

[For Immediate Release]



Greentown China Reports Net Profit of RMB613 Million in 1H2014

1H Sales Achieves 47% of Annual Target

Win-Win Collaboration Brings New Strength

【25 August 2014, Hong Kong】 Greentown China Holdings Limited (“Greentown” or the “Company”, and together with its subsidiaries, the “Group”; stock code: 3900.HK), one of China’s leading property developers, announced the Group’s interim results for the six months ended 30 June 2014.

During the reporting period, the Group’s revenue increased 23% y-o-y to RMB12.56 billion. Revenue recognized from property sales was RMB11.805 billion, up 94% y-o-y and accounting for 94% of the total revenue. The growth in property sales was mainly due to a 20.9% y-o-y increase in average selling price, which reached RMB17,942 during the period. The gross profit margin of property sales was 24%. Profit attributable to owners of the Company reached RMB613 million, and core profit attributable to owners of the Company amounted to RMB661 million, with basic earnings per share of RMB0.19.

In the first half of 2014, the Group achieved 47% of its annual sales target, with pre-sales of RMB30.5 billion (including subscription sales of RMB2.9 billion) or 1.24 million sqm in terms of GFA. Total pre-sales attributable to the Group reached RMB13.2 billion. The overall average selling price was RMB22,279 per sqm. As at 30 June 2014, the sales revenue of Greentown Group not yet recognized in the income statement amounted to approximately RMB82.2 billion, of which RMB41.4 billion was attributable to the Group.

Mr. Shou Bainian, Executive Vice-Chairman & Chief Executive Officer of Greentown, said, “In step with the adjustment of China’s economic cycle and growth structure, the fluctuations encountered by the real estate industry over the past year were due to internal market supply and demand and external government policies. Nonetheless, the sector is reverting to a long-term rational and sustainable development trend consistent with the expectation of the central government. The Company has significant experience and advantages that were accumulated through the development of superior-quality properties over the past two decades, and believes that the real estate industry will become more market-oriented after the market gradually matures. Based on these considerations, the Group has not only actively responded to the systemic risks in the current industry, but also introduced new vigor and vitality into the company, with the goal of using it as a further growth driver.”

In the first half of 2014, Greentown Group acquired five new sites with a GFA of approximately 1.80 million sqm, of which approximately 1.09 million sqm was attributable to the Group. The total land premium of the newly-added sites' amounted to approximately RMB5.2 billion. The majority of the land premium was paid by associates, with the Group only required to pay approximately RMB950 million.

As at 30 June 2014, the GFA of Greentown's land bank was 37.82 million sqm, of which 20.48 million sqm was attributable to the Group. Total saleable area amounted to 26.49 million sqm, of which 14.13 million sqm was attributable to the Group, while the average GFA cost was RMB3,256 per sqm.

While maintaining the strength of its operations, the Group is striving to optimize its debt structure and reduce its financing cost by actively seizing opportunities for offshore financing. It issued perpetual capital securities in a principal amount of USD500 million with a coupon rate of 9% in January 2014, which were once more sought after by the bond investors. The proceeds of this bond issuance were mainly used to redeem the perpetual subordinated convertible callable securities with an aggregate principal amount of HK\$2.55 billion issued to The Wharf (Holdings) Limited in 2012. The remaining proceeds would be used to refinance existing short-term debts and for the Group's general working capital purposes.

As at 30 June 2014, the Group had bank balances and cash (including pledged bank deposits) of RMB9,503 million. Net gearing ratio (measured by net borrowings over net assets) was 78.1%, representing an increase over the end of 2013, mainly due to several bank borrowings for land cost and construction fee. The debt structure maintained good form while the bank balances and cash were sufficient to cover borrowings with maturity of less than a year.

Outlook

Following the gradual relaxation or withdrawal of the restrictive purchase policy in many cities in the PRC, the real estate market is gradually rejuvenating itself – policy regulations have become less restrictive and market confidence has been gradually restored. The Group is still optimistic that in the medium to long run, the real estate industry will remain a pillar of the national economy. The Company will further strengthen sales, improve inventory turnover, speed up rate of returns, adjust its development pace, strictly manage costs and improve its land bank structure through a prudent selection of high-quality projects, to lay a solid foundation for its future development.

Given the current business environment, the Company will keep a conservative cash flow policy as top priority. On one hand, it will vigorously strengthen marketing efforts, taking various measures to improve inventory turnover and enhance the assessment of capital returns. On the other hand, it will make reasonable adjustments to the development pace by slowing down the latter to appropriate levels, for projects with

high inventory level to reduce capital injection. This will ensure a balance of payment and safe cash flow. In the second half of 2014, the Group expects to commence construction of projects with a GFA of approximately 3.01 million sqm, while 31 projects (or phased project) with a GFA of 3.30 million sqm are expected to be completed in the second half of 2014.

In respect of the land bank structure, taking into account its product positioning resonates more strongly in first and second-tier cities, and that it has established a unique advantage in home upgraders segment, the Company will readjust its current land bank structure in a rational manner. On the one hand, the Company aims to seize favorable opportunities arising from the land market adjustment in the second half of the year, to actively expand its land bank in prime sites of the first- and second-tier cities, and at the same time gradually reduce its land bank in third and four-tier cities. These are all conditional on maintaining a prudent cash flow and gearing ratio.

On the other hand, the Company also aims to leverage the consolidation of the real estate industry to explore more market opportunities, and secure high-quality projects through mergers and acquisitions. It will utilize its branding advantage to further expand its cooperation with the other project partners. The Company aims to commit itself over the following years to focusing on developing its land bank in prime areas of first and second-tier cities, and optimizing its asset structure.

As one of the excellent enterprises in the real estate sector in China, Sunac China will bring significant synergy to Greentown. It will achieve this through a strategy focusing on the core areas of first and second-tier cities, a mature and efficient management system and a strong execution team, as well as through its advantages in market judgment, product positioning, sales capability and capital turnover. Greentown's existing land bank, significant product advantage and outstanding management team will also be complement those of Sunac. The synergistic effects from the cooperation between Sunac China and Greentown have already been well-proven in past collaborations.

In addition, Wharf, being a well-established and leading real estate enterprise in Hong Kong which holds 24.3% stake in the Company, has strong capital strength and a renowned reputation in the market. It also enjoys a unique advantage in the offshore capital markets. Greentown believes that this will help it broaden its financing channels and improve its internal financial and risk management standards.

Mr. Shou concluded, "The new Greentown will consolidate the advantages and resources of the three companies. While adhering to Greentown's pursuit of high quality, we will tap Sunac's advantages in operations and management, as well as inherit Wharf's wealth of knowledge in capital operations. We will seize the great market opportunity and further consolidate our leading position in China's property industry."

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About Greentown China Holdings Limited

Greentown, one of the leading property developers in China, is renowned for the high quality of its properties. It has a nationwide footprint in China with operations spanning more than 40 cities, including key cities in the Yangtze River Delta region and Bohai Rim Economic Belt, Beijing, and various provincial capitals. It has achieved sustainable growth in its operational results, and has been one of the best-selling Chinese property developers in recent years. Starting from 2005, the “Greentown” brand was ranked among the “Top 10 Most Valuable Property Brands in China” by authoritative organizations for nine consecutive years.

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

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