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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 2023

FINANCIAL HIGHLIGHTS FOR ANNOUNCEMENT

		Year ended 31 December		
		2023	2022	Change
		Audited	Audited	
Revenue	*RMB'000*	**26,908**	109,275	(82,367)
Gross Profit	*RMB'000*	**12,387**	25,396	(13,009)
Net loss attributable to owners of the Parent	*RMB'000*	**(535,918)**	(422,794)	(113,124)
Gross Profit margin	*%*	**46.0**	23.2	22.8

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 2023 (the "**Reporting Period**" or the "**Year under Review**"), together with audited comparative figures for the preceding financial year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
REVENUE	5	**26,908**	109,275
Cost of sales		**(14,521)**	(83,879)
Gross profit		**12,387**	25,396
Other income and gains	5	**73,678**	22,569
Other expense		**(49,786)**	(1,397)
Loss on disposal of joint ventures		**(112,415)**	—
Administrative expenses		**(31,587)**	(29,282)
Impairment losses on financial and contract assets		**(249,230)**	(410,383)
Finance costs	7	**(63,544)**	(56,385)
Share of profits and losses of joint ventures		**(96,203)**	(33,294)
LOSS BEFORE TAX	6	**(516,700)**	(482,776)
Income tax (expenses)/credit	8	**(24,585)**	60,429
LOSS FOR THE YEAR		**(541,285)**	(422,347)
Attributable to:			
Owners of the parent		**(535,918)**	(422,794)
Non-controlling interests		**(5,367)**	447
		(541,285)	(422,347)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
		RMB	RMB
Basic and diluted	10	**(16.03) cents**	(12.65) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	Notes	**2023**	2022
		RMB'000	*RMB'000*
LOSS FOR THE YEAR		**(541,285)**	(422,347)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements of group companies		**11,360**	(30,370)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**11,360**	(30,370)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**11,360**	(30,370)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(529,925)**	(452,717)
Attributable to:			
Owners of the parent		**(524,558)**	(453,164)
Non-controlling interests		**(5,367)**	447
		(529,925)	(452,717)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	**31 December 2023** *RMB'000*	31 December 2022 *RMB'000*
NON-CURRENT ASSETS			
Property and equipment		**110,001**	120,087
Investment properties		**18,480**	21,252
Goodwill		**3,060**	3,060
Other intangible assets		**15,659**	17,122
Investments in joint ventures		**483,721**	781,230
Equity investment at fair value through profit or loss		**77,225**	77,844
Financial assets at fair value through profit or loss		**21,330**	21,872
Contract assets	*12*	**247,852**	271,002
Long-term receivables		**349,766**	39,398
Other non-current assets		**15,238**	19,449
Deferred tax assets		**58,640**	83,791
Total non-current assets		**1,400,972**	1,456,107
CURRENT ASSETS			
Biological assets		**31,429**	30,412
Trade receivables	*11*	**156,644**	302,964
Contract assets	*12*	**445,470**	842,865
Prepayments, other receivables and other assets		**59,896**	267,932
Restricted bank balances		**25,400**	36,069
Cash and cash equivalents		**6,227**	2,844
Total current assets		**725,066**	1,483,086
CURRENT LIABILITIES			
Corporate bonds		**212,481**	207,286
Trade and bills payables	*13*	**615,968**	702,827
Other payables and accruals		**326,171**	653,029
Interest-bearing bank and other borrowings		**240,478**	234,414
Lease liabilities		**7,967**	4,342
Tax payable		**167,040**	168,060
Total current liabilities		**1,570,105**	1,969,958

	Notes	**31 December 2023** *RMB'000*	31 December 2022 *RMB'000*
NET CURRENT LIABILITIES		**(845,039)**	(486,872)
TOTAL ASSETS LESS CURRENT LIABILITIES		**555,933**	969,235
NON-CURRENT LIABILITIES			
Other non-current liabilities		**92,526**	—
Interest-bearing bank and other borrowings		**354,999**	346,802
Lease liabilities		**18,576**	20,911
Deferred tax liabilities		**9,671**	10,169
Total non-current liabilities		**475,772**	377,882
Net assets		**80,161**	591,353
EQUITY			
Equity attributable to owners of the parent			
Share capital		**66,396**	66,396
Other reserves		**(9,103)**	496,722
		57,293	563,118
Non-controlling interests		**22,868**	28,235
Total equity		**80,161**	591,353

NOTES TO FINANCIAL STATEMENTS

31 December 2023

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 immediate holding company and the ultimate holding company of the Company was Broad Landscape International Company Limited ("Broad Landscape International"), a company incorporated in the British Virgin Islands ("BVI"), as at 31 December 2023.

Subsequent to 31 December 2023, 1,979,000,000 ordinary shares were duly allotted and issued as fully-paid by the Company to Greenland Financial Overseas Investment Group Co., Ltd. ("Greenland Financial", a shareholder of the Company). Upon issuing of the foregoing shares, the holding company is Greenland Financial, a company incorporated in the BVI, and the ultimate holding company is Greenland Holdings Group Corporation Limited, a company incorporated under the laws of the People's Republic of China ("the PRC").

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investment at fair value through profit or loss and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Going concern basis

The Group incurred a net loss attributable to owners of the Company of RMB535,918,000 during the year ended 31 December 2023 and the Group had net current liabilities of RMB845,039,000 as at 31 December 2023. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have evaluated the sustainable operation ability for 12 months from the end of the reporting period, which is affected by the macroeconomic environment, industry environment and credit environment superimposing the impact of multiple rounds of epidemic and came to an opinion that the liquidity risk of the company is facing periodic challenges.

Certain measures have been and are being taken to manage its liquidity needs and to improve its financial position which include the following:

(a) The Group will continue to implement measures to speed up the collection of outstanding trade and other receivables and contract assets.

(b) Subsequent to 31 December 2023, the Group allotted and issued 1,979,000,000 Company's ordinary shares to Greenland Financial for settlement of the principal amount of US$14,708,000 (equivalent to RMB104,172,000) of the corporate bonds. The Group also extended the repayment date of the outstanding corporate bonds with a principal amount of US$15,292,000 (equivalent to RMB108,309,000) up to 15 January 2027.

(c) Subsequent to 31 December 2023, Greenland Digital Technology Co., Ltd, an intermediate holding company, has agreed to provide the Group with sufficient financial support for a period of no less than 18 months from the approval date of the Company's audited consolidated financial statements for the year ended 31 December 2023 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.

(d) The Group is reviewing the debt structure and looking for funding opportunities.

(e) The new management of the Group is reviewing the business operation and taking actions to tighten cost controls over various operating expenses and is actively seeking new investments and business opportunities aiming to attain profitable and positive cash flow operations.

The board of directors have reviewed the Group's cash flow projections prepared by management, which cover a period of twelve months from 31 December 2023. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2023. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the values of assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial information.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

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

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

    The Group has not applied the initial recognition exception and recognised deferred tax assets and deferred tax liabilities respectively for all transactions fallen within the scope of the amendment in prior years, the amendments had no impact on the Group's financial statements.

(d) Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

4. OPERATING SEGMENT INFORMATION

The Group's principal business is providing landscape design and gardening and related services. 95% 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.

Geographical information

Since 100% of the Group's revenue and operating profit were generated in Chinese Mainland and 100% of the Group's identifiable assets and liabilities were located in Chinese Mainland, 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:

	2023	2022
	RMB'000	*RMB'000*
Customer A	**8,802**	*
Customer B	**8,771**	*
Customer C	**6,213**	*
Customer D	**—**	49,563
Customer E	**—**	24,998
Customer F	*****	14,163

* Less than 10% of the total revenue

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers	**26,908**	109,275

Revenue from contracts with customers

(a) ***Disaggregated revenue information***

	For the year ended 31 December 2023	For the year ended 31 December 2022
	RMB'000	*RMB'000*
Types of services		
Construction services	**24,258**	102,618
Design and maintenance services	**1,396**	5,990
Management service	**1,254**	667
Total	**26,908**	109,275
Timing of revenue recognition		
Services transferred over time	**26,908**	109,275

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:

	2023	2022
	RMB'000	*RMB'000*
Construction services	**8,802**	49,563

(b) ***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 1 year 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 2023 and 2022 are as follows:

	2023	2022
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**161,307**	358,391
After one year	**2,043,156**	3,264,516
	2,204,463	3,622,907

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to construction services. All the other amounts transaction prices allocated to the remaining performance obligations are expected to be recognised revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

	2023	2022
	RMB'000	*RMB'000*
Other income		
Government grants*	**54**	1,154
Bank interest income	**139**	91
Other interest income arising from contracts with customers**	**54,081**	16,712
Rental income	**3,605**	3,461
Others	**—**	652
Total other income	**57,879**	22,070
Gains		
Fair value gains, net:	**—**	—
Financial assets at fair value through profit or loss	**—**	1,774
An equity investment at fair value through profit or loss	**—**	(2,480)
Fair value gains of biological assets	**905**	42
Gain on disposal of items of property and equipment***	**6,916**	637
Gain on foreign exchange differences, net	**7,978**	526
Total gains	**15,799**	499
Total other income and gains	**73,678**	22,569

* Government grants have been received from the local finance bureau in Chinese Mainland as financial support to the growth of enterprises. There are no unfulfilled conditions or contingencies relating to these grants.

** 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.

*** The Group settled the liabilities with its properties and recognised disposal gain with an amount of RMB6,916,000 with non-cash impact for the year ended 31 December 2023.

6. LOSS BEFORE TAX

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

	Notes	2023 RMB'000	2022 RMB'000
Cost of construction contracts services provided		**11,362**	71,151
Cost of design and maintenance services provided		**2,378**	6,449
Cost of management service		**781**	6,279
Employee benefit expenses (including directors' and chief executive's remuneration as set out in note 8):			
Wages and salaries		**4,970**	4,757
Pension scheme contributions		**2,353**	3,216
Total		**7,323**	10,898
Depreciation of items of property and equipment		**4,218**	5,153
Depreciation of investment properties		**2,772**	2,772
Amortisation of other intangible assets		**1,463**	1,499
Research and development costs		**2,582**	7,880
Bank interest income	*5*	**(139)**	(91)
Interest income arising from contracts with customers	*5*	**(54,081)**	(16,712)
Impairment of financial and contract assets, net:			
Impairment of trade receivables, net	*11*	**73,516**	169,600
Impairment of contract assets, net		**146,581**	233,552
Impairment of financial assets included in other receivables and other assets		**29,133**	7,231
Write off of prepayments		**2,400**	—
Impairment of other non-current assets*		**4,211**	—
Loss on disposal of joint ventures		**112,415**	—
Loss on modifications of financial liabilities that do not result in derecognition		**35,866**	—
Auditor's remuneration		**1,793**	2,580
Gain on disposal of items of property and equipment		**(6,916)**	(637)
Fair value losses/(gains), net			
Financial assets at fair value through profit or loss		**542**	(1,774)
An equity investment at fair value through profit or loss		**619**	2,480
Lease payments not included in the measurement of lease liabilities		**465**	902

* The property acquired by the Group of which the property certificates has not been obtained and was included in other non-current assets as at 31 December 2023. Impairment provision of RMB4,211,000 was made as at 31 December 2023 according to prevailing fair value less cost of disposal.

7. FINANCE COSTS

	2023	2022
	RMB'000	*RMB'000*
Interest on bank loans and other borrowings	**35,646**	31,031
Interest on corporate bonds	**26,608**	23,977
Interest on lease liabilities	**1,290**	1,377
Total	**63,544**	56,385

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.

	2023	2022
	RMB'000	*RMB'000*
Current — PRC		
Charge for the year	**—**	653
Overprovision in prior years	**(68)**	—
Deferred	**24,653**	(61,082)
Total tax expenses/(credit) for the year	**24,585**	(60,429)

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 in Chinese Mainland from 1 January 2008.

Broad Greenstate Ecological Construction Group Company Limited , a subsidiary of the Company, was qualified as a "High and New Technology Enterprise" and is entitled to a preferential corporate income tax ("CIT") rate of 15% from 2020 to 2025.

A reconciliation of the tax expense/(credit) applicable to 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:

	2023	2022
	RMB'000	*RMB'000*
Loss before tax	**(516,700)**	(482,776)
Tax at the statutory tax rate (25%)	**(129,175)**	(120,694)
Lower tax rates enacted by local authority	**37,748**	40,055
Adjustments in respect of current tax of previous periods	**(68)**	—
Additional deduction for qualified research and development costs	**(45)**	(264)
Profits and losses attributable to joint ventures	**14,430**	7,880
Income not subject to income tax	**—**	(1)
Unrecognized deductible temporary differences	**65,907**	—
Expenses not deductible for tax	**6,412**	82
Tax losses not recognised	**29,376**	12,513
Tax expenses/(credit) at the effective rate	**24,585**	(60,429)

9. DIVIDENDS

No final dividends were paid, declared or proposed for the years ended 31 December 2023 and 2022.

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

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,342,536,957 (2022: 3,342,536,957) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2023 and 2022 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 2023 (2022: Nil).

The calculation of basic and diluted loss per share are based on:

	2023	2022
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation	**(535,918)**	(422,794)

	Number of shares 2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**3,342,536,957**	3,342,536,957
Basic loss per share	**RMB(16.03) cents**	RMB(12.65) cents

11. TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**526,752**	620,358
Impairment	**(370,108)**	(317,394)
Net carrying amount	**156,644**	302,964

The Group's trading terms with its customers are mainly on credit. The credit period is usually one year. 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 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 RMB85,701,000 (2022: RMB230,810,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

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:

	2023	2022
	RMB'000	*RMB'000*
Past due within 1 year	**74,993**	77,311
Past due 1 to 2 years	**27,555**	109,555
Past due 2 to 3 years	**20,090**	40,329
Past due over 3 years	**34,006**	75,769
Total	**156,644**	302,964

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

	2023	2022
	RMB'000	*RMB'000*
At beginning of year	**317,394**	147,794
Impairment losses, net (note 6)	**73,516**	169,600
Amount written off as uncollectible	**(20,802)**	—
At end of year	**370,108**	317,394

The increase (2022: increase) in the loss allowance of RMB52,714,000(2022: RMB169,600,000) as result of an increase in trade receivables which were past due for over three years.

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 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 2023

		Past due				
	Current	**Less than 1 year**	**1 to 2 years**	**2 to 3 years**	**Over 3 years**	**Total**
Expected credit loss rate	**5.5%**	**21.8%**	**30.9%**	**56.4%**	**90.5%**	
Gross carrying amount	**69,536**	**11,867**	**39,875**	**46,025**	**359,449**	**526,752**
Expected credit losses	**3,826**	**2,584**	**12,320**	**25,935**	**325,443**	**370,108**

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	6.9%	16.2%	30.5%	32.6%	76.0%	
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

12. CONTRACT ASSETS

	31 December 2023	**31 December 2022**	**1 January 2022**
	RMB'000	*RMB'000*	*RMB'000*
Contract assets arising from:			
Construction services	1,086,057	1,360,021	1,326,721
Impairment	(392,735)	(246,154)	(12,602)
	693,322	1,113,867	1,314,119
Less: Non-current portion of Contract assets	247,852	271,002	244,563
Net carrying amount	445,470	842,865	1,069,556

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. Upon completion of construction and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The decrease in contract assets in 2023 and 2022 was the result of the increase provision for the impairment at the end of each of years.

Contract assets of RMB436,324,000 (2022: RMB377,529,000) are pledged to secure a bank loan granted.

During the year ended 31 December 2023, RMB146,581,000 (2022: RMB233,552,000) 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 11.

The expected timing of recovery or settlement for contract assets as at 31 December is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within one year	**445,470**	842,865
More than one year	**247,852**	271,002
Total contract assets	**693,322**	1,113,867

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

	2023	2022
	RMB'000	*RMB'000*
At beginning of year	**246,154**	12,602
Impairment losses, net	**146,581**	233,552
At end of year	**392,735**	246,154

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 days past due for various customers 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 contract assets using a provision matrix:

	As at 31 December 2023	As at 31 December 2022
Expected credit loss rate	**36.16%**	18.10%
Gross carrying amount (RMB'000)	**1,086,057**	1,360,021
Expected credit losses (RMB'000)	**392,735**	246,154

Included in the Group's contract assets are amounts with the Group's joint ventures of RMB286,738,000 as at 31 December 2023 (31 December 2022: RMB523,385,000).

13. 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:

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**12,115**	99,277
1 to 2 years	**91,054**	68,633
Over 2 years	**512,799**	534,917
Total	**615,968**	702,827

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

China's landscape industry, actively promoted by national policies, faced new development opportunities and challenges during the Year under Review. The third Meeting of the Central Committee for Comprehensively Deepening Reform, held under the chairmanship of the Central Government on 7 November 2023, stressed that the construction of a beautiful China is an important goal of socialist modernization. In this regard, China has set the goal of basically realizing a beautiful China by 2035 to further promote pollution prevention and control, accelerate the transition to a green development path, enhance the diversity, stability and sustainability of ecosystems, and ensure ecological and environmental security. It requires a high-quality ecological environment to support well-quality development, while promoting the development of environmental protection industry.

In addition, the improvement of industrial standardization has promoted the transformation of the industry in the course of integrated operation and diversified development, which not only contributes to the quality and efficiency of landscape engineering, but also to the long-term sustainable development of the industry. Meanwhile, the development prospect of the landscape industry is promising with the greater importance attached to ecological civilization construction.

Business Review

The Group remains committed to its core business of "ecological construction while also enhancing its environmental restoration and cultural tourism operations" with a focus on municipal and city level landscape projects and offers our customers "one-stop" service solutions, including investment and financing, planning and design, project construction and commercial operation. Due to the slowdown in industry development in recent years, the Group proactively adjusted its business strategy to focus on completing ongoing investment projects, optimizing its management and enhancing its strength. During the Year under Review, The Group's portfolio primarily consists of PPP projects, of which five have transitioned to operation and maintenance, and the remainder are either under construction or in the preliminary preparation phase. As of 31 December 2023, the Group recorded total revenue of RMB26.9 million and net loss attributable to owners of the Parent of RMB535.9 million. Gross profit margin was 46.0%, representing an increase of 22.8 percentage points as compared with the same period last year.

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 ("**OA System**") to ensure that all project expenses were strictly managed in accordance with the budget. During the Year under Review, supported by procurement platform for well-known enterprises in China, the Group has comprehensively expanded the supply chain channel and achieved reducing costs while increasing efficiency. 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 adheres to the guidance of efficient, energy-saving, and clean green technology application and design. It aims to achieve international advancement and domestic leadership while promoting the development of ecological and environmental protection projects through 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. In addition, the Group cooperates with the high-quality technology companies in the upstream and downstream industries to achieve technology resource sharing, jointly empowering the project. 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 OUTLOOK

In recent years, China has placed high importance on the construction of ecological civilization, emphasizing significant improvements in urban and rural living environments, and the establishment of a "Beautiful China". Various industries have actively responded to China's goal of achieving green production and living by 2035, striving to attain carbon neutrality and peak carbon emissions, thereby fundamentally improving the ecological environment. China is also comprehensively promoting rural revitalization policies, emphasizing the priority development of agriculture and rural areas, integrating urban-rural development, and strengthening rural infrastructure. The implementation of these policies will bring new development opportunities in the fields of ecological protection, agriculture, and rural revitalization. Leveraging its rich industry experience, technological reserves, and excellent management, the Group is determined to seize market opportunities.

Going forward, the Group will focus on green businesses and sustainable development, and through closer cooperation with Greenland Financial, achieve synergies and mutual growth in our operations. We recognize that green economy and sustainable development are crucial directions for both business and national development. Therefore, while continuing to invest in ecological construction, environmental restoration, and cultural tourism operations, we will also actively promote the in-depth implementation of ESG principles.

China has matured in the development of the photovoltaic industry, holding a leading position worldwide in both the manufacturing of solar panels and the deployment of solar projects. With the China's commitment to reaching the peak of carbon emissions before 2030 and achieving carbon neutrality by 2060, the growth of the solar panel sector has become more significant, leading to a substantial increase in investment in large-scale solar farms and distributed solar energy systems. Additionally, China recognizes the importance of energy storage technology in stabilizing the grid and maximizing the utilization of renewable energy. In recent years, there has been active promotion of the development of energy storage, with a rapid increase in the deployment of battery energy storage systems, serving both large-scale renewable energy projects as well as residential and commercial applications. As the China promotes the electrification of the transportation sector, China's electric vehicle charging infrastructure is also expanding rapidly. The government has introduced various incentive measures and policies to accelerate the growth of the electric vehicle market, which in turn drives the demand for a widespread and reliable charging network. China's energy management is becoming increasingly sophisticated and refined, with a focus on implementing smart grid applications and introducing demand response measures to improve energy efficiency and reduce carbon emissions. Also, China is investing in digital solutions and technologies to optimize energy consumption patterns, improve the integration of renewable energy sources, and ensure stable and efficient energy supply.

Against such backdrop, the Group plans to leverage its experience and expertise in existing infrastructure projects and capitalize the resources and support of Greenland Group to explore areas and opportunities that are integrated with or reasonably extend from its existing businesses. Through such business redeployments, the Group strives to transform from traditional landscaping business to the field of ecological technology, which not only aligns with the Group's long-term development strategy but also brings diversified growth opportunities to its business.

The Group will continue to uphold the concept that "lucid waters and lush mountains are invaluable assets". Through closer cooperation with Greenland Group, the Group aims to make more positive contributions to society and the environment, while achieving the long-term, stable, and sustainable development of the Company.

CORPORATE INFORMATION

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

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 good 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 in the meantime.

The Company has adopted the principles and code provisions of Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") (as amended from time to time) since the Listing Date as the basis of the Company's corporate governance practices. During 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. With the resignation of Mr. WU Zhengping as an executive Director, chairman and chief executive officer of the Company on 1 September 2023, each of the chairman of the Board of the Company and the chief executive officer ("**CEO**") of the Company has been served by Mr. PEI Gang and Mr.

LIN Guangqing, respectively. The chairman of the Board is responsible for providing strategic advice and guidance on the development of the Group, while the CEO is responsible for the day-to-day operations of the Group.

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 C3 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, 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, consolidated statement of 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.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's annual financial statements for the year ended 31 December 2023:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to note 2.1 to the consolidated financial statements, which indicates that the Group incurred a net loss attributable to owners of the Company of RMB535,918,000 during the year ended 31 December 2023 and the Group had net current liabilities of RMB845,039,000 as at 31 December 2023. These conditions, along with other matters as set forth in note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

FINAL DIVIDEND

The Board does not recommend payment of final dividend for the year ended 31 December 2023 (2022: Nil).

EVENTS AFTER THE REPORTING PERIOD

On 3 January 2024, 1,979,000,000 ordinary shares were duly allotted and issued as fully-paid by the Company to Greenland Financial at an issue price of HK$0.1 per ordinary share; and 300,796,510 and 199,476,490 ordinary shares were duly allotted and issued as fully-paid by the Company to Inscription Capital Holdings Limited (a then independent third party), and Easten Capital Holdings Limited (a company of which an equity holder of 上饒市靚秋財務諮詢服務中心(有限合夥), an entity which Xiao Li and Wu Zhengping, former directors of the Group, have equity beneficial interest), respectively, at an issue price of HK$0.1 per ordinary share. The shares issued represent approximately 42.59% of the then enlarged fully-paid issued share capital of the Company.

Upon completion of foregoing shares issued, the Company has an aggregate of 5,821,809,957 shares in issue. Greenland Financial held 51.02% of the Company's issued shares and becomes the immediate holding company of the Company.

Subsequent to 31 December 2023, the Group has extended the outstanding principal amount of the corporate bonds amounted to US$15,292,000 (equivalent to RMB108,309,000) with maturity date after 31 December 2024.

Subsequent to 31 December 2023, the 30% equity interest of the Group in Shanghe Greenland Broad Green Spring Construction Company Limited, a subsidiary of the Company, was frozen by the court for the legal case.

PUBLICATION OF ANNUAL RESULTS AND 2023 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 2023 annual report of the Company will be dispatched to the Shareholders (if requested) 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 2 April 2024, 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 3 June 2024.

DEFINITIONS

"Conversion"	the subscription of the Conversion Shares by Greenland Financial in settlement of the corresponding amounts of outstanding and overdue indebtedness owed by the Company to Greenland Financial, pursuant to the terms of the Conversion Agreement
"Conversion Agreement"	the conversion agreement entered into between the Company and Greenland Financial in relation to the Conversion
"Conversion Completion"	the completion of the Conversion
"Conversion Shares"	a total of 1,979,000,000 new Shares to be allotted and issued by the Company to Greenland Financial pursuant to the Conversion Agreement
"Creditors"	Inscription Capital and Easten Capital
"Easten Capital"	Easten Capital Holdings Limited, a company incorporated under the laws of the BVI, which is beneficially wholly owned by Mr. TU Guoqin (屠國勤), an independent third party, not a Shareholder or a party acting in concert with Greenland Financial
"Increase in Authorised Share Capital"	the proposed increase in authorised share capital of the Company from HK$100,000,000 (divided into 4,000,000,000 Shares) to HK$200,000,000 (divided into 8,000,000,000 Shares) by the creation of an additional 4,000,000,000 new Shares
"Inscription Capital"	Inscription Capital Holdings Limited, a company incorporated under the laws of the British Virgin Islands, which is beneficially wholly owned by Mr. ZHU Hanhao (朱晗皓), an independent third party, not a Shareholder or a party acting in concert with Greenland Financial
"Settlement'	the subscription of the Settlement Shares by the Creditors in settlement of the corresponding amounts of outstanding and overdue indebtedness owed by the Company to each of the Creditors pursuant to the terms of the Settlement Agreements

"Settlement Agreements"	the settlement agreements entered into between the Company and each of the Creditors in relation to the Settlement, and each a Settlement Agreement
"Settlement Completion"	the completion of the Settlement
"Settlement Shares"	a total of 500,273,000 new Shares to be allotted and issued by the Company to the Creditors pursuant to the Settlement Agreements

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

Shanghai, the People's Republic of China
31 May 2024

As at the date of this announcement, the executive Directors are Mr. Pei Gang and Mr. Lin Guangqing, and the independent non-executive Directors are Mr. Dai Guoqiang, Dr. Jin Hexian and Mr. Yang Yuanguang.