will be able to meet its financial obligations, and have sufficient working capital to meet its daily operations, and will not result from insufficiency in working capital for viable going concern.

Cost Control

The Group implemented scientific, rational, and cost-effective practices to boost revenue and cut costs. Rather than relying on the traditional extensive contracting model for project management in the industry, the Group adopted a refined project cost control approach. It established a group-wide supplier database and utilized its self-developed project management information platform to ensure that all project expenses were strictly managed in accordance with the budget. In the year under review, the Group completed the preparation and trial operation of a procurement platform for well-known enterprises in China, thereby comprehensively expanding its supply chain channel. For project operation and maintenance in the later stage, the Group fully utilized the cooperation between its operation management companies and prime operation teams to consider maintenance plans during construction. Additionally, the Group placed great emphasis on project redevelopment, proposing optimization schemes during project implementation and developing resources around the project's location through well-established friendly cooperative relationships.

Research and Development

The Group is committed to becoming a leading domestic and internationally advanced player in the industry by following the guidance of high-efficiency, energy-saving, and clean green technology and design. The aim is to promote the development of ecological and environmental protection projects through scientific and technological innovation. Building on its existing technology accumulation, project experience, and product advantages, the Group has continuously invested heavily in establishing its technology center, focusing on independent development, supplemented by the introduction, digestion, and absorption of other technologies. The Group has also strengthened industry, education, and research cooperation and intellectual property rights construction, actively realizing the industrialization of science and technology. The Group recognizes that scientific research is an important strategy for achieving sustainable development and provides strong technical support through innovation in scientific research.

FUTURE DEVELOPMENT

The green and circular economy development direction and the establishment of a seamless urban ecological infrastructure system are outlined in China's "14th Five-Year Plan". In 2023, the State Council published a white paper titled "China's Green Development in the New Era" on 19 January, which includes decision-making arrangements, practical achievements, experiences, and practices for promoting green development. The paper advocates for a harmonious coexistence between human and nature, and outlines China's intentions and actions to actively participate in global ecological environment governance and addressing climate change as well as prospective contributions. As a group primarily engaged in landscape construction in China, the Group aims to follow the trend and take advantage of the many opportunities presented by favourable policies.

In face of the challenging and opportunistic industry environment, the Group aims at prioritizing stability and adopts a defensive approach to ensure the smooth progress of its ongoing projects. The Group intends to strengthen its compliance management of existing projects and focuses on enhancing its core technologies related to ecological construction to establish a distinctive competitive edge and enhance its position in the industry. The Group also aims at strengthening its foundation strengths to improve its risk resistance and undertakes projects with larger amounts, thereby increasing its profit margin and return on net assets.

In the future, the Group plans to actively respond to the state's call for energy-efficient, environmentally friendly, and green development projects. With its enhanced technological innovation in the field of "double carbon", the Group aims at integrating technologies of carbon reduction, zero carbon, and negative carbon into the construction process, promoting the use of more energy-efficient and environmentally friendly equipment. The Group will also adopt more efficient, greener, energy-saving, and sustainable approaches to operate projects in later stages by utilizing cutting-edge technologies such as big data and artificial intelligence. The Group will continue to learn from the strengths of the PPP and Engineering Procurement Construction models and improve the precision of business projects to speed up the conversion of the projects' output value. The Group will also accelerate the completion of existing projects, strengthen operation management, layout the whole industrial chain to promote business development, consolidate its strategic advantages, deepen its brand image, and continue to 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

Subsequent to 31 December 2022, the Group has extended other borrowings of RMB173,094,000 and corporate bonds to be repaid after 31 December 2023.

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 (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 complied with all the code provisions of the CG Code in force during the year, with the exception of code provision C.2.1.

Pursuant to code provision C.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 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.

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

An audit committee (the "**Audit Committee**") was established by the Company with terms of reference in compliance with the CG Code. As at the date of this 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 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, 30 June 2023 ("**2023 AGM**"). A notice convening the 2023 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 2022 (2021: Nil).

RECORD DATE

For the purpose of determining the Shareholders' eligibility to attend and vote at the 2023 AGM, the record date will be on Monday, 26 June 2023. In order to be eligible to attend and vote at the 2023 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Monday, 26 June 2023.

PUBLICATION OF ANNUAL RESULTS AND 2022 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 2022 annual report of the Company will be dispatched to the Shareholders and will be made available on the websites of the Company and the Stock Exchange in accordance with the requirements of the Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 3 April 2023, pending the release of the annual results of the Company for the Reporting Period contained in this announcement. Upon the publication of this announcement, an application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 2 May 2023.

By order of the Board
China Greenland Broad Greenstate Group Company Limited
Wu Zhengping
Chairman and Executive Director

Shanghai, the People's Republic of China
28 April 2023

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.