



## **Greentown China Announces 2017 Annual Results Multiple Financing Channels and Impressive Dividend Payout Balanced Development of Light and Heavy Assets Facilitates Quality Business Growth**

(29 March, 2018 – Hong Kong) **Greentown China Holdings Limited**, one of the leading property developers in the PRC (“Greentown China” or the “Company”; 3900.HK), is pleased to announce today its annual results for the twelve months ended 31 December 2017.

### **Results Highlights:**

<b>(RMB 'million)</b>	<b>2017</b>	<b>2016</b>	<b>Change</b>
<b>Revenue</b>	<b>41,953</b>	28,976	+44.8%
<b>Profit Before Tax</b>	<b>6,391</b>	3,748	+70.5%
<b>Net Profit</b>	<b>2,671</b>	2,223	+20.2%
<b>Gross Profit Margin</b>	<b>32.3%</b>	21.4%	+10.9 p.p.
<b>Profit Attributable to Owners of the Company</b>	<b>2,190</b>	1,917	+14.2%
<b>Basic Earnings per Share</b>	<b>RMB0.77</b>	RMB0.70	+10.0%
<b>Final Dividend (per share)</b>	<b>RMB0.20</b>	RMB0.12	+66.7%
<b>Weighted Average Interest Cost of the Total Borrowings</b>	<b>5.4%</b>	5.9%	-0.5 p.p.
<b>(RMB 'million)</b>	<b>As at 31 Dec 2017</b>	<b>As at 31 Dec 2016</b>	<b>Change</b>
<b>Total Assets</b>	<b>235,828</b>	169,796	+38.9%
<b>Net Assets</b>	<b>46,794</b>	39,327	+19.0%
<b>Bank Balances and Cash</b>	<b>35,977</b>	24,971	+44.1%
<b>Net Gearing Ratio</b>	<b>46.4%</b>	58.1%	-11.7 p.p.

**Mr. Cao Zhounan, Executive Director and Chief Executive Officer of Greentown China Holdings Limited**, said, “In 2017, Greentown China expedited the transformation towards becoming the ‘Integrated Service Provider for an Ideal Life’ and implemented the development strategy of ‘Service Platform Building, Asset Financialization and Property Development Professionalization’, which formed a business development pattern of ‘Combining Light Assets with Heavy Assets’ and enhanced further our core competitiveness. With the tremendous support of our shareholders and the dedicated hard work of all employees, the Group continued to scale new heights for both operational performance and investment scale, successfully achieving quality growth in 2017.”

## **Continuous Optimization of Land Reserve, Gradual Emergence of Investment Characteristics**

In 2017, Greentown China stayed focused on core locations in core cities. In the first three quarters of the year, the Company withstood the pressure from the accelerated expansion of its peers and refrained from following blindly their land reserve replenishment pace. In the fourth quarter, the Company seized the opportunities brought by tightened funds of most real estate enterprises and acquired a batch of high quality land parcels at relatively reasonable prices. The Company's investment scale reached new heights.

Greentown Group (including Greentown China Holdings Limited and its subsidiaries, together with its joint ventures and associates) had a total of 37 new projects in 2017 with a total GFA of approximately 8.59 million sqm, up 276% year-on-year. Of which, approximately 5.70 million sqm was attributable to Greentown. Major new projects are located in the three major urban agglomerations of Yangtze River Delta, Pearl River Delta and Beijing-Tianjin-Hebei Region. Total land cost was approximately RMB64.4 billion, of which approximately RMB44.2 billion was payable by the Company. It is expected that the saleable value of new projects would be approximately RMB154.7 billion, of which approximately RMB98.6 billion is attributable to the Company, and about 75% will be contributed by projects in first- and second-tier cities. Average land acquisition cost was approximately RMB10,898 per sqm.

As at 31 December 2017, Greentown Group had an aggregate GFA of approximately 30.32 million sqm. Total saleable area amounted to approximately 21.12 million sqm. Upon land reserve replenishment in 2017, projects in first- and second-tier cities accounted for 70% of the total saleable value. Land reserve structure optimized further.

## **Total Contract Sales Hits Record High, Project Sell-through Rate Improves Significantly**

For the twelve months ended 31 December 2017, Greentown Group recorded a total contracted sales area of approximately 8.27 million sqm and a total contracted sales amount of approximately RMB146.3 billion, hitting a record high with an impressive year-on-year growth of 28.4%.

Of these, investment projects recorded a total contracted sales area of approximately 4.44 million sqm and a total contracted sales amount of approximately RMB103.3 billion, of which approximately RMB54.9 billion was attributable to the Company in 2017. Overall sell-through rate of investment projects reached 72% during the year, with inventory reduction speeding up in an effective fashion.

In addition, the Company's project management business where Greentown Group engaged in delivering brand value and management expertise (non-investment projects, referred to as "projects under project management") accelerated its development in 2017, recording contracted sales area of approximately 3.83 million sqm and contracted sales amount of approximately RMB43.0 billion. This represents a surge of 138% from 2016. In face of the gradual separation between property investment and development, the competitive edge of Greentown Project Management further stood out, leading the Group's light asset development.

## **Significant Improvement in Financial Structure, Innovative Development of Greentown Asset Management**

Benefited from the positive prospects of the Company's overall operations and the financial and credit support from the largest shareholder of Greentown China, China Communications Construction Group (Limited) ("CCCCG"), the net gearing ratio of the Company was 46.4% as at 31 December 2017, down significantly year-on-year. Cash and bank balances amounted to approximately RMB35.98 billion, representing a record high of the Company. The weighted average interest cost of the total borrowings in 2017 was 5.4%, representing a further decrease from 5.9% in 2016.

In July 2017, Greentown China successfully issued USD450 million senior perpetual securities redeemable after three years with an initial coupon rate of 5.250%, which hit a record low in the Group's overseas perpetual securities and bonds financing history. Moreover, as at August 2017, the issuance of medium-term notes in the amount of RMB8.9 billion completed fully by four tranches. The Group was among the first batch of real estate enterprises awarded with such an approval in 2017.

In addition, the Group received a no-objection letter from the Shanghai Stock Exchange on 27 December 2017 concerning the application for non-public issuance of RMB5 billion corporate bonds. On 12 March 2018, a public issuance of RMB2 billion corporate bonds was successfully launched with an oversubscription rate of 3.12 times at a coupon rate as low as 5.50%.

Greentown Asset Management carried forward the strategy of "Asset Financialization", deploying industry investments across various sectors and reinforcing liquidity of its holding assets. As for innovative financing, it steadily pushed forward financial leasing, commercial factoring, etc. and successfully issued the 3-year asset-backed securities (ABS) of the final housing receivables in the amount of RMB1.6 billion at an interest rate of 5.29% in July 2017.

## **Outlook**

In 2017, Greentown China accomplished sound results in inventory reduction in third- and fourth-tier cities. Coupled with sufficient impairment provision made for past intractable issues in its financial statements, the Company substantially eliminated historical issues and was ready to embrace future growth. At the same time, the Group expanded its investments remarkably by acquiring parcels of high quality land at reasonable prices. The land reserve structure was further optimized and the proportion of saleable resources in first- and second-tier cities increased significantly, offering ample saleable resources for the year of 2018.

Moreover, with further improvement in the Company's management standards, a new layout has been formed in terms of quality assurance, cost control, investment and cash flow management, and human resources institutionalization. Riding on this foundation, Greentown China will strive to maintain modest financial leverage and generous cash in hand while balancing the development of heavy asset and light asset businesses and focusing on key investment projects, with an aim to back the continual quality growth of the Group.

## **Adhering to the Strategy of “Balancing the Development of Light Assets and Heavy Assets”**

Greentown China will adhere to the strategy of “Balancing the Development of Light Assets and Heavy Assets”, improve the overall quality and profitability of heavy assets, increase the ratio of light assets gradually, drive the transformation of corporate development momentum from heavily relying on resources and capital to relying on team, brand and professional competence, and keep fortifying its risk control ability.

In terms of heavy assets, Greentown China will insist on real estate development and town construction with best quality, improve the professional development capabilities of Greentown Real Estate and Greentown Town Development and boost investment returns on heavy assets. In terms of light assets, Greentown Project Development’s project management business has a swift expansion, outperforming its peers in scale and enjoying remarkable brand advantages. As such, Greentown Project Management will cement its leading role in the project management industry and among national asset-light benchmarking companies, realizing a multi-win situation. At the same time, Greentown Ideal Life will further integrate and cultivate education, medical, and elderly care businesses in order to strengthen the comprehensive effectiveness of its quality living services. The Group will also establish Greentown Housing Technology Group to actively develop the light asset services covering housing 4S, decoration, electrical and mechanical, construction safety and so on. It will accelerate the construction of financial service platform for Greentown Asset Management with a view to boosting the operation efficiency of holding properties, and heightening investments in high quality light assets in the areas of new financial and new economy.

### **Capital Security**

In 2018, with sound financial leverage and abundant cash in hand, as well as the support of CCCG for better financing facilities, Greentown China will continue to expand its financing channels; actively innovate its financing model; promote diversified development of financial leasing, commercial factoring, funds and other innovative businesses; expand funding sources; gradually reduce finance costs, while increasing sales collection rate and strengthening further its cash flow management. This will well support the Group’s investments in key strategic projects during the year.

### **Investment Expansion**

Greentown China will adhere to the investment strategy of “core cities, core locations”, focusing on three urban agglomerations of Yangtze River Delta, Pearl River Delta, Beijing-Tianjin-Hebei and four metropolitan areas of Beijing, Shanghai, Guangzhou and Shenzhen, to selectively develop third- and fourth-tier cities that benefit from industrial and population outflow from first- and second-tier cities. Taking profit and liquidity into consideration, the Group will also promptly make appropriate adjustments and replacements to its investment structure and actively grasp diversified opportunities to obtain projects. Of which, the Group is in preparation for the bidding of the Hangzhou Asian Games Village project with its best efforts. The Group will also actively seek participation in the development of Xiong’an New Area and high quality urban construction projects under the “One Belt, One Road” Initiative. Moreover, the Group will actively build benchmarking projects that can demonstrate its product building

capabilities to enhance its brand influence. It will continuously capitalize on its advantages in the development of “railway + property” and seek to obtain projects atop railway stations in cities such as Hangzhou, Ningbo, Fuzhou, Xi’an and Foshan, in order to speed up the turnover of its projects. Furthermore, it will vigorously promote the construction of ideal towns, and build and develop the characteristic industry chain system. Last but not least, the Group will take an active part in the mixed-ownership reform of state-owned enterprises related to real estate, and focus on major mergers and acquisitions.

**Mr. Cao Zhounan** concluded, “With the full support of the state-owned enterprise CCCG and Hong Kong blue-chip enterprise Wharf, together with our founding shareholder Mr. Song Weiping and other substantial shareholders, Greentown China will insist on taking advantage of the innovation and practice of mixed ownership to accelerate the realization of its development into the No.1 ‘Integrated Service Provider for an Ideal Life’ in China, so as to better satisfy customers’ aspiration and expectation for a good life.”

###

#### **About Greentown China Holdings Limited**

As a leading property developer and integrated living service provider in China, Greentown China Holdings Limited commands a foremost position in the industry by leveraging its quality properties, unique architectural aesthetics and customer-centric residence services, and is striving to be the No.1 “Integrated Service Provider for an Ideal Life” in the country. Over 23 years of development, Greentown has evolved into a mixed ownership enterprise engaging in the businesses of property development, construction management, asset operation, town development and living services, and has been ranked among the “Top 10 Most Valuable Property Brands in China” by authoritative organizations for 13 consecutive years. To date, Greentown has over 300 member companies and its scope of business covers more than 20 provinces, autonomous regions and municipalities. It has presence in over 100 cities, having constructed more than 400 exquisite property complexes.

For further information about Greentown China, please visit the company website at [www.greentownchina.com](http://www.greentownchina.com).

For enquiries, please contact Hill + Knowlton Strategies Asia:

Elisa Fong                      Tel: (852) 2894 6224 / (852) 9528 9627

Alex Wong                      Tel: (852) 2894 6262 / (852) 9816 2690

Email: [greentown@hkstrategies.com](mailto:greentown@hkstrategies.com)