

生态·让生活更美好  
LIVING GREEN, LIVING BETTER

# 企业推荐 Corporate Presentation

March 2017

# About Us



## China Greenland Broad Greenstate Group Company Limited

Is a diversified investment holding company with whole industry chain focusing on ecological construction and was listed in Hong Kong in 2014 (stock code 01253.HK).

We are selected as 2015 Forbes China's Listed Companies with Potential Top 34, was included in Morgan Stanley Modern Index Strategy Index (MSCI) and the Hang Seng Composite Index (HSCI). We are the most promising eco-environmental service providers and developers in China. China Greenland Broad Greenstate is an integrated enterprise with high degree of investment and financing, planning and design, project construction as well as commercial operation capabilities. Paying close attention to national ecological construction and cultural tourism development opportunities, we have setup a number of Academicians workstations, and have established long term cooperation with Tongji University, Chinese Academy of Sciences Chen Shan Botanical Garden and other national research institutes. We have built strong and solid skills and have formed a "capital + technology + Industry chain "mature model through our works in a variety of theme parks, scenic spots enhancement, ancient town repair, featured small towns and beautiful rural construction, sponge city, environmental protection and ecological restoration.

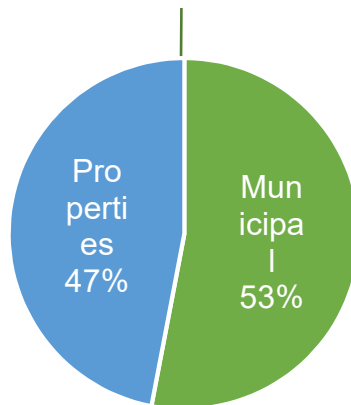
# Agenda



# Industry Development

## Landscaping Industry

- China's total market of green landscapes over RMB 500 billion



### Project Feature

- ▶ With the increase of the national environmental protection municipal investment, the total number of projects and the total investment continued to increase, according to the "China Environmental Statistical Yearbook", 2003 to the average annual compound growth rate of 21.38%
- ▶ Project scale, construction area and construction investment in both far more than real estate projects;
- ▶ High requirement for the overall project planning management and coordination abilities, involving multiple types of work;
- ▶ Pricing is based on the regular market price of the market, the price sensitivity is low;

### Project Style

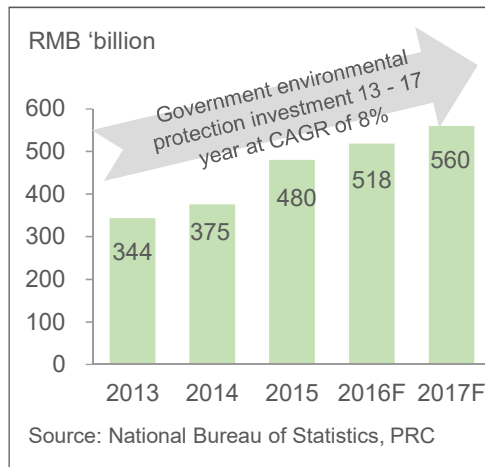
- ▶ Business category covers six major plates: theme parks, cultural tourism, ancient town restoration, scenic enhancement, sponge city, featured town;
- ▶ Business model: general contracting (EPC); government and social capital cooperation (PPP)
- ▶ Project payment model: Progress section; BT mode (prohibited); Availability payment; User payment; Feasibility gap allowance

### Industry Entry Barriers

- ▶ Regulations on market access: The PRC government promulgated regulations on market access of landscape architecture service providers, including the "Administrative Regulations for the Surveying and Designing of Construction Projects" and the "Notice on Amending the Qualification Standards of Urban Landscaping Enterprises".
- ▶ Strict bidder qualification requirements: the relevant provisions of the state of the bidder qualification conditions and / or tender documents on the conditions of the bidder has the provisions. Only a small number of bidders can meet the needs of a strong technical, professional, or environmental resources, special requirements of the project.
- ▶ Brand reputation with good track record: Important for the establishment of long-term relationships with customers from both public and private sectors.
- ▶ Technical capability : Customers of landscape architecture services request advanced techniques to meet their artistic and quality requirements for landscape projects.
- ▶ Capital intensive : Landscape architecture service industry in China is highly capital intensive. Due to the increasing investment burden, the local governments in China gradually shifted investment burden to contracted landscape architecture service providers.

# Industry Development Government Policies

- Rising awareness towards environmental protection, Government investment to increase



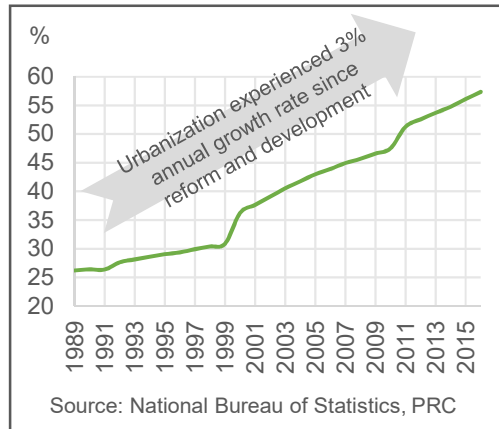
It is expected that the Chinese government's expenditure on environmental protection will continue to increase to about RMB 50 billion in 2017 at CAGR of 8%.

It is expected that the total revenue of China's landscape design and construction services industry will continue to increase to about RMB728.9 billion in 2017 at CAGR of 11.8% over 5 years

- Urbanization construction continues to advance

The construction of the socialist civilization construction of the 18th Party Congress, the construction of socialism with Chinese characteristics, the overall layout of the economic construction, political construction, cultural construction, social construction "four in one" to expand to include ecological civilization construction "five in one"

"Urban Landscape Greening 13-5 development planning compilation" 2014 Ministry of Housing and Urban release, the goal to vigorously promote the construction of urban landscape green space, enhance the comprehensive functions of garden green space.



- Continuous expansion of the scope of landscape construction

"China's ecological and cultural development program (2016 - 2020)"

Goals for State Forestry Administration released in 2016 include:

- The total number of forest parks in the country increased from 3,000 in 2015 to 4,400; The construction of 76 national wetland protection demonstration area; the creation of national forest city 100, the national ecological culture village 1,000;
- Promote various types of forest parks, wetland parks, desert parks, beautiful villages and ethnic ecological culture and other ecological tourism, health care, leisure and other ecological services, the annual output value of RMB 700-800 billion;
- 2020: urban greening coverage rate increased from 39% in 2015 to 39.5%; urban per capita park green area from 2015 to 13 square meters to 15 square meters; village Tuen built green coverage from 2015 to 23 % To 25%



# Industry Development PPP model

- Replacing BT and becoming the main mode of urban infrastructure construction

In October 2014, the State Council issued a letter to strengthen the local government debt management and ended the BT model which was adopted during 2008 - 2013, while the Ministry of Finance issued a document in the field of urban infrastructure construction to promote the PPP model;

As of the end of September 2016, 10,471 projects were included in the PPP comprehensive information platform project pool, with a total investment of 12.46 trillion yuan, of which a total of 946 projects were implemented with a total investment of 1.56 trillion yuan; 232 Ministry of Finance demonstration projects, The total investment of 7,866.3 billion yuan.

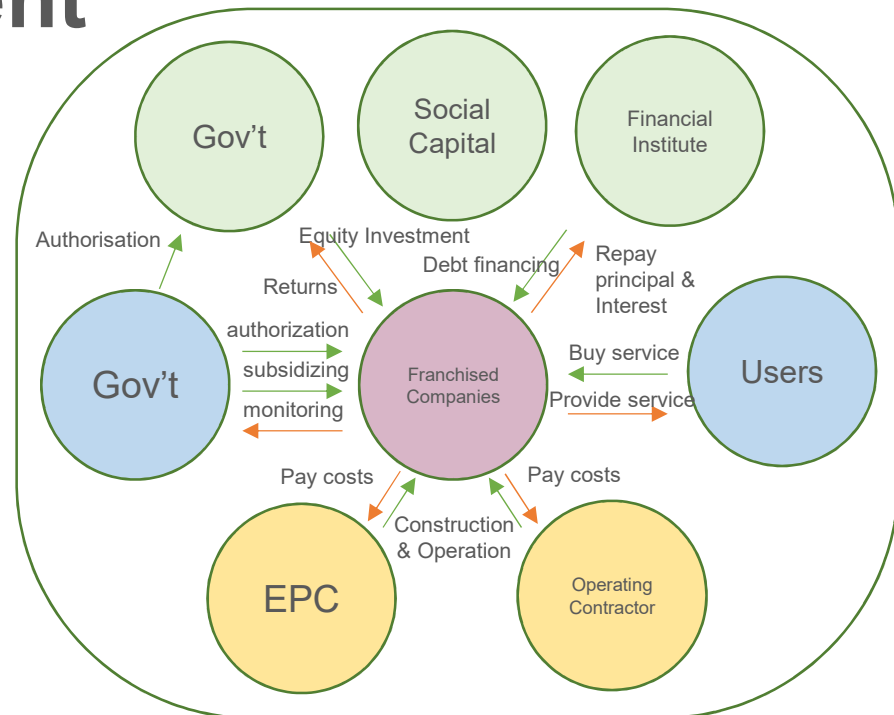
Municipal engineering projects come out on top, 128 demonstration projects being implemented, 62 municipal engineering projects, accounting for 48%; 12 ecological construction and environmental protection projects, accounting for 9%; 10 transportation projects accounting for 10, 8%; 10 water conservancy construction projects , accounting for 8%; 34 other projects, accounting for 27%

- Significance of Government and social capital cooperation model

Broaden the urban construction financing channels, the formation of diversified and sustainable capital investment mechanism, is conducive to the integration of social resources, promote economic restructuring and transformation and upgrading;

Speed up the transformation of government functions, enhance the national governance capacity of a institutional mechanism to change the government to reduce the excessive participation of micro-affairs and improve the efficiency and quality of public services;

Deepen the reform of fiscal and taxation system, build a modern financial system, from the previous single year budget revenue and expenditure management, and gradually shift to strengthen the long-term financial planning.



- PPP model in landscape industry

- Improve the comprehensive abilities, Protrude dvantage of sizeable enterprise
- Precise project specification, Financial budgeting
- Availability payment model for secured repayment

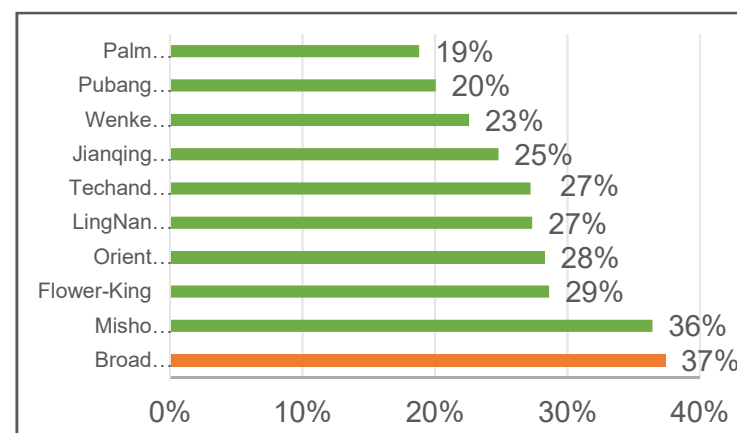
# Industry Development

## Peers Comparison

Company	Stock Code	Stock Price (RMB)	Market Cap (RMB billion)	PE Ratio	PB Ratio
China Greenland Broad Greenstate	1253-HK	1.29	4.42	29.3	6.8
Beijing Orient Landscape	002310-SZ	15.67	41.95	49.0	5.0
Guangdong Palm Landscape Architecture	002431-SZ	9.26	12.75	112.6	3.0
Shenzhen Techand Ecology & Environment	300197-SZ	12.22	18.57	44.0	3.8
Pubang Landscape Architecture	002663-SZ	5.92	10.13	96.3	2.3
LingNan Landscape	002717-SZ	24.96	10.33	39.6	3.9
Shenzhen Wenke Landscape	002775-SZ	23.15	5.74	41.1	4.7
Beijing Jianqing Landscape	603778-SH	23.74	4.75	43.6	5.2
Misho Ecology & Landscape	300495-SZ	43.96	10.57	81.2	4.3
Flower-king Eco-Engineering	603007-SH	60.33	8.05	118.7	9.8
Average				60.3	4.9

Source: The closing price of the stock exchange on March 14, 2017, China Greenland Broad Greenstate 2016 Annual Results and other listed companies 2016 Interim Results

### Industry Profitability Comparison



Source: China Greenland Broad Greenstate 2016 Annual Results and other listed companies 2016 interim reports; gross profit is calculated by deducting operating costs, business tax and others from its revenue.

### Relatively Higher Margins

- Focusing on public projects with higher gross margins
- Strong project management skills
- Limited subcontracting, integrated operations within the company
- High work efficiency and execution ability

# Agenda



Industry  
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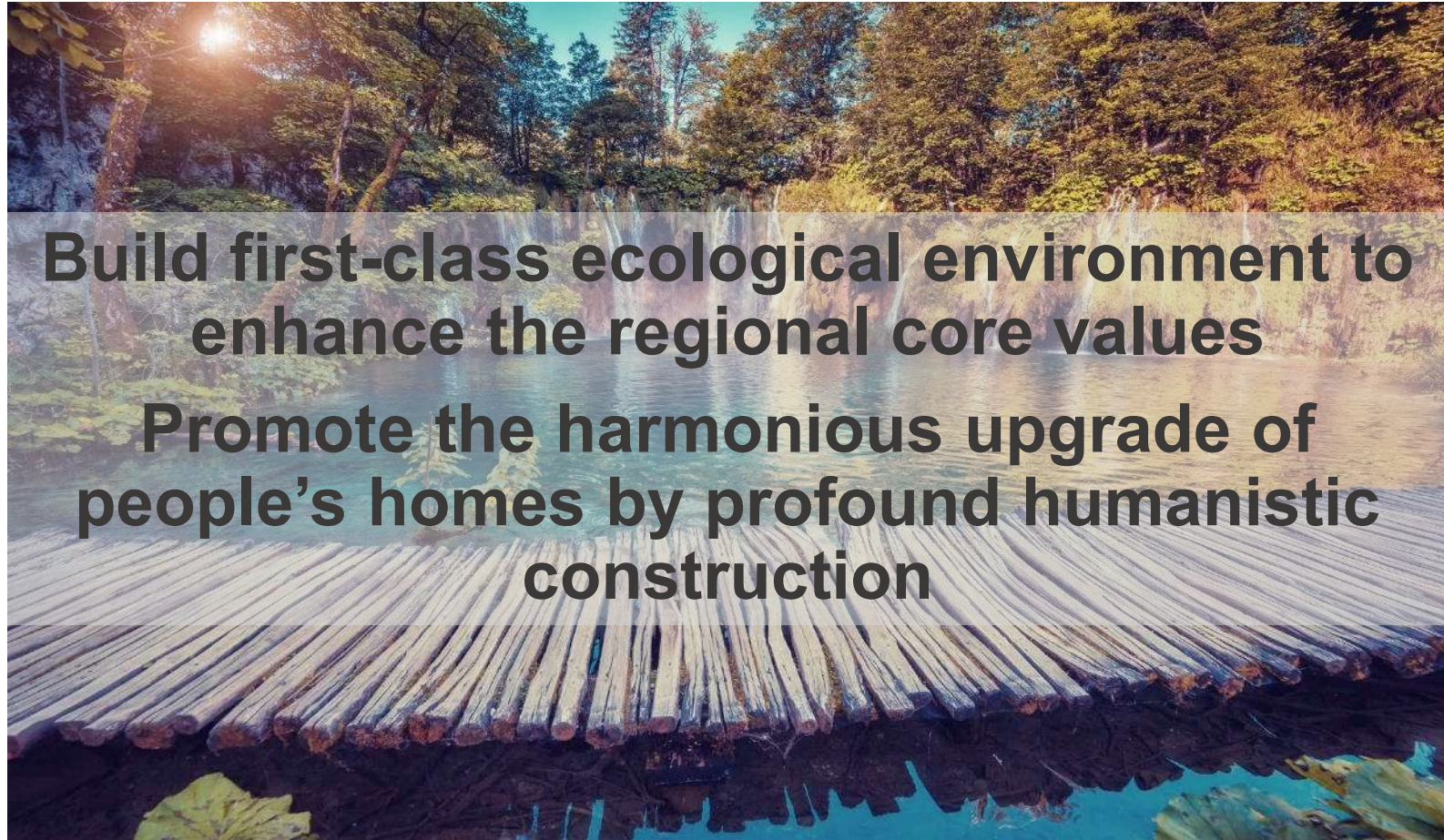


Projects



# Company Highlights

## Vision and Mission



# Company Highlights Milestones

Full implementation of PPP Projects Acquired 60% equity holding in Jiangnan Gardens  
Acquisition of superior construction enterprise Zhong Bo Construction (中博建设)

**2017**

Included in the Hang Seng Composite Index

Greenland Group to become the largest shareholder  
Obtained Grade One qualification in landscape design

**2016**

Included in the MSCI Index

Strategic cooperation with Greenland Group  
Acquired Construction Engineering Professional Grade One Design Qualification through acquisition

**2015**

Listed on the Main Board of the Hong Kong Stock Exchange  
Greenland Group increased equity holding

**2014**

**2011**

Acquisition of Broad Landscape and obtained Grade One qualification in urban landscape construction and a Grade Two qualification in landscape design

**2006**

Expanded our business to whole country and cooperated with government and large property developers

**2005**

Obtained Grade Two qualification in urban landscape construction

**2004**

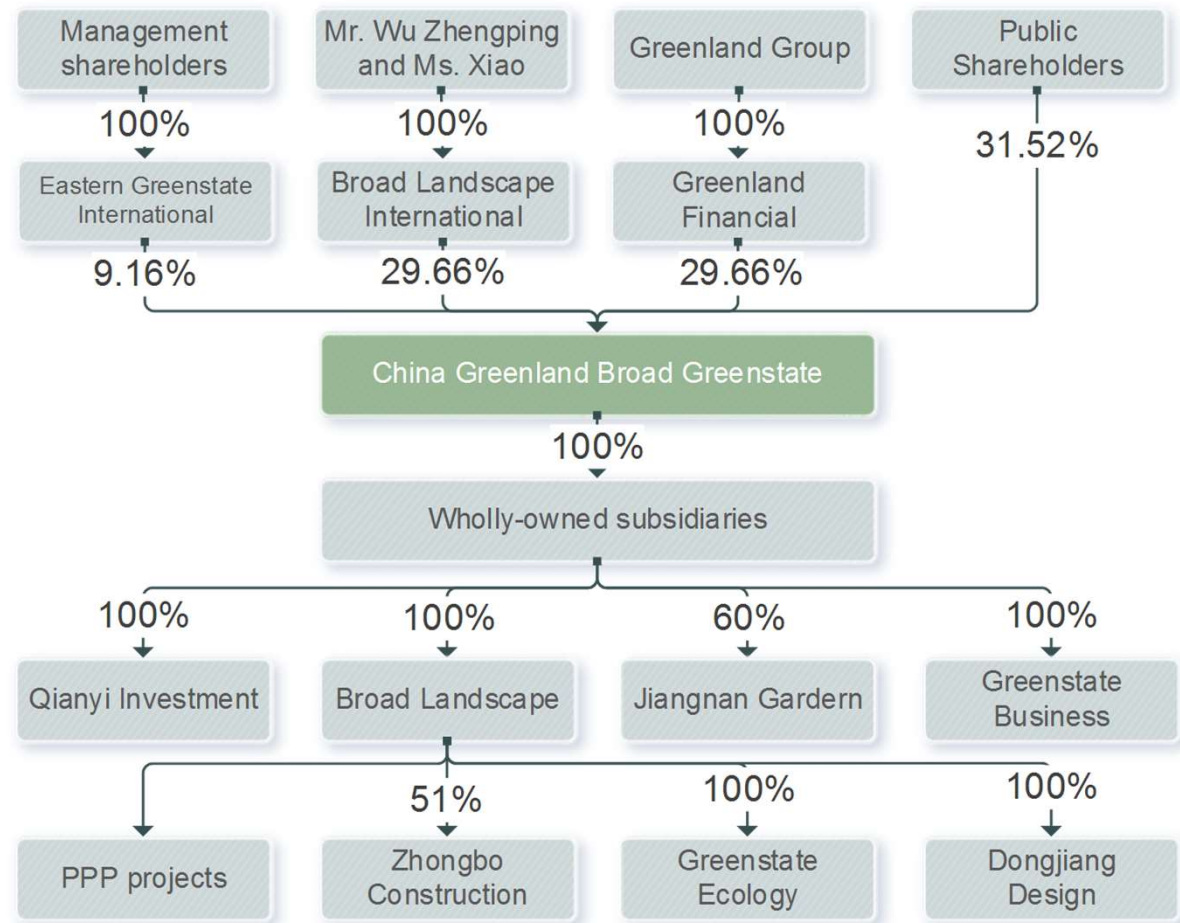
Established Greenstate Landscape in Shanghai

# Company Highlights

## Shareholding Structure

- Whole chain development diversified holding group focusing on ecological construction under Greenland Group offers 6 major businesses including:

- ▶ Project Investment
- ▶ Design and Research
- ▶ Construction
- ▶ Business Operations
- ▶ Ecological Construction
- ▶ Merger and Acquisition





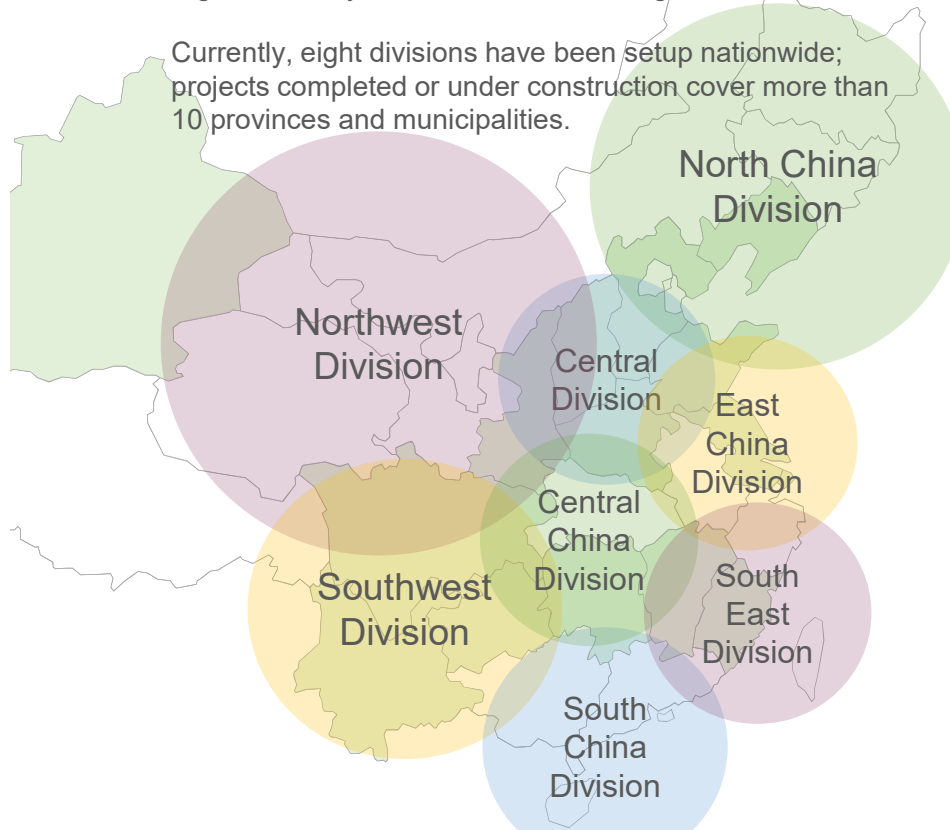
# Company Highlights

## Business Distribution

- Large scale landscape services provider with nationwide coverage, premium quality being highly recognized by government and local authorities

Providing the first-class tailor-made landscape design and construction services. Over 90% of the revenue comes from governments of provincial cities and autonomous regions directly under the PRC central government

Currently, eight divisions have been setup nationwide; projects completed or under construction cover more than 10 provinces and municipalities.



### Qualifications



- ▶ **Grade One Qualification In Urban Landscape Construction:** The Group is eligible for handling the construction of landscape projects of different scales and types, including but not limited to the construction of comprehensive parks to high-end residential projects
- ▶ **Grade One Qualification In Scenery Landscape Design :** The Group is eligible for undertaking landscape design and planning of different scales
- ▶ **Grade One Qualification of Construction and municipal contracting :** The Group is eligible for undertaking the construction, structural engineering, plumbing and electricity design for various sizes of construction projects
- ▶ **Other qualifications:** Qualification for general construction of buildings, Qualification for general contracting for public public projects, Grade 1 qualification for contracting decorations, Grade 1 qualification for steel structure engineering, Grade 1 qualification for installation of mechanical and electrical equipment, Grade 1 qualification for contracting basic construction

Highly appraised service quality being recognized by numerous industry awards

- ▶ The Gold Award for Outstanding Landscape Project of China Landscaping Awards
- ▶ Outstanding Landscape Project in Shanghai
- ▶ The Gold Award for Outstanding Landscaping Project
- ▶ 2015 Outstanding Award for Construction Quality Management Team, Shanghai



# Agenda

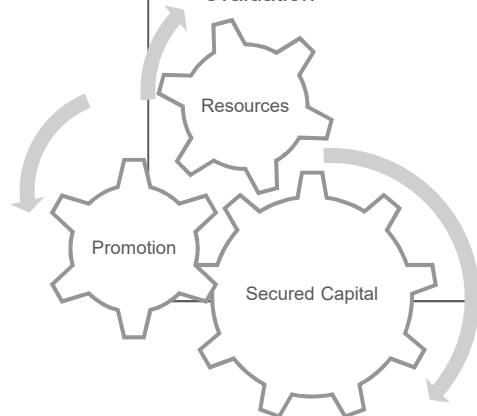


# Prospects Synergies

- As an investment holding group of Greenland Group's ecological construction, it has been expanding its multi-level of synergies with the Group

## Project Synergies

- ▶ Project resource acquisition: access to better project resources earlier, and what the government wants for the people;
- ▶ Project promotion support: to provide a richer project to solve the planning program;
- ▶ Project funding protection: more accurate project screening; more reliable government financial evaluation



## Capital Synergies

- ▶ Completed Issuance of 5,944 million new shares to the Greenland Group (shares before the split), a total fund-raising of HK \$ 127 million in June 2015;
- ▶ In August 2015, the Company issued a promissory note with a financial leasing company under the Greenland Group with a financing amount of US \$ 40 million and a one-year extension in October 2016;
- ▶ Set up PPP project company with 2 Greenland subsidiaries, Greenland Group to solve capital and project loan financing for large-scale PPP project

## Business Synergies

- ▶ Using brand market influence of Greenland Group, accelerate the merger and acquisition of outstanding enterprises to enhance the overall scale of the platform of listed companies. Target to become the industry's Top 3 ecological construction enterprises in 2020.

## About Greenland Group



- ▶ Founded in 1992, headquartered in Shanghai, China, listed in China A shares market (600606.SH) and is holding a number of Hong Kong listed companies.
- ▶ With RMB 20 million start-up capital, Greenland Group achieved asset size exceeded RMB 600 billion after 24 years of vigorous development, and was Fortune 500 enterprises for five consecutive years.
- ▶ It has formed a diversified management pattern namely "real estate development as the main industry, big infrastructure, big finance, big consumption and other emerging industries". With the implementation of capitalization, publicization, international development strategy, its business and projects are located in over hundreds of cities around the world.



# Prospects Projects

- Focusing on expanding the six areas of PPP project

- PPP as the main model, focusing on ecological construction, cultural tourism, the regional business, the headquarters will be support platform for technology, capital, service resources, to provide integrated solutions for the government by joining other financial institutions and suppliers;
- The core business includes: the construction of various theme parks, scenic areas enhancement, the repairment and protection for ancient town, construction of feature small towns and beautiful rural areas, sponge city, environmental protection and ecological restoration;
- Already established industry-leading technology reserves and development strength in the ecological construction, cultural tourism development, the formation of "capital + technology + whole industry chain" of the mature model, coupled with the Green Group brand advantage of the positive impact to ensure sustainable and fast growth.



2016 has been signed but has not yet commenced major projects

	Project Names	Clients	Contract Value (RMB'000)	Commence-ment	Expected completion in
1	Taiyuan Botanical Garden Project (太原植物园项目)	PPP Companies	1,484,504	March 2017	2019
2	Xi'an Wetland Park (西安湿地公园)	PPP Companies	1,097,697	March 2017	2018
3	Quanzhou Botanical Garden (泉州植物园)	PPP Companies	513,200	April 2017	2019

# Prospects

## Mergers and Acquisitions

- Adopt the three-wheel drive model of “Ecological Construction”, “Investment, Merger and Acquisition “ and “Whole Industry Chain Development”, promote innovation and core business of ecological construction.



Completion of the acquisition of Shanghai Dongjiang Construction Survey and Design Engineering Co., Ltd., enables us to possess Construction Engineering Professional Level A Design Qualification and the Landscape Design Level B Qualification, both of which were granted by the China Ministry of Housing and Urban-Rural Development. Completed dozens of large-scale residential, schools, hospitals, commercial complex and museums and other types of architectural works. High awareness and recognition with the industry.



Completion of the acquisition of Hangzhou Xiaoshan Jiangnan Garden Engineering Co., Ltd., enables us to obtain the Grade A qualification of landscaping and Grade B qualification of municipal public works construction, with more than 30 branches across the country, the acquisition greatly improve our construction ability.



Completion of the acquisition of Zhong Bo Construction Group Co., Ltd., enables us to obtain qualifications for general contractor construction, Grade A qualification for municipal public works general contracting, Grade A qualification for mechanical and electrical installation engineering contracting, Grade A qualification for building decoration decoration, Grade A qualification for steel structure engineering, Qualification for basic foundation engineering and many other industries the highest qualification, laid a solid foundation for the future PPP model.

### M&A Targets

- ▶ Target to become the important landscaping platform under the "big infrastructure" of Greenland Group
- ▶ To strengthen self landscape design capabilities to enhance the Group's competitiveness as a "one-stop" ecological construction solutions services provider
- ▶ To enhance the comprehensive abilities of public sector landscape projects under PPP project cooperation model

# Agenda



# Financial Review

## ——Financial Review and Ratios

(RMB'000) As of 31 Dec	2016	2015
Non-Current Assets	546,330	363,868
Current Assets	1,265,124	1,009,264
Current Liabilities	1,153,292	812,303
Net Current Assets	652,017	554,348
Account Receivable Turnover Days	138	137
Account Payable Turnover Days	352	270
Current Ratio	1.1	1.2
Gearing Ratio	58.1%	42.9%


(RMB'000)	2016	2015
Revenue	724,805	622,693
Gross Margin	37.4%	36.7%
Net Profit Margin	20.9%	24.2%

# Financial Review

## Landscape projects in progress

- Major landscape projects in progress

The following table sets out our major landscape projects with an initial contract value of RMB5 million or more which commenced, but were not completed, during the Track Record Period. These landscape projects in progress contributed approximately 96.6 % of our total revenue recognized for 2016.

	Project Name	Customer Type	Latest Contract Value (RMB'000)	Commence ment	Expected completion year	Amount of revenue recognized during 2016 (RMB'000)
1	Yuzhou Project	PPP	500,000	Apr 2016	2018	472,739
2	Dongying Project	Government	214,561	Jul 2016	2017	136,475
3	Taiyuan Binhe Project	Government	42,189	Jan 2016	2017	40,960
4	Taiyuan Youshi Project	Public-sector organization	34,979	Jan 2016	2017	33,960
5	Jiading Project	Private Enterprise	17,095	Mar 2016	2017	15,828
6	Nanchang Project	State-invested Enterprise	360,000	Nov 2014	2017	-
7	Chenzhou Project	State-invested enterprise	172,082	Dec 2012	2017	 19

# Financial Review

## —Income Estimation

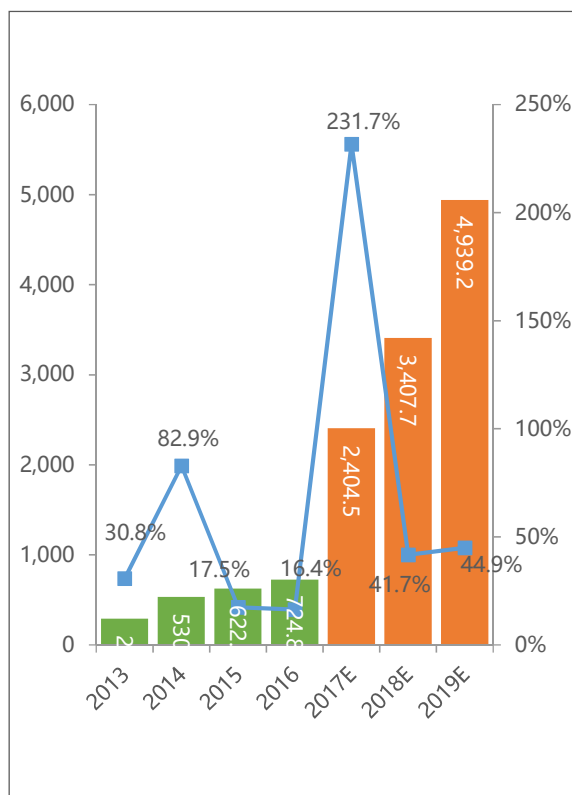
RMB (M)	Actual Figures				Estimated Figures		
	2013	2014	2015	2016	2017	2018	2019
Revenue	289.9	530.1	622.7	724.8	2,404.5	3,407.7	4,939.2
Gross Profit	83.3	190	228.2	271.1	721.3	954.2	1,234.8
EBIT	72.6	157.7	213.4	232.6	634.7	835.9	1,038.8
Interest expense	(0.8)	(9.5)	(12.7)	(27.5)	(31.5)	(30.3)	(35.9)
Investment income	(0.2)	0.7	0.0	0.2	-	-	-
Profit before tax	71.6	148.3	200.7	205.3	603.2	805.6	1,002.9
Income tax	(18.1)	(38.9)	(50.2)	(53.6)	(150.8)	(201.4)	(250.8)
Profit after tax	53.5	109.3	150.5	151.7	452.4	604.3	752.2



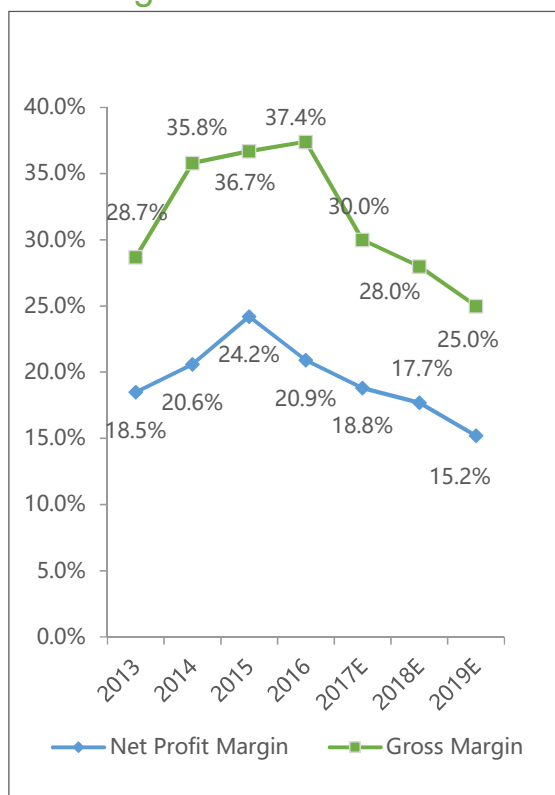
# Financial Review

## Index and analysis

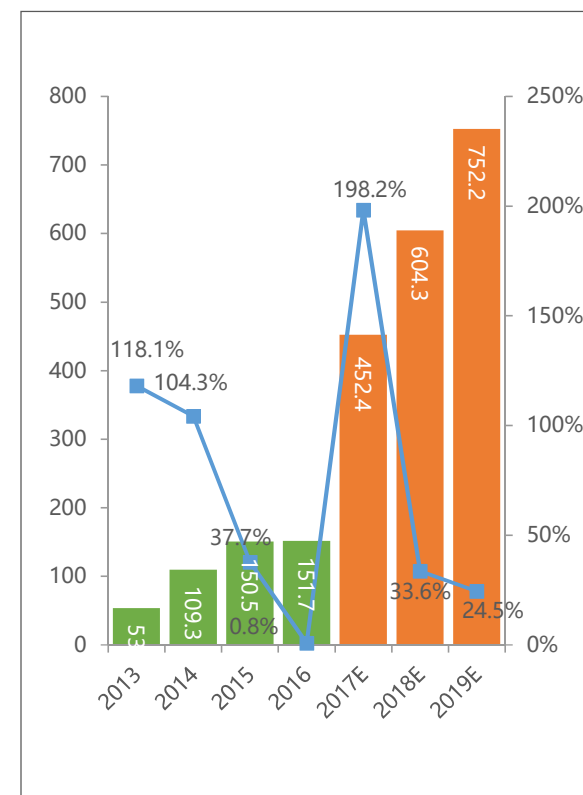
### ● Revenue and Growth Rate



### ● Gross Margin and Net Profit Margin



### ● Profit and Growth Rate



# Agenda



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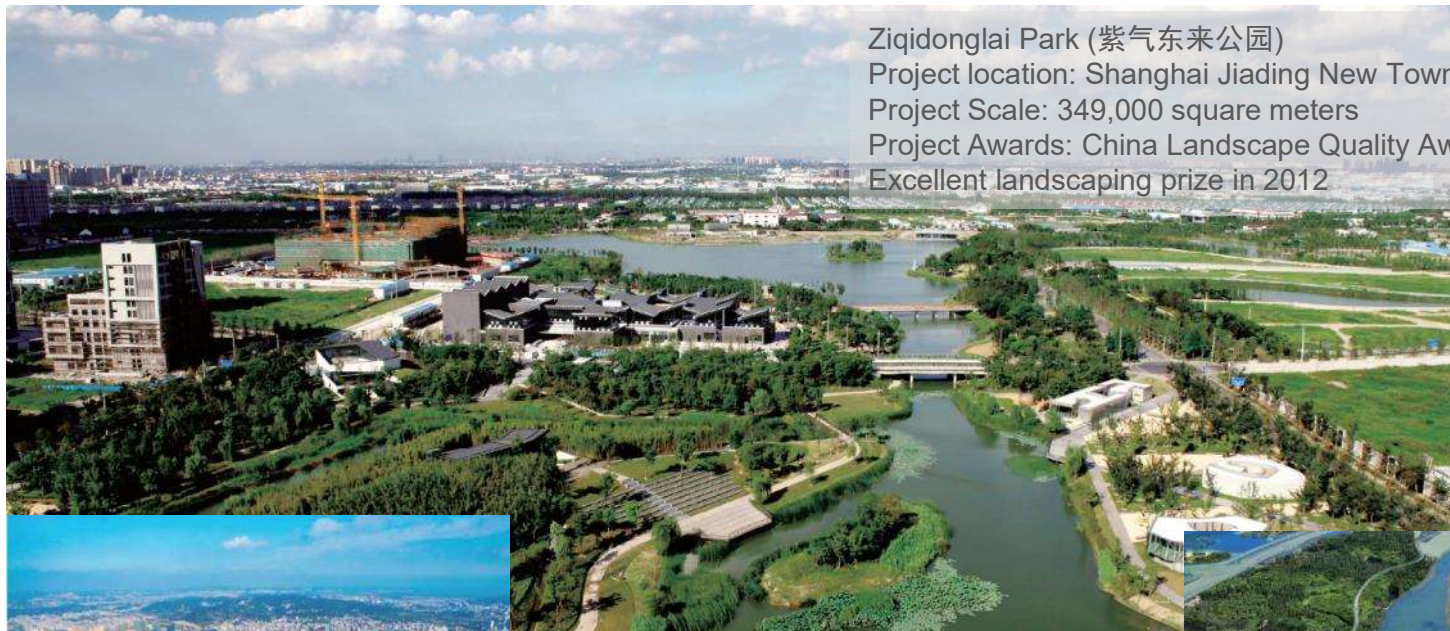


Projects



# Projects Showcase

## Nature tourism



Ziqidonglai Park (紫气东来公园)  
Project location: Shanghai Jiading New Town  
Project Scale: 349,000 square meters  
Project Awards: China Landscape Quality Award of  
Excellent landscaping prize in 2012



Maritime Silk Road Art Park·Asia (海上丝绸之路  
艺术公园亚洲园)  
Project location: Fujian Quanzhou Taiwanese  
Investment Zone  
Project Scale: 900,000 square meters

Xianghu Scenic Area (大象湖风景区)  
Project location:  
Nanchang, Jiangxi  
Project Scale: 1,430,000  
square meters





# Projects Showcase

## Renovation of ancient town

Yuzhou Shenhou Ancient Town Traditional Street (禹州神垕古镇老街)  
Project Location: Yuzhou, Henan  
Project Size: 83,000 square meters

- Won the bids of PPP project of Yuzhou Shenhou Ancient Town Traditional Street Renovation, Yuzhou Shenhou Theme Park and Xiaohe Riverside Landscape.

Shenhouzhen is a millennium town, one of the five famous porcelain of the Song Dynasty Jun porcelain originated here. The traditional street of Shenhouzhen as an important component of Shenhouzhen, is known as the only Chinese living ancient street, Jun kiln culture, Yu culture, Chinese medicine culture known.

The project is mainly for the ancient town of the courtyard, maintaining the street environment, not only inherited the Jun porcelain culture, but also serve as the tourism services of Shenhouzhen.

The project included consulting, design, repair and maintenance services. After the completion of the project, the project will become the industrial base and tourist area with unique local cultural characteristics in Henan and even throughout the Central Plains.



# Projects Showcase

## PPP Project

- Formed project companies with Greenland Construction and Greenland City Investment to participate in the bidding for Taiyuan Botanical Garden PPP Project

The PPP project will be operated in BOT model with concessionary period of 14 years.

The project is beneficial to the local plant introduction and domestication research and production level; urban greening to provide new varieties;

the industrialization of plant nursery stock development; and help to strengthen the popular science education.

After the construction, the project will have the functions of species protection, scientific research, science education, sightseeing, and ecological leisure one.

Taiyuan Botanical Garden PPP Project (太原植物园)  
3rd batch of PPP demonstration projects by the Ministry of Finance of the PRC  
Project location: Taiyuan, Shanxi  
Project Size: 1800 mu  
Total investment: RMB 2.355 billion





# Projects Showcase

## PPP Project

- Together with Greenland Metro won a bid for the PPP project for the construction of Jue River Wetland Park in Changning New District, Xian and construction of other ancillary facilities.

The project uses the Jue river, through the construction of artificial lake, heap mountain, wetland restoration, landscape greening, sculpture sketch, square construction and other engineering. The Jue river wetland park will become the center park in Changning New District in future.

The park is mainly developed into seven theme parks, highlighting the ecological tourism, leisure, entertainment experience and other functions. The project will be served as the ecological green lungs of southern Xian and the sightseeing spots for visiting Qinling.

Adapting the "project investment, construction and operation integration + government purchase services" operation method.



PPP Project for Jue River Wetland Park and other ancillary facilities in Changning New District, Xian  
3rd batch of PPP demonstration projects by the Ministry of Finance of the PRC  
Project Location: Xian, Shaanxi  
Project Size: 2634 mu  
Total investment: RMB 1.17 billion



# Projects Showcase

## PPP Project



Quanzhou Botanical Garden  
Project Location: Quanzhou, Fujian  
Project Size: 4885 mu  
Total investment: RMB 0.513 billion

- Highly development of Quanzhou market with excellent quality to order to bid Quanzhou botanical garden PPP project from the local government



# Q&A

Thank you!

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