

[Immediate Release]



Greentown Announces 2016 Interim Results

Net Profit Up 16% to Over RMB600 Million

Contract Sales Surge 41% Year-on-Year

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Continuous Focus on Investment Deployment

Debt Structure Showing Improvement

(29 August, 2016 – Hong Kong) Greentown China Holdings Limited, one of the leading property developers in China (“Greentown”; including Greentown and its subsidiaries, together with its joint ventures and associates hereinafter referred to as “Greentown Group”; HKEx stock code: 3900.HK) announced today its interim results for the six months ended 30 June 2016.

During the period under review, the overall property transaction volumes continued to rise during a relatively active land market. In addition, China’s property market exhibited a widely diverse performance. In first-tier cities and some second-tier cities, property sales rose rapidly and inventory shrunk sharply while most third-tier and fourth-tier cities still experienced much pressure to reduce inventory. Against this background, “Greentown China – Strategic Planning and Development” was thoroughly implemented by Greentown, leading to a steady growth of the Group. In the first half of 2016, the net profit of the Group recorded RMB813 million, representing an increase of 9% from RMB746 million over the same period in 2015. Profit attributable to owners of the Company reached RMB604 million, an increase of 16.4% year-on-year; the net core profit attributable to owners of the Company was RMB761 million, representing an increase of 23.7% increase compared with the same period last year.

As at 30 June 2016, the Group had bank balances and cash of RMB22,905 million. The net gearing ratio was 70%, further down to 73% as at 31 December 2015, demonstrating a healthy debt structure.

For pre-sales performance, for the six months ended 30 June 2016, Greentown Group recorded a total of approximately 2.35 million sqm of accumulated total saleable area. Contracted sales were up 41% from RMB32.3 billion recorded the same prior-year period to reach RMB45.4 billion, of which about 23.7 billion was attributable to the Group. As at 30 June 2016, Greentown Group recorded a total subscription sales of approximately RMB2.4 billion, of which approximately RMB1.2 billion was attributable to the Group. The overall average selling price was RMB19,281 per sqm.

Land Bank

In the first half of 2016, the Group acquired three high-quality land sites in Beijing and Hangzhou through public land auctions. The total GFA of new projects was approximately 270,000 sqm, of which approximately 170,000 sqm was attributable to the Group. Total land premium of new projects amounted to approximately RMB9.97 billion, of which some was partially settled by resources from business partners or financing from financial institutions and approximately RMB3.037 billion was attributable to the Group's own funds. The estimated saleable amount of new projects was RMB20.5 billion, of which approximately RMB11.3 billion was attributable to the Group. As at 30 June 2016, Greentown Group had 80 projects (including both construction in progress and held for future development) with associated land bank reserves of a total GFA of 29.76 million sqm, of which 17.48 million sqm was attributable to the Group. The total saleable area amounted to 22.21 million sqm, of which 13.05 million sqm was attributable to the Group. The average land cost was approximately RMB3,508 per sqm.

Strongly Backed by and Comprehensively Partnered with CCCG

Greentown is fully backed in its financing and operations by its single largest shareholder – China Communications Construction Group (Limited) (“CCCG”). CCCG has been providing financing support as well as comprehensive financial management after it was brought into Greentown. Besides, CCCG Asset Management Company Limited, a subsidy of CCCG, has brought innovative financial leasing patterns to the Group. In terms of operations, apart from sitting on the Board of Greentown as executive directors and optimizing the management structure, CCCG collaborated with Greentown through project joint ventures and partnerships. At the same time, Greentown Management Group was established by the Group to provide construction management services for CCCG, aimed at business opportunities overseas and resources sharing.

Mr. Cao Zhounan, Chief Executive Officer of Greentown China Holdings Limited, said: “Greentown has formed a solid substantial shareholder structure, namely ‘CCCG + Wharf + Founding Shareholders’, and has become a typical mixed ownership enterprise in the real estate industry in China. As our single largest shareholder, CCCG has been providing strong financial and operational support to us. The Company has tightly focused on enhancing its professional management and control, streamlining management, intensifying operations and diversifying development, with the aim of further optimizing its corporate governance structure, building up a modern corporate system, and constantly improving its sustainable development capabilities. Currently, a brand-new management structure and business development layout in the form of ‘one body, four wings’ has been set up – with Greentown China as the core and four sub-groups, Greentown Real Estate, Greentown Management, Greentown Assets and Greentown Town, as the four wings. The management as a whole will build the No. 1 brand of ‘ideal quality living service provider in China’.”

Mr. Cao Zhounan added: “Since 2016, adhering to the innovative cost-efficiency enhancement model, the Group has intensified the implementation of its strategy of investment and development and focused on investment in 15 major cities including Beijing, Shanghai, Guangzhou, Shenzhen, Hangzhou, Tianjin, Jinan, Nanjing, Hefei, Zhengzhou, Chongqing, Wuhan, Chengdu, Xiamen and Fuzhou. Concurrently, the Company’s product structure has undergone continuous innovative improvements and optimizations in response to the ever-changing market environment. An oval shaped product structure of ‘2:6:2’ (20% are high-end products, 60% are mainstream products and 20% are resettlement housing and social security housing products) has been implemented to further conform to the market requirements. The Company has achieved a steady growth of market influence and reputation among customers in key cities.”

Orderly Integration of Construction Management

In June 2016, the Company announced the acquisition of the construction management business of Bluetown and has it merged with Greentown Management Group, which itself was established in September 2015 upon the acquisition of Greentown Dingyi Real Estate Investment Management Co., Ltd and Greentown Shidai City Construction & Development Company Limited, further expanding the scale of the Greentown Management Group. As at the end of June 2016, the total number of projects managed by the new Greentown Management Group had reached 166 in total with a planned total GFA of 52.25 million sqm. Greentown Management Group has evolved into the largest and most professional asset-light operation group in China.

Offshore Financing Helps Optimize Debt Structure

In March 2016, the Company entered into a USD720 million club loan agreement for a term of 3 years with a consortium of 19 banks, at an interest rate of LIBOR plus 3.13% per annum. The facility would be utilized for refinancing some of the Company’s existing offshore debts with higher interest rates and financing its general working capital and capital expenditures. Subsequently, the Company also obtained a three-year bilateral loan of USD300 million, bearing interest at a rate of LIBOR plus 3% per annum from one of the four top state-owned banks in China. On 15 April 2016, the Company issued senior perpetual capital securities in an aggregate principal amount of USD400 million with a coupon rate of 5.5% to CCCI. There was a relatively significant decrease in interest costs with respect to the above financing, as compared with comparable financing previously. As a result, interest expenses of the Company has been reduced, further improving its debt structure.

Step into Real Estate Financialization

In order to lower the operational costs of the Company and maximize liquidity efficiency, Greentown launched officially its Fund Settlement Center of Greentown on 26 July, marking the first step of real estate financialization of the Company. 40 subsidiaries of the Company have been involved in the Fund Settlement Center. Service agreements

have been signed with a number of banks for cash management and direct bank services. The formation of the Center will act as a “capital pool” for the Company and achieve central capital control. The ultimate goal of the Center is to act as the internal bank of Greentown China. Going forward, the Company will endeavor to obtain trust and fund licences, proactively explore “Real Estate + Finance” developments, gradually realize the transition development from “Capital Management” to “Capital Operation”, and to eventually form a financial holding platform.

Outlook

Looking forward, against the backdrop of China’s new economic norm, the “One Belt, One Road” initiatives, the supply-side reform and the new type of urbanization of villages, the macro control measures laid down for the real estate sector will continue to vary from city to city. The policies stimulating housing purchases will continue for a certain period of time and may strengthen in part. It is expected that the market growth in quantity and price will level off in the second half of the year, while the competition in the real estate industry in terms of quality, brand, finance and capital will further intensify. Partnership between leading enterprises as well as mergers and acquisitions will become normal during this phase.

Greentown will adhere to its vision of becoming “ideal quality living service provider”. With strong support from the substantial shareholders, we will take advantage of the diversified ownership model and intensify the implementation of the cost-effective development strategy. We will continue to aim for the leading position in the industry in terms of quality, and our investment will continue to focus on the 15 core cities and the core land lots for products and services catering to customers’ key demands. Our costs will return to the market-leading levels and the prices will return to levels acceptable to the general public. By adhering to Greentown Real Estate’s principle of building top class products, standardizing the development of construction management business of Greentown Management, innovating the Greentown Town building business for new types of urbanisation of new towns as well as establishing a ground-breaking assets operation and finance for Greentown Assets, our capabilities in response to macro policies of the nation and fluctuations associated with the industry cycle will be enhanced as a whole. In the next one to two years, we will convey our strategies, flexible mechanisms, improved finance, optimized investment, scientific governance and mature management clearly in an orderly manner so as to bring comprehensive benefits.

Mr. Cao Zhounan concluded: “Looking ahead, Greentown will continue to keep abreast of the times and satisfy the market and customer demand. With the innovative diversified ownership management mode, it will turn the competitive advantages and characteristics of Greentown into operational advantages of the Company, enhance the core value of the ‘Greentown’ brand, improve business performance and attain the sustainable, scientific and healthy development of the Company.”

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About Greentown China Holdings Limited

Greentown China Holdings Limited is one of the leading property developers in China. It commands a leading position in the industry by leveraging its quality properties, unique architectural aesthetics and customer-focused residence services. The Company is jointly voted as “2015 Top 10 Chinese Real Estate Enterprises by Comprehensive Strength” for the 12th consecutive year by the Development Research Center of the State Council, the Institute of Real Estate Studies at Tsinghua University and the China Index Academy, reflected as the “Top 10 Largest Chinese Real Estate Enterprises”. It is also named as “2015 Top 10 Brands of Chinese Real Estate Companies (Diversified Ownership) for the 12th consecutive year with a brand value of RMB21.183 billion. At the same time, with the efforts on safeguarding the building of properties and charity services, Greentown is awarded the title of “China Real Estate Enterprises with Sense of Social Responsibility”.

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

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