

[For Immediate Release]



Greentown Announces 2018 Annual Results Solid and Steady Performance with Dividend at New High Promoting Win-win Mechanism and Reaping Improvement and Efficiency on All Fronts

(22 March, 2019 – 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 year ended 31 December 2018.

In 2018, Greentown China posted a total contracted sales amount of approximately RMB156.4 billion and achieved revenue of approximately RMB60.3 billion, increased by 6.9% and 43.7% year-on-year, respectively. Core profit attributable to owners of the Company was RMB3.796 billion, surged by 62% year-on-year. As at 31 December 2018, Greentown China had bank balances and cash (including pledged bank deposits) of RMB48.219 billion, which is 2.76 times of the balance of borrowings due within one year. Net gearing ratio remained steady at 55.3% and weighted average cost of total borrowings stood at 5.4%.

The Company has had a clear dividend policy and has proposed to declare a final dividend of RMB0.23 per share, representing a 15% increase from 2017 and a new record high.

Mr. Zhang Yadong, Chief Executive Officer and Executive Director of Greentown China Holdings Limited, said, “In 2018, Greentown China adhered to a distinctive, sustainable and quality development model with the strategic vision of becoming an ‘Integrated Service Provider for an Ideal Life’ to continuously enhance the core competitiveness of the Company. With the support of all shareholders and the unremitting efforts of all staff, the Company achieved significant optimization of its management and control model, the overall abundance of financial funds and the precise investment layout, together with basic reduction in inventories, continuously leading brand and quality, and a steady boost in operational efficiency during the year.”

Contracted Sales on Steady Rise While Sell-through Performance for Property Inventories Improves Further

In 2018, Greentown Group (including Greentown China Holdings Limited and its subsidiaries, together with its joint ventures and associates) recorded a total contracted sales area of approximately 8.12 million sqm. Total contracted sales amount was approximately RMB156.4 billion, representing a steady growth of 6.9% year-on-year. In particular, Greentown Group recorded a total contracted sales area of approximately 3.98 million sqm and a total contracted sales amount of approximately RMB101.2 billion from its investment projects. The projects of which were mainly distributed in the Yangtze River Delta region, accounting for up to 70.3% of the

total. Average selling price of investment projects reached approximately RMB25,455 per sqm, standing at a leading level among property developers nationwide. Remarkable results in inventory reduction were achieved, with the overall sell-through rate for investment projects hitting 68%.

In addition, with regard to projects under project management business where Greentown Group delivered brand value and management expertise (non-investment projects, referred to as “projects under project management”), Greentown Group recorded a total contracted sales area of approximately 4.14 million sqm in 2018. Total contract sales amount was approximately RMB55.2 billion, representing an increase of 28.4% from 2017.

Clear Investment Strategies and Diverse Cooperation Channels

Greentown Group acquired a total 37 new projects in 2018, covering a total gross floor area (GFA) of approximately 7.19 million sqm. Transaction amount totaled approximately RMB51.7 billion. It is estimated that the total new saleable amount will be approximately RMB127.6 billion, and the average land cost of the new land parcels was approximately RMB11,398 per sqm. The newly acquired projects were located in first- and second-tier cities, bolstering Greentown Group’s land bank in the national and regional core cities such as Beijing, Shanghai, Guangzhou and Hangzhou, etc., thus basically completing its layout in key urban agglomerations across the country and enhancing its risk resistance by and large.

During the year, the newly acquired projects by way of equity cooperation accounted for over 70% of the projects in total. The use of self-owned investment fundings was effectively enhanced and the channels for project cooperation were further expanded. In August 2018, the Company entered into a strategic cooperation agreement with its largest shareholder, China Communications Construction Group (Limited) (“CCCC”), in a bid to strengthen project cooperation with mutual benefits and synergy. Within four months, Fuzhou Jinshan Project, Tianjin Chentang Project, Shanghai Yangpu Project and Guangzhou Nansha Project were launched successively. To date, there have been eight cooperation projects, with a total GFA of 2.07 million sqm.

As at 31 December 2018, Greentown Group has a total GFA of approximately 32.47 million sqm. Total saleable area amounted to approximately 22.38 million sqm. Projects in first- and second-tier cities accounted for 70% of the total saleable value.

Strong Financing Channels Facilitating Quality Growth of the Company

In 2018, Greentown Group actively explored financing channels, closely monitored overall financing costs and maintained sufficient funding.

For offshore financing, Greentown China was awarded two loan facilities in an aggregate of USD1,400 million, which came in bigger sizes, at much lower interest rates and with longer terms, helping to further optimize the Company’s financing structure and bring down borrowing costs. In addition, in December 2018, the Company issued in a non-public way unlisted senior perpetual capital securities callable in 2021 at an aggregate principal amount of USD500 million and an initial distribution rate of 10% to certain financial institutions. The proceeds from the issuance will be utilized for redeeming the subordinated perpetual capital securities callable in 2019 of USD500 million issued by the Group in 2014.

For domestic financing, the Company made issuances in an aggregate amount of approximately RMB20.1 billion with a weighted average cost of 5.46% in 2018. Of which, the Company issued corporate bonds in an aggregate principal amount of over RMB9 billion and short-term commercial papers of RMB4 billion, with annual interest rates ranging from 4.73% to 6%. In September 2018, the Company obtained a domestic quota of RMB8 billion for perpetual medium-term notes. RMB3.4 billion of perpetual medium-term notes has subsequently been issued with annual interest rates ranging from 5.89% to 6.2% by the end of 2018. At the same time, the Group strived to develop new financing channels. As at the end of 2018, the Company successfully issued the supply chain asset-backed securities (ABS) in the amount of RMB3.564 billion with annual interest rates ranging from 4.37% to 5.6%.

Diversified Expansion Centering on Principal Business Promotes Sustainable, Healthy Development

In 2018, Greentown China focused on its development strategy of “balancing the development of light and heavy assets” to continuously enhance its core competitiveness by improving the profitability of the heavy asset segment and cultivating the light asset segment as a new growth driver.

Leading in project management industry – With world class construction capabilities, high quality products and standardized operation, the business scale of project management expanded rapidly in 2018. 142 projects were added during the year. As at 31 December 2018, Greentown Project Management had 282 projects under management, with a total planned GFA of approximately 63.36 million sqm. With project management business continues to expand, its profitability has increased steadily over the years. The profit contribution to the Company from asset-light business will be further increased in the years to come.

Building of financial platform – To accelerate the collaborative development of “property + finance”, Greentown China acquired 900 million shares of Aeon Life Insurance Company, Ltd. (accounting for approximately 11.55% of its issued share capital) at RMB2.718 billion and became its single largest shareholder in December 2018, giving a boost to the Company’s financial management platform. Moving ahead, the Company will draw on the strength of the Greentown brand to integrate multiple business aspects, including insurance products, health management, elderly care services and investment and finance, which will create synergy with the principal business and provide solid support for strategic upgrade.

Pushing ahead with Win-win Mechanism and Putting in Place Medium- and Long-term Incentive Initiatives

In order to focus on development strategy and better motivate staff members, Greentown China officially put in place its first short-, medium- and long-term incentive mechanism titled “Win-win Mechanism for Greentown China” in January 2019. On top of the existing remuneration system, medium- and long-term incentive measures such as project co-investment scheme and share award scheme have been introduced to align the interests of both the Company and its employees and to improve operational efficiency. These help safeguard the promising growth of the traditional real

estate development business and comprehensive industries while promoting the sharing of risks and return among shareholders, the Company and employees.

Upholding “Quality First” Principle to Create a Long-living brand of Greentown China

In 2018, Greentown China maintained sound operating conditions, reasonable debt structure and low financing costs, laying a solid foundation for its transformation and development as it advances ahead. In addition to evaluating the market, keeping up with industry benchmark as well as analyzing its own strengths and challenges, the Company formulated a three-year development plan in a systematic and scientific manner, pursuant to which the Company will uphold its vision of becoming the “integrated service provider for an ideal life”, embrace “quality first while taking into account others” as principle of development, make “balancing the development of light assets and heavy assets, developing light assets on the foundation of heavy assets” as the development direction. The Company will also consider the “six elements”, namely image, quality, status, brand, integrity and character as its keys to success. All these will help the Company in achieving its top three strategic objectives of realizing top-notch product quality, top-level customer satisfaction and top comprehensive performance.

Looking forward to 2019, Greentown China will conduct in-depth research on cities, deploy different investment strategies and deepen its footprint in the five major urban agglomerations while further expanding around core first- and second-tier cities. The Company will also seek to replenish land resources in quality third- and fourth-tier cities in a flexible manner and devote more efforts to featured property development such as town construction, sports-series projects and TOD properties to heighten opportunities for obtaining projects with low land prices. At the same time, the Company will ride on the resources of major shareholders like CCCG and Wharf and strengthen its cooperative relationship with strategic partners to form a broader range of strategic collaboration and expand its land bank.

Greentown China has further optimized and adjusted the corporate organizational structure, with its number of subsidiaries reducing to 11 from the original 16. On the group level, the nine functional divisions have been consolidated to seven for better operational and decision-making efficiencies. In addition, the Company’s subsidiaries will implement regional project management to facilitate business integration and improve staff deployment. It is expected that a 10% increase in overall performance per employee will be achieved in 2019. On the talent cultivation front, leveraging the establishment of Greentown University, the Company will enhance its selection and employment of staff in accordance with strategic targets. Through nurturing core talents with comprehensive and outstanding operating capabilities, the Company facilitates the synergetic development of employees and the Company.

Mr. Zhang Yadong concluded, “2019 signifies the opening chapter of Greentown China’s three-year strategic plan. We shall commit to focusing on the strategy and adapting to the evolving environment by adhering to our core values of ‘Sincerity, Kindness, Exquisiteness and Perfection’. With the goal of enhancing profitability and improving operation quality in all aspects, we shall take action to give back to shareholders for their keen support on the Company and build a solid foundation to accomplish the strategic initiatives as set out in the three-year plan.”

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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. Over 24 years of development, 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 600 exquisite property complexes. Greentown has been ranked among “Top 10 among 100 Chinese Real Estate Enterprises by Comprehensive Strength” for 14 consecutive years, “Top 10 Chinese Real Estate Companies by Brand Value” for 15 consecutive years, as well as “Leading Chinese Real Estate Companies by Customer Satisfaction” for 7 consecutive years. Backed by the full support of 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 has insisted on taking advantage of the innovation and practice of mixed ownership while balancing the development of light and heavy assets in efforts to be the No.1 “Integrated Service Provider for an Ideal Life” in the country.

For further information about Greentown, please visit the company website at www.greentownchina.com.

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