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# GUORUI PROPERTIES LIMITED
# 國瑞置業有限公司

*(Incorporated in the Cayman Islands with limited liability*
*under the name of "Glory Land Company Limited (国瑞置业有限公司)"*
*and carrying on business in Hong Kong as "Guorui Properties Limited)"*

**(Stock Code: 2329)**

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

**2018 ANNUAL RESULTS HIGHLIGHTS**

- Achieved contracted sales for the year ended December 31, 2018 (the "**Reporting Period**") of RMB21,912.8 million with corresponding gross floor area ("**GFA**") of approximately 1,304,041 sq.m.;
- Revenue for the Reporting Period was RMB6,612.5 million, of which the revenue from property development was RMB5,924.6 million;
- Gross profit for the Reporting Period was RMB2,599.2 million, of which the gross profit from property development was RMB2,122.6 million;
- Net profit for the Reporting Period was RMB1,569.2 million, of which RMB1,008.8 million was attributable to the owners of the Company;
- Total comprehensive income for the Reporting Period was RMB1,562.0 million, of which RMB1,002.2 million was attributable to the owners of the Company;
- Basic earnings per share for the Reporting Period were RMB22.70 cents;
- The board recommended the payment of final dividends of HK5.64 cents per share.

## ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2018

The board (the "**Board**") of directors (the "**Directors**") of Guorui Properties Limited (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce to the Company's shareholders (the "**Shareholders**") the following audited consolidated results of the Group for the Reporting Period, together with the comparative figures for the year ended December 31, 2017. The results were extracted from the audited consolidated financial statements, which were prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*FOR THE YEAR ENDED DECEMBER 31, 2018*

| | NOTES | Year ended December 31, 2018 *RMB'000* | 2017 *RMB'000* |
|---|---|---|---|
| **Revenue** | 3&4 | | |
| Property sales | | 5,924,612 | 6,381,746 |
| Construction and development services | | 156,451 | 75,095 |
| Property management and related services | | 21,231 | 20,281 |
| Property rental | | 510,191 | 310,293 |
| **Total revenue** | | 6,612,485 | 6,787,415 |
| Cost of sales and services | | (4,013,283) | (3,618,543) |
| Gross profit | | 2,599,202 | 3,168,872 |
| Other gains and losses | | 67,364 | 161,185 |
| Other income | | 159,267 | 88,241 |
| Change in fair value of investment properties | | 907,791 | 955,743 |
| Distribution and selling expenses | | (206,799) | (194,915) |
| Administrative expenses | | (507,815) | (360,684) |
| Other expenses | | (53,252) | (45,676) |
| Share of losses of joint ventures | | (11,939) | (936) |
| Share of losses of associates | | (10,905) | (6,014) |
| Finance costs | 5 | (245,446) | (198,683) |
| Profit before tax | | 2,697,468 | 3,567,133 |
| Income tax expense | 6 | (1,128,237) | (1,527,622) |
| Profit for the year | | 1,569,231 | 2,039,511 |

| | NOTE | Year ended December 31, 2018 | 2017 |
|---|---|---|---|
| | | *RMB'000* | *RMB'000* |
| **Other comprehensive (expense) income** | | | |
| **Items that will not be reclassified to profit or loss:** | | | |
| Fair value loss on equity instruments at fair value through other comprehensive income ("FVTOCI") | | (9,593) | – |
| Gain on revaluation of properties | | – | 324,949 |
| Income tax relating to items that will not be reclassified to profit or loss | | 2,398 | (81,237) |
| | | (7,195) | 243,712 |
| Total comprehensive income for the year | | 1,562,036 | 2,283,223 |
| Profit for the year attributable to: | | | |
| Owners of the Company | | 1,008,784 | 1,749,841 |
| Non-controlling interests | | 560,447 | 289,670 |
| | | 1,569,231 | 2,039,511 |
| Total comprehensive income for the year attributable to: | | | |
| Owners of the Company | | 1,002,237 | 1,944,811 |
| Non-controlling interests | | 559,799 | 338,412 |
| | | 1,562,036 | 2,283,223 |
| Earnings per share | 7 | | |
| – Basic (RMB cents) | | 22.70 | 39.46 |
| – Diluted (RMB cents) | | 22.60 | 39.20 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*AT DECEMBER 31, 2018*

| | NOTE | At December 31, 2018 | 2017 |
|---|---|---|---|
| | | *RMB'000* | *RMB'000* |
| **Non-current Assets** | | | |
| Investment properties | | 19,545,072 | 18,308,269 |
| Property, plant and equipment | | 1,687,653 | 850,258 |
| Other non-current assets | | 1,409,257 | 1,053,778 |
| Interests in joint ventures | | 24,375 | 9,064 |
| Interests in associates | | 565 | 269,246 |
| Equity instruments at FVTOCI | | 220,307 | — |
| Available-for-sale investments | | — | 165,192 |
| Prepaid lease payments | | 275,466 | 281,438 |
| Deposits paid for acquisition of property, plant and equipment | | — | 120,000 |
| Deferred tax assets | | 510,513 | 404,235 |
| Restricted bank deposits | | 462,980 | 105,720 |
| Value added tax and tax recoverable | | 1,680,675 | 1,422,585 |
| | | 25,816,863 | 22,989,785 |
| **Current Assets** | | | |
| Inventories | | 67 | 61 |
| Deposits paid for acquisition of land | | 830,301 | 605,010 |
| Properties under development for sale | | 36,371,398 | 23,626,222 |
| Properties held for sale | | 4,372,328 | 3,408,156 |
| Trade and other receivables, deposits and prepayments | 9 | 2,296,480 | 1,082,946 |
| Contract assets | | 1,223,570 | — |
| Contract costs | | 36,321 | — |
| Amounts due from customers for contract work | | — | 1,191,139 |
| Value added tax and tax recoverable | | 634,706 | 500,477 |
| Amounts due from related parties | | 2,588,873 | 2,928,197 |
| Financial assets at fair value through profit or loss ("FVTPL") | | — | 97 |
| Restricted bank deposits | | 479,151 | 620,761 |
| Bank balances and cash | | 1,030,143 | 1,591,506 |
| | | 49,863,338 | 35,554,572 |

| | NOTE | At December 31, 2018 RMB'000 | 2017 RMB'000 |
|---|---|---|---|
| **Current Liabilities** | | | |
| Trade and other payables | 10 | 6,757,015 | 5,585,713 |
| Deposits received from pre-sale of properties | | – | 3,308,339 |
| Contract liabilities | | 11,208,252 | – |
| Amounts due to related parties | | 4,265,166 | 893,229 |
| Tax payable | | 2,874,075 | 2,492,186 |
| Bank and trust borrowings – due within one year | | 9,037,963 | 11,625,399 |
| Corporate bonds | | 998,765 | 2,992,645 |
| Senior notes | | 3,768,364 | – |
| | | 38,909,600 | 26,897,511 |
| **Net Current Assets** | | 10,953,738 | 8,657,061 |
| **Total Assets less Current Liabilities** | | 36,770,601 | 31,646,846 |
| **Non-current Liabilities** | | | |
| Rental deposits received | | 106,312 | 89,393 |
| Bank and trust borrowings – due after one year | | 14,261,021 | 12,601,665 |
| Corporate bonds | | 54,670 | 997,006 |
| Senior notes | | 677,419 | 1,940,948 |
| Deferred tax liabilities | | 3,840,352 | 2,425,425 |
| | | 18,939,774 | 18,054,437 |
| **Net Assets** | | 17,830,827 | 13,592,409 |
| **Capital and Reserves** | | | |
| Share capital | | 3,520 | 3,519 |
| Share premium and reserves | | 11,899,088 | 10,898,692 |
| Equity attributable to owners of the Company | | 11,902,608 | 10,902,211 |
| Non-controlling interests | | 5,928,219 | 2,690,198 |
| **Total Equity** | | 17,830,827 | 13,592,409 |

## NOTES

### 1. GENERAL

The Company was incorporated in the Cayman Islands under the name of "Glory Land Company Limited (國瑞置業有限公司)" as an exempted company with limited liability under the Company Laws (2012 Revision) of the Cayman Islands on July 16, 2012 which carries on business in Hong Kong as "Guorui Properties Limited". Its parent and ultimate holding company is Alltogether Land Company Limited (通和置業有限公司), a company incorporated in the British Virgin Islands. Mr. Zhang Zhangsun, who hold 100% equity interests of Alltogether Land Company Limited, is the ultimate beneficial owner of the Company. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is located at East Block, Hademen Plaza, 8-1# Chongwenmenwai Street, Dongcheng District, Beijing, the PRC.

The Company's shares were listed on the mainboard of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries (collectively the "Group") are principally engaged in the business of property development, provision of primary land construction and development services, property investment, and provision of property management and related services.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

### 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

**New and amendment to IFRSs that are mandatorily effective for the current year**

The Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board (the "IASB") for the first time in the current year.

| | |
|---|---|
| IFRS 9 | Financial Instruments |
| IFRS 15 | Revenue from Contracts with Customers and the related Amendments |
| IFRIC 22 | Foreign Currency Transactions and Advance Consideration |
| Amendments to IFRS 2 | Classification and Measurement of Share-based Payment Transactions |
| Amendments to IFRS 4 | Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts |
| Amendments to IAS 28 | As part of the Annual Improvements to IFRS Standards 2014-2016 Cycle |
| Amendments to IAS 40 | Transfers of Investment Property |

Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## 2.1 IFRS 15 *Revenue from Contracts with Customers*

The Group has applied IFRS 15 for the first time in the current year. IFRS 15 superseded IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations.

The Group has applied IFRS 15 retrospectively with the cumulative effect of initially applying this standard recognized at the date of initial application, January 1, 2018. Any difference at the date of initial application is recognized in the opening retained earnings and comparative information has not been restated. Furthermore, in accordance with the transition provisions in IFRS 15, the Group has elected to apply the IFRS 15 retrospectively only to contracts that are not completed at January 1, 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18, IAS 11 and the related interpretations.

The Group recognizes revenue from the following major sources which arise from contracts with customers:

- Property sales;
- Construction and development services; and
- Property management and related services.

**Summary of effects arising from initial application of IFRS 15**

The transition to IFRS 15 has no material impact on the retained earnings at January 1, 2018.

The following adjustments were made to the amounts recognized in the consolidated statement of financial position at January 1, 2018. Line items that were not affected by the changes have not been included.

| | NOTES | Carrying amounts previously reported as at December 31, 2017 | Reclassification | Remeasurement | Carrying amounts under IFRS 15 as at January 1, 2018* |
|---|---|---|---|---|---|
| | | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Current Assets** | | | | | |
| Properties under development for sale | (a) | 23,626,222 | — | 72,032 | 23,698,254 |
| Trade and other receivables, deposits and prepayments | (b) | 1,082,946 | (63,535) | — | 1,019,411 |
| Amounts due from customers for contract work | (c) | 1,191,139 | (1,191,139) | — | — |
| Contract assets | (b)&(c) | — | 1,254,674 | — | 1,254,674 |
| **Current Liabilities** | | | | | |
| Deposits received from pre-sale of properties | (a) | 3,308,339 | (3,308,339) | — | — |
| Contract liabilities | (a) | — | 3,308,339 | 72,032 | 3,380,371 |

* The amounts in this column are before the adjustments from the application of IFRS 9.

Notes:

(a) As at January 1, 2018, advances from customers of RMB3,308,339,000 in respect of property sales previously included in deposits received from pre-sale of properties were reclassified to contract liabilities.

The interest on the advances from customers accumulated up to January 1, 2018 of RMB72,032,000 in respect of certain property sales contracts containing significant financing component where the period between payment and transfer of the associated properties exceed one year, were accrued under contract liabilities, with the corresponding charge capitalized under properties under development for sale.

(b) At the date of initial application, unbilled revenue of RMB63,535,000 arising from certain property sales contracts are conditional on the satisfaction of specified conditions as stipulated in the contracts, and hence such balance was reclassified from trade receivables to contract assets.

(c) In relation to construction contracts previously accounted under IAS 11, the Group continues to apply input method in measurement of progress towards complete satisfaction of a performance obligation upon initial application of IFRS 15. RMB1,191,139,000 of amounts due from customers for contract work were reclassified to contract assets.

The following tables summarize the impacts of applying IFRS 15 on the Group's consolidated statement of financial position as at December 31, 2018, and its consolidated statement of profit or loss and other comprehensive income for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

*Impact on the consolidated statement of financial position*

| | As reported | Adjustments | Amounts without application of IFRS 15 |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Current Assets** | | | |
| Properties under development for sale | 36,371,398 | (402,533) | 35,968,865 |
| Trade and other receivables, deposits and prepayments | 2,296,480 | 47,205 | 2,343,685 |
| Amounts due from customers for contract work | — | 1,176,365 | 1,176,365 |
| Contract assets | 1,223,570 | (1,223,570) | — |
| Contract costs | 36,321 | (36,321) | — |
| **Current Liabilities** | | | |
| Deposits received from pre-sale of properties | — | 10,805,719 | 10,805,719 |
| Contract liabilities | 11,208,252 | (11,208,252) | — |
| **Non-current Liabilities** | | | |
| Deferred tax liabilities | 3,840,352 | (9,080) | 3,831,272 |
| **Capital and Reserves** | | | |
| Retained earnings | 10,072,099 | (27,241) | 10,044,858 |

*Impact on the consolidated statement of profit and loss and other comprehensive income*

| | As reported | Adjustments | Amounts without application of IFRS 15 |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Revenue | 6,612,485 | (70,947) | 6,541,538 |
| Cost of sales and services | (4,013,283) | 70,947 | (3,942,336) |
| Distribution and selling expenses | (206,799) | (36,321) | (243,120) |
| Profit before tax | 2,697,468 | (36,321) | 2,661,147 |
| Income tax expense | (1,128,237) | 9,080 | (1,119,157) |

## 2.2 IFRS 9 *Financial Instruments*

In the current year, the Group has applied IFRS 9 *Financial Instruments* and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and other items (for example, lease receivables, contract assets and financial guarantee contracts) and 3) general hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognized as at January 1, 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognized as at January 1,2018. The difference between carrying amounts as at December 31, 2017 and the carrying amounts as at January 1, 2018, are recognized in the opening retained earnings and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39 *Financial Instruments*: *Recognition and Measurement*.

**Summary of effects arising from initial application of IFRS 9**

The table below illustrates the classification and measurement of financial assets and other items subject to ECL under IFRS 9 and IAS 39 and the corresponding impact on deferred tax liabilities at the date of initial application, January 1, 2018.

| | NOTE | Available -for-sale investments RMB'000 | Equity instruments at FVTOCI RMB'000 | Trade receivables RMB'000 | Contract assets RMB'000 | Amounts from customers for contract work RMB'000 | Deferred tax liabilities RMB'000 | FVTOCI reserve RMB'000 | Non-controlling interests RMB'000 |
|---|---|---|---|---|---|---|---|---|---|
| Closing balance as at December 31, 2017 | | 165,192 | – | 480,394 | – | 1,191,139 | 2,425,425 | – | 2,690,198 |
| Effect arising from initial application of IFRS 15 | | – | – | (63,535) | 1,254,674 | (1,191,139) | – | – | – |
| Effect arising from initial application of IFRS 9: | | | | | | | | | |
| Reclassification | | | | | | | | | |
| From available-for-sale | (a) | (165,192) | 165,192 | – | – | – | – | – | – |
| Remeasurement | | | | | | | | | |
| From cost less impairment to fair value | (a) | – | 64,708 | – | – | – | 16,177 | 44,163 | 4,368 |
| Opening balance as at January 1, 2018 | | – | 229,900 | 416,859 | 1,254,674 | – | 2,441,602 | 44,163 | 2,694,566 |

*Notes:*

(a) Available-for-sale ("AFS") investments

From AFS equity investments to FVTOCI

The Group elected to present in other comprehensive income ("OCI") for the fair value changes of all its unquoted equity investments previously classified as AFS measured at cost less impairment under IAS 39. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of IFRS 9, the investments were reclassified from AFS investments to equity instruments at FVTOCI and the corresponding increase in fair value of RMB64,708,000 were adjusted to equity instruments at FVTOCI and FVTOCI reserve, and the related deferred tax liability of RMB16,177,000 were adjusted to FVTOCI reserve as at January 1, 2018.

(b) Impairment under ECL model

As at January 1, 2018, no material credit loss allowance has been recognized against retained earnings upon application of ECL model.

### 2.3 Amendments to IAS 40 *Transfers of Investment Property*

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in IAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

At the date of initial application, the Group assessed the classification of certain properties based on conditions existing at that date. There is no material impact to the classification at January 1, 2018.

### 2.4 Impacts on opening consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table show the adjustments recognized for each of the line items affected. Line items that were not affected by the changes have not been included.

| | As at December 31, 2017 *RMB'000* *(Audited)* | IFRS 15 *RMB'000* | IFRS 9 *RMB'000* | As at January 1, 2018 *RMB'000* *(Restated)* |
|---|---|---|---|---|
| **Non-current Assets** | | | | |
| Available-for-sale investments | 165,192 | — | (165,192) | — |
| Equity instruments at FVTOCI | — | — | 229,900 | 229,900 |
| Others with no adjustments | 22,824,593 | — | — | 22,824,593 |
| | 22,989,785 | — | 64,708 | 23,054,493 |
| **Current Assets** | | | | |
| Properties under development for sale | 23,626,222 | 72,032 | — | 23,698,254 |
| Trade and other receivables, deposits and prepayments | 1,082,946 | (63,535) | — | 1,019,411 |
| Contract assets | — | 1,254,674 | — | 1,254,674 |
| Amounts due from customers for contract work | 1,191,139 | (1,191,139) | — | — |
| Others with no adjustments | 9,654,265 | — | — | 9,654,265 |
| | 35,554,572 | 72,032 | — | 35,626,604 |
| **Current Liabilities** | | | | |
| Deposits received from pre-sale of properties | 3,308,339 | (3,308,339) | — | — |
| Contract liabilities | — | 3,380,371 | — | 3,380,371 |
| Others with no adjustments | 23,589,172 | — | — | 23,589,172 |
| | 26,897,511 | 72,032 | — | 26,969,543 |
| **Net Current Assets** | 8,657,061 | — | — | 8,657,061 |
| **Total Assets less Current Liabilities** | 31,646,846 | — | 64,708 | 31,711,554 |

| | As at December 31, 2017 | IFRS 15 | IFRS 9 | As at January 1, 2018 |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | *(Audited)* | | | *(Restated)* |
| **Non-current Liabilities** | | | | |
| Deferred tax liabilities | 2,425,425 | — | 16,177 | 2,441,602 |
| Others with no adjustments | 15,629,012 | — | — | 15,629,012 |
| | 18,054,437 | — | 16,177 | 18,070,614 |
| **Net Assets** | 13,592,409 | — | 48,531 | 13,640,940 |
| **Capital and Reserves** | | | | |
| Share capital | 3,519 | — | — | 3,519 |
| Reserves | 10,898,692 | — | 44,163 | 10,942,855 |
| Equity attributable to owners of the Company | 10,902,211 | — | 44,163 | 10,946,374 |
| Non-controlling interests | 2,690,198 | — | 4,368 | 2,694,566 |
| **Total Equity** | 13,592,409 | — | 48,531 | 13,640,940 |

## 3. REVENUE

For the year ended December 31, 2018

**Disaggregation of revenue from contracts with customers**

| | Property development | Primary land construction and development services | Property investment | Property management and related services | Total |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Geographical market** | | | | | |
| Mainland China | 5,924,612 | 156,451 | — | 21,231 | 6,102,294 |
| **Timing of revenue recognition** | | | | | |
| A point in time | 5,924,612 | — | — | — | 5,924,612 |
| Over time | — | 156,451 | — | 21,231 | 177,682 |
| **Total** | 5,924,612 | 156,451 | — | 21,231 | 6,102,294 |

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

| | Property development *RMB'000* | Primary land construction and development services *RMB'000* | Property investment *RMB'000* | Property management and related services *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|---|
| **Revenue disclosed in segment information** | | | | | |
| External customers | 5,924,612 | 156,451 | 510,191 | 21,231 | 6,612,485 |
| Less: rental income | — | — | (510,191) | — | (510,191) |
| **Revenue from contracts with customers** | 5,924,612 | 156,451 | — | 21,231 | 6,102,294 |

For the year ended December 31, 2017

An analysis of the Group's revenue for the year ended December 31, 2017 is as follows:

| | *RMB'000* |
|---|---|
| Property sales | 6,381,746 |
| Construction and development services | 75,095 |
| Property rental | 310,293 |
| Property management and related services | 20,281 |
| Total | 6,787,415 |

## 4. SEGMENT INFORMATION

The Group is organized into business units based on their types of activities. These business units are the basis of information that is prepared and reported to the Group's chief operating decision maker (i.e. the executive directors of the Company) for the purposes of resource allocation and assessment of performance. The Group's operating segments under IFRS 8 *Operating Segments* are identified as the following four business units:

Property development: This segment develops and sells commercial and residential properties.

Primary land construction and development services: This segment derives revenue from primary land development, including services for resettlement, construction of land infrastructure and ancillary public facilities on land owned by the local governments.

Property investment: This segment derives rental income from investment properties developed by the Group.

Property management and related services: This segment derives income from property management and related services.

Segment revenue and results

The following is the analysis of the Group's revenue and results by reportable and operating segment.

| | Property development<br>*RMB'000* | Primary land construction and development services<br>*RMB'000* | Property investment<br>*RMB'000* | Property management and related services<br>*RMB'000* | Total<br>*RMB'000* |
|---|---|---|---|---|---|
| **Year ended December 31, 2018** | | | | | |
| Revenue from external customers and segment revenue | 5,924,612 | 156,451 | 510,191 | 21,231 | 6,612,485 |
| Segment profit | 1,583,508 | 2,426 | 354,603 | 8,587 | 1,949,124 |
| **Year ended December 31, 2017** | | | | | |
| Revenue from external customers and segment revenue | 6,381,746 | 75,095 | 310,293 | 20,281 | 6,787,415 |
| Segment profit | 2,452,311 | 1,164 | 180,073 | 9,544 | 2,643,092 |

The segment profits can be reconciled to the profit before taxation as follows:

| | **Year ended December 31,** | |
|---|---|---|
| | **2018**<br>*RMB'000* | **2017**<br>*RMB'000* |
| Segment profit | 1,949,124 | 2,643,092 |
| Other gains and losses | 67,364 | 161,185 |
| Other income | 159,267 | 88,241 |
| Change in fair value of investment properties | 907,791 | 955,743 |
| Unallocated administrative expenses | (64,536) | (29,819) |
| Other expenses | (53,252) | (45,676) |
| Share of losses of joint ventures | (11,939) | (936) |
| Share of losses of associates | (10,905) | (6,014) |
| Finance costs | (245,446) | (198,683) |
| Profit before tax | 2,697,468 | 3,567,133 |

The accounting policies applied in determining segment revenue and segment results of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of other gains and losses, other income, change in fair value of investment properties, other expenses, share of losses of joint ventures, share of losses of associates, finance costs and unallocated administrative expenses, including auditor's remuneration and directors' emoluments. This is the measure reported to the Group's chief operating decision maker for the purpose of resources allocation and performance assessment.

Other segment information

Amounts included in the measurement of segment profit:

| | Property development *RMB'000* | Primary land construction and development service *RMB'000* | Property investment *RMB'000* | Property management and related services *RMB'000* | Unallocated amount *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|---|---|
| **Year ended December 31, 2018** | | | | | | |
| Depreciation and amortization | 25,355 | — | 4,800 | 5,249 | 38,861 | 74,265 |
| Release of prepaid lease payments | — | — | 81 | 26 | 5,928 | 6,035 |
| **Year ended December 31, 2017** | | | | | | |
| Depreciation and amortization | 16,164 | — | 5,254 | 7,905 | 3,884 | 33,207 |
| Release of prepaid lease payments | — | — | 81 | 26 | 5,928 | 6,035 |

No segment assets and liabilities are presented as they were not regularly provided to the chief operating decision maker for the purpose of resources allocation and performance assessment.

Geographical information

All the revenue and operating results of the Group is derived from the PRC based on location of the operations. All the Group's non-current assets (excluding financial instruments and deferred tax assets) are located in the PRC based on geographical location of the assets or the associates' and joint venture's operation, as appropriate.

Revenue from major customers

No revenue from transactions with a single external customer amounted to 10% or more of the Group's revenue during the years ended December 31, 2018 and 2017.

## 5. FINANCE COSTS

| | Year ended December 31, 2018 *RMB'000* | 2017 *RMB'000* |
|---|---|---|
| Interest on bank borrowings | 1,101,531 | 1,102,090 |
| Interest on corporate bonds | 260,119 | 282,137 |
| Interest on senior notes | 358,780 | 121,210 |
| Interest on trust borrowings | 539,119 | 210,589 |
| Interest on significant financing component of contract liabilities | 402,582 | — |
| Exchange loss on senior notes and borrowings | 319,846 | — |
| Total interest expenses | 2,981,977 | 1,716,026 |
| Less: Amounts capitalized to properties under development and investment properties under construction | (2,736,531) | (1,517,343) |
| | 245,446 | 198,683 |

Interests capitalized arose from borrowings made specifically for the purpose of constructing the qualifying assets, which bore annual interest at rates from 4.75% to 10.00% (2017: 4.75% to 9.80%) per annum and general borrowings pool calculated by applying a capitalization rate of 10.27% (2017: 7.01%) per annum on expenditure on the qualifying assets.

## 6. INCOME TAX EXPENSE

| | Year ended December 31, 2018 | 2017 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| Current tax | | |
| – PRC enterprise income tax | 438,057 | 611,243 |
| – PRC dividend withholding income tax | 35,000 | — |
| – Land appreciation tax ("LAT") | 477,559 | 797,135 |
| Under provision in respect prior years | 242 | — |
| | 950,858 | 1,408,378 |
| Deferred tax | 177,379 | 119,244 |
| Income tax expense | 1,128,237 | 1,527,622 |

Pursuant to the PRC Enterprise Income Tax Law promulgated on March 16, 2007, the PRC enterprise income tax for both domestic and foreign-invested enterprises has been unified at the income tax rate of 25% effective from January 1, 2008 onwards.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable exemptions and deductions.

In accordance with the PRC tax circular (Guoshuihan [2008] 112) effective from January 1, 2008, the PRC withholding income tax at the rate of 10% is applicable to dividends to "non-resident" investors who do not have an establishment or business in the PRC. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to the undistributed profits earned by the PRC subsidiaries since January 1, 2008 amounting to RMB4,825,427,000 (2017: RMB4,911,676,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

## 7. EARNINGS PER SHARE

| | Year ended December 31, | |
|---|---|---|
| | **2018** | **2017** |
| | *RMB'000* | *RMB'000* |
| Earnings: | | |
| Profit for the year attributable to the owners of the Company for the purposes of basic and diluted earnings per share | 1,008,784 | 1,749,841 |

| | Year ended December 31, | |
|---|---|---|
| | **2018** | **2017** |
| | *'000* | *'000* |
| Number of shares: | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 4,444,285 | 4,434,150 |
| Effect of dilutive potential ordinary shares: | | |
| Share options issued by the Company | 19,761 | 23,492 |
| Share awards issued by the Company | — | 5,772 |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | 4,464,046 | 4,463,414 |

The number of shares adopted in the calculation of the basic earnings per share for the year ended December 31, 2017 has been arrived at after eliminating the unvested shares of the Company held under the Company's share award scheme.

## 8. DIVIDENDS

| | Year ended December 31, | |
|---|---|---|
| | **2018** | **2017** |
| | *RMB'000* | *RMB'000* |
| Dividends for ordinary shareholders of the Company recognized as distribution during the year: | | |
| 2018 Interim – nil (2017: 2017 interim dividend HK7.52 cents per share) | — | 300,000 |
| 2017 Final – HK8.07 cents (2017: 2016 final dividend HK6.04 cents) per share | 300,000 | 240,000 |
| | 300,000 | 540,000 |

Subsequent to the end of the reporting period, a final dividend in respect of the year ended December 31, 2018 of HK5.64 cents per share, totalling HK$250,665,000 (equivalent to RMB220,000,000) has been proposed by the Board and is subject to approval by the shareholders of the Company at the forthcoming annual general meeting.

## 9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Pursuant to the lease agreements, lease payment is required to be settled in advance with no credit period being granted to the tenants. In respect of sales of properties, a credit period of six to twelve months may be granted to specific customers on a case-by-case basis.

| | At December 31, | |
|---|---|---|
| | **2018** | **2017** |
| | *RMB'000* | *RMB'000* |
| Trade receivables | | |
| – Receivables for property sales | 385,494 | 470,182 |
| – Others | 3,188 | 668 |
| Lease receivables | 78,052 | 12,571 |
| | 466,734 | 483,421 |
| Less: Allowance for credit losses | | |
| – Lease receivables | (3,027) | (3,027) |
| | 463,707 | 480,394 |
| Advances to contractors and suppliers | 586,337 | 274,537 |
| Other receivables from independent third parties (Note) | 17,261 | 17,261 |
| Other receivables and prepayments, net of allowance | 336,227 | 183,746 |
| Prepaid lease payment – current portion | 6,035 | 6,035 |
| Deposits | 886,913 | 120,973 |
| Total trade and other receivables | 2,296,480 | 1,082,946 |

*Note:* Other receivables from independent third parties are of non-trade nature, unsecured, interest-free and repayable on demand.

The following is an aging analysis of trade and lease receivables net of allowance for credit losses presented based on the date of recognition of revenue at the end of the reporting period:

| | At December 31, | |
|---|---|---|
| | **2018** | **2017** |
| | *RMB'000* | *RMB'000* |
| 0 to 60 days | 244,145 | 281,666 |
| 61 to 180 days | 65,626 | 66,121 |
| 181 to 365 days | 83,568 | 59,737 |
| 1 to 2 years | 61,359 | 21,715 |
| Over 2 years | 9,009 | 51,155 |
| | 463,707 | 480,394 |

## 10. TRADE AND OTHER PAYABLES

| | At December 31, | |
|---|---|---|
| | **2018** | **2017** |
| | *RMB'000* | *RMB'000* |
| Trade payables | 4,294,422 | 4,099,193 |
| Deposits received | 450,352 | 431,967 |
| Rental received in advance | 58,650 | 49,361 |
| Payable for acquisition of partial interest in a subsidiary | 12,000 | — |
| Accrued payroll | 54,460 | 56,076 |
| Business and other tax payable | 333,240 | 386,111 |
| Other payables and accruals | 1,510,203 | 637,398 |
| Dividends | 150,000 | 15,000 |
| | 6,863,327 | 5,675,106 |
| Analyzed for reporting purposes as: | | |
| Non-current (Note) | 106,312 | 89,393 |
| Current | 6,757,015 | 5,585,713 |
| | 6,863,327 | 5,675,106 |

*Note:*

Pursuant to the relevant agreements, rental deposits of approximately RMB106,312,000 (2017: RMB89,393,000) as at December 31, 2018 are to be settled after twelve months from the end of the reporting period and is therefore classified as non-current liabilities.

Trade payables comprise construction costs payable and other project-related expenses payable. The average credit period of trade payable is 180 days.

The following is an aging analysis of trade payables based on invoice date at the end of the reporting period:

| | At December 31, | |
|---|---|---|
| | **2018** | **2017** |
| | *RMB'000* | *RMB'000* |
| 0 to 60 days | 2,071,849 | 2,196,999 |
| 61 to 365 days | 728,126 | 458,745 |
| 1 to 2 years | 520,522 | 975,541 |
| Over 2 years | 973,925 | 467,908 |
| | 4,294,422 | 4,099,193 |

## 11. CONTINGENT LIABILITIES

| | At December 31, | |
|---|---|---|
| | **2018** | **2017** |
| | *RMB'000* | *RMB'000* |
| Guarantees provided by the Group in respect of loan facilities utilised by | | |
| – individual property buyers | 7,651,650 | 7,607,905 |
| – corporate property buyers | 43,366 | 54,640 |
| | 7,695,016 | 7,662,545 |

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual results of the Group for the Reporting Period.

## ANNUAL RESULTS AND REVIEW FOR 2018

### Annual Results

During the Reporting Period, the revenue of the Group was RMB6,612.5 million, of which the revenue from property development was RMB5,924.6 million, revenue from property leasing was RMB510.2 million and the profit was RMB1,569.2 million, of which the profit attributable to owners of the Company was RMB1,008.8 million.

### Market Review

In 2018, regulation and control are still the keynote of the real estate industry. Investment speculation was fully restrained from all aspects including demand side of house purchase, supply and financial side of property, which reinforced that the nature of housing properties is for accommodation. By closely following the pace of the central government, the city-specific regulatory policies were implemented in the real estate industry where the policies have been shifting from regulating on a single city to tightening up through the synergy among city agglomerations and the interconnections among regions. From market performance perspective, first- and second-tier cities saw a decline in trading volume amidst focused-regulation, while the significant effect of properties destocking turned up in third- and fourth-tier cities under the impact of spillover.

### Property Development

In line with the changes in the situation, the Group adopted flexible strategies to promote rapid growth in sales, laying a solid foundation for the future profitability of the Company. During the Reporting Period, the Group achieved contracted sales of RMB21,912.8 million, representing an increase of 47.3% as compared to the corresponding period of the previous year. The total contracted GFA was 1,304,041 sq.m., representing an increase of 42.5% as compared to the corresponding period of the previous year. Contracted sales were mainly contributed by Beijing, representing 38.5%, as well as the first-tier cities and their surrounding popular cities, representing 51.4% in aggregate.

Amid the current tightening financial policies, the Group gave priority to the assurance of the stability of cash flows, strengthened control over investment risks, and carefully screened premium projects for investment. In terms of urban layout, we continued to deepen the operation in cities where we have strategic presence, focused on the key cities in the four major regions, being the "Beijing Tianjin Hebei" region, the "Yangtze River Delta" region, the "Pearl River Delta" region and the economic corridor of the "Belt and Road Initiative"; in view of the increased policy and financial pressure emerged in first-tier cities including Beijing, Shanghai, Guangzhou and Shenzhen, the Group will strictly control the risks, remain cautious in countercyclical land acquisition and avoid acquisition of any land at a high price. At present, the core districts in second-tier cities are capable of competing with first-tier cities, and the outbound expansion trend of second-tier cities has emerged with obvious urban spillover effects, new districts in second-tier cities are good for investment. Meanwhile, the demand for low-density products for improved residential purpose is gradually increasing in areas surrounding second-tier cities, giving rise to development opportunities in the future to some extent; in respect of third- and fourth-tier cities, we selected land with strong supporting resources, such as the government, schools, hospitals, subways, core commercial areas and other regional strong resources, with a view to avoiding the risks arising from limited market capability faced by third- and fourth-tier cities.

**Investment Properties**

***Rental income increased by 64.4% year-on-year with promising prospects for high-quality properties***

During the Reporting Period, the total rental income of the Group was RMB510.2 million, representing an increase of 64.4% as compared to the corresponding period of the previous year. Rental income is expected to maintain steady growth over the next two to five years, which is mainly benefited from the Group's 11 investment properties situated at the prime locations of 7 core cities including Beijing and Shenzhen with total planned GFA of approximately 964,496 sq.m.. Calculated by the area under operation, the operating area in Beijing accounted for about 62.8%, among which Glory Shopping Mall located in Beijing's most prosperous Chongwen business district and has become a fashionable gathering place of the region. Hademen Plaza, which is in proximity to Glory Shopping Mall, was accredited as a 2016-2017 "China New Hundred Urban Landmark Architecture (中國百城建築新地標)" project.

**Land Reserves**

The Group adhered to the growth of quality, increased the requirements for profit rate and risk control of project investment, and obtained high-quality land reserves; the methods of obtaining are mainly by tender, auction and listing (招拍掛) and cooperative development, supplemented by mergers and acquisitions. The Group refused to acquire high-priced land. During the Reporting Period, the Group obtained three high-quality land parcels with total planned GFA of approximately 2,111,981 sq.m..

In addition, the Company also sustained the growth momentum of future sales by mergers and acquisitions of mature projects within the strategic layout of the Company. As of December 31, 2018, the Company added 9 new projects for cooperation in the "Beijing Tianjin Hebei" region, Guangdong-Hong Kong-Macao Greater Bay Area and the areas under the "Belt and Road Initiative" by mergers and acquisition. In the future, the Company will also seize opportunities to increase high-quality land resources through various channels such as cooperation and mergers and acquisitions with a view to quickly achieve a leap-forward sales growth.

The Group believes that first-tier cities will witness strong demand of properties for a long term in view of its outstanding advantages in resource concentration due to constant population inflow and advanced level of economic development, as well as the low stock of properties and shortage of land supply. As of December 31, 2018, the total planned GFA for land reserves of the Group was 16,732,313 sq.m., and the average land cost was approximately RMB2,823 per sq.m..

**Financing Channels**

The Group focused on expanding financing channels, optimizing debt structures and lowering financing costs while actively deploying diversified financing models in order to support the diversified and synergetic development of the Group's businesses. The Group successfully issued senior notes of US$250 million in March 2018 and issued senior notes of US$100 million of two-year term in June 2018, under the market situation where the stock market fluctuated dramatically and the bond market was in a severe hardship. In October 2018, the Company successfully issued 18-year CMBS (commercial mortgage-backed security) of RMB4.11 billion in Beijing Financial Assets Exchange.

## OUTLOOK FOR 2019

***Keeping houses for living in, not for speculation and realizing living in peace and contentment***

In 2019, the central government will continue to insist on the position of "houses for living in, not for speculation", and "city-specific regulatory policies, differentiated regulation and control" will remain the keynote of the real estate industry. The government reports of the National People's Congress and the Chinese Political Consultative Conference puts forward "To cultivate the leasing market, develop shared property rights for housing and accelerate the establishment of housing system such as multi-agent supply, multi-channel protection and lease/purchase option in order to enable the broad masses of the people to live in peace and contentment as soon as possible". The Group believes that the development goals of China's economy have shifted from high-speed growth to high-quality growth. The development of real estate companies in the new era must closely follow the guidelines of the national policies to proactively adapt to the development and challenges of the new economy and expand the new space for future development.

The Group is of the view that the demands of China's real estate will mainly arise from in three aspects for a certain period in the future: (1) The living environment and housing demand of peasants will be solved by implementing the strategy of village rejuvenation and the construction of beautiful new rural villages in the new era as proposed by General Secretary Xi Jinping. (2) The housing demand of low- and middle-income people in the first- and second-tier cities will be satisfied by indemnificatory housing and public rental housing. (3) The demand for house purchase in one's hometown is increasingly prominent as the new urbanization is developing rapidly and the rural population is relocating to third- and fourth-tier cities; the city value will be more obvious as third- and fourth-tier cities around metropolitan areas will share urbanization dividends. Therefore, it can be predicted that the real estate market in China will still have much room for development in the next decade.

At this new stage, the Group believes that there are promising prospects in the fields such as real estate projects featuring cultural tourism and cultural innovation and the development and utilization of collective-owned lands. The cultural tourism leisure project is currently one of the major directions for the development of many cities, and it is also an opportunity amid the general trend of leisure consumption upgrading of urban residents. The cultural innovation projects echo the macro policy of "Entrepreneurship and Innovation (創業創新)", which will build a platform of entrepreneurship and innovation to provide soft and hardware services for start-up innovative businesses, thus boosting the transformation and upgrading of domestic industries; utilisation of collective-owned industrial land is the bottom line measure to ensure the steady income for rural residents during the process of urban development. As the large size of such land resource makes it become the blue ocean for the existing real estate market, the Group will actively explore cooperation with village collectives in terms of land development, to realize the win-win situation between rural residents and enterprises; meanwhile, the Group made efforts to build a smart new city by combining the traditional real estate development with smart manufacturing. In addition, in line with the "Simultaneously Promoting Renting and Leasing (租賃並舉)" policy, the Group focused on targeting location in first-tier cities to explore the house leasing business.

In the future, the Group will uphold the strategy of deeper regional exploitation, adopt proactive and flexible sales policies and attract more customers with continuously improved product structure and excellent product quality. The Group will step up efforts to promote sales while strengthening the collection of sales payment. Moreover, the Group will also focus on adjusting the debt structure and endeavor to reduce financing costs, thus enhancing our core competitiveness and ensuring the sustainable growth in future performance.

## ACKNOWLEDGEMENT

Finally, on behalf of the Board, I would like to express our sincere gratitude to all of our employees for their diligence and endeavors, and our sincere appreciation to investors, customers and business partners for their strong support and confidence in the Group.

**Zhang Zhangsun**
*Chairman*

Beijing, the PRC
March 28, 2019

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

During the Reporting Period, the Group's total contracted sales were approximately RMB21,912.8 million, representing an increase of 47.3% as compared to the year ended December 31, 2017. The Group's revenue was RMB6,612.5 million, representing a decrease of 2.6% as compared to the year ended December 31, 2017. The decrease was mainly due to decrease of revenue from property development. Revenue from property development was RMB5,924.6 million, representing a decrease of 7.2% as compared to the year ended December 31, 2017. During the Reporting Period, the Group's gross profit was 2,599.2 million, and the net profit was RMB1,569.2 million, of which RMB1,008.8 million was attributable to the owners of the Company.

### Contracted Sales

During the Reporting Period, the contracted sales of the Group amounted to approximately RMB21,912.8 million, representing an increase of 47.3% as compared to RMB14,876.7 million for the year ended December 31, 2017. The total contracted GFA was approximately 1,304,041 sq.m., representing an increase of 42.5% as compared to the corresponding period of the previous year. The contracted average selling price was RMB16,804 per sq.m., representing an increase of 3% as compared to RMB16,260.7 per sq.m. for the year ended December 31, 2017.

The following table sets out the geographic breakdown of the Group's contracted sales for the years ended December 31, 2018 and 2017:

| | 2018 | | 2017 | |
|---|---|---|---|---|
| **City** | **Contracted Sales** | **Percentage of Total Contracted Sales** | **Contracted Sales** | **Percentage of Total Contracted Sales** |
| | *(RMB million)* | *(%)* | *(RMB million)* | *(%)* |
| Beijing | 8,434.0 | 38.5 | 4,829.2 | 32.6 |
| Haikou | 769.2 | 3.5 | 1,432.0 | 9.6 |
| Wanning | 28.5 | 0.1 | 92.7 | 0.6 |
| Langfang | 823.5 | 3.8 | 1,421.6 | 9.6 |
| Zhengzhou | 119.1 | 0.5 | 244.4 | 1.6 |
| Shenyang | 652.3 | 3.0 | 750.1 | 5.0 |
| Foshan | 1,627.7 | 7.4 | 861.6 | 5.8 |
| Shantou | 1,531.3 | 7.0 | 1,161.1 | 7.8 |
| Suzhou | 1,422.9 | 6.5 | 655.4 | 4.4 |
| Chongming Island | 2,013.8 | 9.2 | 463.8 | 3.1 |
| Chongqing | 477.0 | 2.2 | — | — |
| Jiangmen | 200.7 | 0.9 | — | — |
| Tianjin | 780.1 | 3.6 | — | — |
| Wuxi | 300.0 | 1.4 | — | — |
| Guizhou Tongren | 83.3 | 0.4 | — | — |
| Cooperation project | 2,649.4 | 12.0 | 2,964.8 | 19.9 |
| Total | 21,912.8 | 100.0 | 14,876.7 | 100.0 |

### *Property Projects*

According to the stage of development, the Group classifies its property projects into three categories: completed properties, properties under development and properties held for future development. As some of its projects comprise multiple-phase development on a rolling basis, a single project may include different phases at various stages of completion, under development or held for future development.

As at December 31, 2018, the Group had completed a total GFA of 6,857,885 sq.m. and had land reserves with a total GFA of 16,732,313 sq.m., comprising (a) a total GFA of 1,178,698 sq.m. completed but remaining unsold, (b) a total GFA of 6,853,057 sq.m. under development, and (c) a total planned GFA of 8,700,558 sq.m. held for future development.

The Group selectively retained the ownership of a substantial amount of self-developed commercial properties with strategic value to generate stable and sustainable income. As of December 31, 2018, the Group had investment properties with a total GFA of 964,496 sq.m. in core locations in seven cities including Beijing, Shenzhen, Shengyang, Shantou and Foshan.

### *Properties Under Development and Properties Held for Future Development*

The following table sets out a summary of information on the Group's projects and project phases under development and properties held for future development as at December 31, 2018:

| Project | Project Type | Site Area | UNDER DEVELOPMENT GFA Under Development | Saleable/ Rentable GFA | GFA Pre-sold | HELD FOR FUTURE DEVELOPMENT Planned GFA | GFA of Land Use Rights Certificates Not Yet Obtained | Ownership Interest |
|---|---|---|---|---|---|---|---|---|
| | | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(%)* |
| **Beijing** | | | | | | | | |
| 1 Beijing Glory Villa East | Residential | 94,199 | 312,066 | 233,315 | 87,726 | — | — | 80 |
| 2 Beijing Glory Villa West | Residential | 73,294 | 239,805 | 179,823 | 137,998 | — | — | 80 |
| 3 Daxing Yinghai Project | Residential | 63,030 | 201,690 | 148,762 | 103,328 | — | — | 80 |
| 4 Fengtai Xitieying | Residential | 65,650 | 335,456 | 323,112 | 76,749 | — | — | 16 |
| 5 Haidian Cuihu (海澱翠湖) | Residential | 82,336 | 271,380 | 266,415 | — | — | — | 28 |
| 6 Fengtai Xiaowayao (豐台小瓦窰) | Residential | 27,200 | 149,197 | 144,091 | — | — | — | 20.4 |
| **Haikou** | | | | | | | | |
| 1 Hainan Yunlong | Mixed-use | 1,084,162 | 109,110 | 98,727 | — | 667,679 | — | 72 |
| **Wanning** | | | | | | | | |
| 1 Wanning Glory City (Phases II to III) | Residential | 143,560 | 17,228 | — | — | 173,531 | — | 80 |

| Project | Project Type | Site Area (sq.m.) | UNDER DEVELOPMENT GFA Under Development (sq.m.) | Saleable/ Rentable GFA (sq.m.) | GFA Pre-sold (sq.m.) | HELD FOR FUTURE DEVELOPMENT Planned GFA (sq.m.) | GFA of Land Use Rights Certificates Not Yet Obtained (sq.m.) | Ownership Interest (%) |
|---|---|---|---|---|---|---|---|---|
| **Langfang** | | | | | | | | |
| 1 Yongqing Glory City (Phases I (partial) to II) | Residential | 410,569 | 110,706 | 71,194 | 30,958 | 789,440 | — | 80 |
| 2 Yongqing Glory City (Phases IV (partial)) | Residential | 217,726 | 160,214 | 99,878 | 31,767 | 438,428 | — | 100 |
| **Zhengzhou** | | | | | | | | |
| 1 Zhengzhou Glory City (Phase VIII, School) | Mixed-use | 11,235 | 30,535 | 30,535 | — | — | — | 80 |
| **Shenyang** | | | | | | | | |
| 1 Shenyang Glory City (Phase III (partial), Phases V to VII) | Mixed-use | 270,402 | 94,511 | 92,832 | 52,407 | 626,050 | 222,249 | 80 |
| **Foshan** | | | | | | | | |
| 1 Foshan Guohua New Capital (Phase II) | Residential | 16,237 | 74,666 | 62,529 | 46,594 | — | — | 44 |
| 2 Foshan Glory Shengping Commercial Centre | Mixed-use | 79,311 | 351,423 | 349,913 | — | — | — | 80 |
| 3 Foshan Xiqiao | Residential | 63,952 | 266,083 | 256,808 | — | — | — | 80 |
| 4 Canglonghuafu (藏瓏華府) | Mixed-use | 139,949 | 271,423 | 198,347 | 17,862 | 575,949 | — | 35 |
| **Xi'an** | | | | | | | | |
| 1 Glory • Xi'an Financial Center | Mixed-use | 19,162 | 289,978 | 211,371 | 2,386 | — | — | 80 |
| **Shantou** | | | | | | | | |
| 1 Convention Hotel | Mixed-use | 28,439 | 186,799 | 136,357 | 40,278 | — | — | 100 |
| 2 Shantou Glory Hospital | Hospital | 100,001 | 360,154 | — | — | — | — | 100 |

| Project | Project Type | Site Area (sq.m.) | UNDER DEVELOPMENT GFA Under Development (sq.m.) | Saleable/ Rentable GFA (sq.m.) | GFA Pre-sold (sq.m.) | HELD FOR FUTURE DEVELOPMENT Planned GFA (sq.m.) | GFA of Land Use Rights Certificates Not Yet Obtained[(1)] (sq.m.) | Ownership Interest (%) |
|---|---|---|---|---|---|---|---|---|
| **Shenzhen** | | | | | | | | |
| 1 Shenzhen • Nanshan | Commercial | 20,163 | 42,763 | 42,763 | — | 372,809 | — | 80 |
| **Suzhou** | | | | | | | | |
| 1 Suzhou Glory Villa | Mixed-use | 64,317 | 240,278 | 184,927 | 55,740 | — | — | 80 |
| **Qidong** | | | | | | | | |
| 1 Chongming Island | Residential | 1,211,544 | 326,079 | 288,751 | 213,378 | 705,758 | — | 72 |
| 2 Butterfly Hotel | Hotel | 64,000 | 53,656 | — | — | — | — | 100 |
| **Ezhou** | | | | | | | | |
| 1 Ezhou Huarong Market | Specialized markets | 333,335 | — | — | — | 150,000 | 150,000 | 55 |
| **Wuxi** | | | | | | | | |
| 1 Glory Luoshe Xincheng （國瑞洛社新城） | Residential | 30,726 | 90,524 | 66,047 | 13,286 | — | — | 39 |
| **Tongren** | | | | | | | | |
| 1 Guorui Zhihui Shengtaicheng Project (國瑞智慧生態城項目) | Mixed-use | 780,430 | 134,250 | 106,575 | 13,373 | 1,738,010 | 1,738,010 | 80 |
| **Tianjin** | | | | | | | | |
| 1 Ruichengjiayuan (瑞城嘉園) | Residential | 137,816 | 282,760 | 259,476 | 59,059 | — | — | 35 |
| **Chongqing** | | | | | | | | |
| 1 Elegant Villa (書香溪墅) | Residential | 133,437 | 286,950 | 245,497 | 69,025 | — | — | 51 |
| **Jiangmen** | | | | | | | | |
| 1 Shanhuhaizhuangyuan （山湖海莊園） | Mixed-use | 407,456 | 142,906 | 77,089 | 25,347 | 586,734 | — | 52 |

| Project | | Project Type | Site Area (sq.m.) | UNDER DEVELOPMENT GFA Under Development (sq.m.) | Saleable/ Rentable GFA (sq.m.) | GFA Pre-sold (sq.m.) | HELD FOR FUTURE DEVELOPMENT Planned GFA (sq.m.) | GFA of Land Use Rights Certificates Not Yet Obtained[(1)] (sq.m.) | Ownership Interest (%) |
|---|---|---|---|---|---|---|---|---|---|
| **Handan** | | | | | | | | | |
| 1 | Handan Glory City (邯鄲國瑞城) | Mixed-use | 161,736 | 562,764 | 482,640 | 27,001 | 283,082 | — | 35 |
| **Enping** | | | | | | | | | |
| 1 | Sijiquancheng (四季泉城) | Residential | 106,091 | 39,201 | — | — | 251,512 | — | 68 |
| 2 | Wenquancheng (温泉城) | Residential | 49,300 | — | — | — | 98,500 | — | 68 |
| **Sanya** | | | | | | | | | |
| 1 | Hongtangwan (紅塘灣) | Mixed-use | 96,737 | — | — | — | 183,318 | — | 35 |
| **Shijiazhuang** | | | | | | | | | |
| 1 | Fuguicheng (富貴城)[(1)] | Mixed-use | 431,927 | 818,502 | 399,937 | 164,727 | 1,059,758 | 1,059,758 | 51 |
| **Total** | | | 7,019,429 | 6,853,057 | 5,057,711 | 1,268,989 | 8,700,558 | 3,170,017 | |
| **Total Attributable GFA** | | | **4,773,103** | 4,223,144 | 2,949,652 | 819,539 | 5,918,084 | 2,191,184 | |

*Note:*

(1) Projects developed under the "Urban Redevelopment" Policy

The following table sets out a summary of information of the Group's investment properties as of December 31, 2018:

| Project | Types of Properties | Total GFA Held for Investment | Leasable GFA | Effective Leased GFA | Total Rental Income | |
|---|---|---|---|---|---|---|
| | | | | | 2018 | 2017 |
| | | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(RMB'000)* | *(RMB'000)* |
| Beijing Glory City | Shopping mall | 84,904 | 46,366 | 46,150 | 251,967 | 242,810 |
| | Offices | 8,520 | 8,520 | 6,756 | | |
| | Car parking spaces | 26,324 | 26,324 | 21,779 | | |
| | Retail outlets | 33,032 | 29,546 | 24,724 | | |
| | Siheyuan | 7,219 | 7,219 | 3,825 | | |
| Eudemonia Palace | Car parking spaces | 3,431 | 3,431 | 3,431 | | |
| Beijing Fugui Garden | Shopping mall | 26,146 | 26,146 | 20,212 | 39,492 | 39,348 |
| | Retail outlets | 3,170 | 3,170 | 2,887 | | |
| Beijing Hademen Center | Commercial | 15,671 | 14,703 | 8,926 | 154,987 | 4,285 |
| | Offices | 75,171 | 69,830 | 57,265 | | |
| | Car parking spaces | 29,040 | 23,917 | – | | |
| Beijing Bei Wu Lou | Offices | 10,916 | 10,916 | 10,916 | 23,287 | – |
| Shenzhen • Nanshan* | Offices | 42,763 | – | – | – | – |
| Shantou Glory City | Specialized markets | 62,398 | 62,398 | 61,540 | 27,579 | 23,676 |
| Foshan Glory Shengping Commercial Center | Retail outlets | 24,267 | 24,267 | 13,373 | 45 | — |
| | Car parking spaces | 10,722 | 10,722 | — | | |
| Foshan Glory Shengping Commercial Center* | Retail outlets<br>Car parking spaces | 225,531 | – | – | – | – |
| Shenyang Glory City | Specialized markets | 50,841 | 50,841 | 27,226 | 6,417 | 174 |
| | Retail outlets | 58,972 | 58,972 | 11,283 | | |
| Haikou Glory City | Offices | 10,545 | 10,545 | 9,266 | 6,417 | – |
| Handan Ruicheng Commercial Building* | Commercial | 154,915 | – | – | – | – |
| **Total** | | 964,496 | 487,833 | 329,559 | 510,191 | 310,293 |

* Projects currently under construction

### *Completed Properties*

The following table sets out a summary of information on the Group's completed projects and project phases as at December 31, 2018:

| | Project | Project Type | Site Area | Completed GFA | GFA Available for Sale or Use by Us | GFA Available for Sale | GFA Held for Investment | GFA Sold | Other GFA | Ownership Interest |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(%)* |
| **Beijing** | | | | | | | | | | |
| 1 | Beijing Fugui Garden | Mixed-use | 87,075 | 507,857 | 48,042 | 3,463 | 29,316 | 421,374 | 9,125 | 91 |
| 2 | Beijing Glory City | Mixed-use | 117,473 | 881,590 | 63,159 | 15,715 | 159,999 | 640,252 | 18,180 | 80 |
| 3 | Eudemonia Palace | Residential | 14,464 | 33,102 | 3,431 | — | 3,431 | 24,931 | 1,309 | 80 |
| 4 | Beijing Hademen Plaza | Commercial | 12,738 | 140,057 | 14,817 | — | 119,882 | — | 5,358 | 80 |
| **Haikou** | | | | | | | | | | |
| 1 | Haikuotiankong Glory City | Mixed-use | 141,375 | 811,124 | 189,800 | 60,071 | 10,545 | 573,420 | 37,359 | 80 |
| 2 | Haidian Island Glory Garden | Residential | 65,643 | 71,863 | 15,145 | 874 | — | 56,137 | 581 | 80 |
| 3 | Glory Riverview Garden | Residential | 36,634 | 21,658 | 1,922 | 1,922 | — | 18,651 | 1,085 | 80 |
| 4 | Haikou West Coast Glory | Residential | 34,121 | 21,971 | 1,824 | 1,824 | — | 18,867 | 1,281 | 80 |
| **Wanning** | | | | | | | | | | |
| 1 | Wanning Glory City (Phase I) | Residential | 100,780 | 161,988 | 10,645 | 3,293 | — | 147,769 | 3,574 | 80 |
| **Langfang** | | | | | | | | | | |
| 1 | Yongqing Glory City (Phase I (partial), Phases III, V) | Residential | 509,049 | 403,023 | 30,434 | 11,801 | — | 370,332 | 2,256 | 80 |
| 2 | Yongqing Glory City (Phase IV (partial)) | Residential | 176,023 | 556,516 | 159,058 | 159,058 | — | 397,458 | — | 100 |
| **Zhengzhou** | | | | | | | | | | |
| 1 | Zhengzhou Glory City | Mixed-use | 472,992 | 803,762 | 89,157 | 12,690 | — | 669,761 | 44,844 | 80 |

| Project | | Project Type | Site Area (sq.m.) | Completed GFA (sq.m.) | GFA Available for Sale or Use by Us (sq.m.) | GFA Available for Sale (sq.m.) | GFA Held for Investment (sq.m.) | GFA Sold (sq.m.) | Other GFA (sq.m.) | Ownership Interest (%) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Shenyang** | | | | | | | | | | |
| 1 | Shenyang Glory City (Phases I to II, Phase III (partial), Phase IV and Phase V (partial)) | Mixed-use | 357,189 | 920,895 | 109,011 | 43,723 | 109,813 | 687,257 | 14,814 | 80 |
| **Foshan** | | | | | | | | | | |
| 1 | Foshan Guohua New Capital (Phase I and Phase II (partial)) | Residential | 104,576 | 433,501 | 140,025 | 110,810 | – | 239,992 | 53,485 | 44 |
| 2 | Foshan Glory Shengping Commercial Center | Mixed-use | 10,920 | 43,228 | 376 | 376 | 34,989 | 1,505 | 6,358 | 80 |
| 3 | Canglonghuafu (藏龍華府) | Residential | 62,661 | 231,912 | 74,961 | 74,961 | – | 108,113 | 48,838 | 35 |
| **Shantou** | | | | | | | | | | |
| 1 | Shantou Glory City (Phase I) | Mixed-use | 50,999 | 62,398 | – | – | 62,398 | – | – | 90 |
| 2 | Glory Garden (Phase I) | Mixed-use | 14,161 | 33,795 | 2,146 | 2,146 | – | 31,648 | – | 100 |
| 3 | Yu Garden | Residential | 8,292 | 25,767 | – | – | – | 25,767 | – | 100 |
| 4 | Star Lake Residence | Residential | 3,589 | 12,132 | – | – | – | 12,132 | – | 100 |
| 5 | Yashi Garden | Residential | 9,472 | 48,054 | 56 | 56 | – | 47,223 | 776 | 100 |
| 6 | Guan Haiju | Residential | 25,922 | 171,450 | 58,051 | 23,736 | – | 113,400 | – | 100 |
| 7 | Siji Garden | Residential | 42,155 | 203,549 | 92,931 | 92,931 | – | 68,639 | 41,979 | 80 |
| 8 | Glory Garden (Phase II) | Residential | 14,482 | 78,619 | 6,650 | 6,650 | – | 60,602 | 11,366 | 80 |
| **Suzhou** | | | | | | | | | | |
| 1 | Glory Villa | Mixed-use | 9,879 | 36,907 | 21,850 | 21,850 | – | 12,531 | 2,526 | 80 |
| **Chongqing** | | | | | | | | | | |
| 1 | Elegant Villa (書香溪墅) | Residential | 72,511 | 141,167 | 376 | 376 | – | 100,875 | 39,915 | 51 |
| **Total** | | | 2,555,175 | 6,857,885 | 1,133,867 | 648,326 | 530,373 | 4,848,636 | 345,009 | |
| **Total Attributable GFA** | | | 2,019,437 | 5,416,596 | 871,990 | 482,308 | 433,763 | 3,886,484 | 224,359 | |

### *Land Reserves*

The following table sets out a summary of the Group's land reserves by geographic location as at December 31, 2018:

| | Completed | Under Development | Future Development | Total Land Reserves | % of Total Land Reserves | Average Land Cost |
|---|---|---|---|---|---|---|
| | Saleable/ Rentable GFA Remaining Unsold | GFA Under Development | Planned GFA | Total GFA | | |
| | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(%)* | *(RMB/sq.m.)* |
| Beijing | 331,806 | 1,509,593 | — | 1,841,399 | 11.1% | 15,668.70 |
| Haikou | 75,238 | 109,110 | 667,680 | 852,027 | 5.1% | 1,437.30 |
| Wanning | 3,293 | 17,228 | 173,531 | 194,052 | 1.2% | 364.40 |
| Langfang | 170,859 | 270,920 | 1,227,868 | 1,669,647 | 10.1% | 245.50 |
| Zhengzhou | 12,690 | 30,535 | — | 43,225 | 0.3% | 405.50 |
| Shenyang | 153,535 | 94,511 | 626,050 | 874,096 | 5.2% | 893.40 |
| Foshan | 221,134 | 963,596 | 575,948 | 1,760,678 | 10.4% | 2,536.10 |
| Xi'an | — | 289,978 | — | 289,978 | 1.7% | 1,551.80 |
| Shantou | 187,917 | 546,953 | — | 734,870 | 4.4% | 1,106.60 |
| Shenzhen | — | 42,763 | 372,809 | 415,572 | 2.5% | 2,039.40 |
| Suzhou | 21,850 | 240,278 | — | 262,128 | 1.6% | 14,903.30 |
| Chongming Island | — | 379,735 | 705,758 | 1,085,493 | 6.5% | 1,354.70 |
| Ezhou | — | — | 150,000 | 150,000 | 0.9% | 584.70 |
| Wuxi | — | 90,524 | — | 90,524 | 0.5% | 4,860.60 |
| Tongren | — | 134,250 | 1,738,010 | 1,872,260 | 11.2% | 501.70 |
| Chongqing | 376 | 286,950 | — | 287,326 | 1.7% | 387.70 |
| Tianjin | — | 282,760 | — | 282,760 | 1.7% | 2,182.10 |
| Sanya | — | — | 183,318 | 183,318 | 1.1% | 5,002.20 |
| Jiangmen | — | 142,906 | 586,734 | 729,640 | 4.3% | 539.00 |
| Enping | — | 39,201 | 350,012 | 389,213 | 2.3% | 219.70 |
| Handan | — | 562,764 | 283,082 | 845,846 | 5.1% | 400.80 |
| Shijiazhuang | — | 818,502 | 1,059,758 | 1,878,261 | 11.2% | 371.70 |
| **Total** | **1,178,698** | **6,853,057** | **8,700,558** | **16,732,313** | **100.0%** | **2,823.20** |
| **Total Attributable GFA** | **916,071** | **4,223,144** | **5,918,084** | **11,057,299** | | |

*Note:*

(1) Includes 3,170,017 sq.m. of planned GFA in respect of which the Group had received the confirmation letter on bidding for granting land use rights but had not yet signed the grant contract of relevant land use rights.

The following table sets out a summary of the Group's land reserves by type of properties as at December 31, 2018:

| | Completed | Under Development | Future Development | Total Land[1] Reserves | % of Total Land Reserves |
|---|---|---|---|---|---|
| | Saleable/ Rentable GFA Remaining Unsold | GFA Under Development | Planned GFA | Total GFA | |
| | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(sq.m.)* | *(%)* |
| Residential | 465,777 | 4,346,217 | 6,623,760 | 11,435,754 | 68.3 |
| Commercial for sale | 109,000 | 573,830 | 1,406,959 | 2,089,789 | 12.5 |
| Commercial held or intended to be held for investment | 530,373 | 423,209 | — | 953,582 | 5.6 |
| Hotel | — | 126,604 | 101,095 | 227,699 | 1.4 |
| Car parking spaces | 73,548 | 630,981 | 119,338 | 823,867 | 4.9 |
| Ancillary | — | 369,498 | 299,406 | 668,904 | 4.0 |
| Hospital | — | 360,154 | — | 360,154 | 2.2 |
| Specialised market | — | — | 150,000 | 150,000 | 0.9 |
| Others | — | 22,564 | — | 22,564 | 0.1 |
| **Total** | **1,178,698** | **6,853,057** | **8,700,558** | **16,732,313** | **100.0** |
| **Total Attributable GFA** | **916,071** | **4,223,144** | **5,918,084** | **11,057,299** | |

*Note:*

(1) Includes 3,170,017 s.q.m. of planned GFA in respect of which the Group had received the confirmation letter on bidding for granting land use rights but had not yet signed the grant contract of relevant land use rights.

***Primary Land Development, Redevelopment of shanty town and Projects Developed under the "Urban Redevelopment" Policy***

Apart from engaging in property development projects, the Group also actively undertakes primary land development projects as a strategic business in order to access potentially available land reserves. During 2018, the Group undertook primary land development, redevelopment of shanty town and projects under the "Urban Redevelopment" policy in Beijing, Chaozhou, Shenzhen and Shantou.

### *Beijing*

Since September 2007, the Group has undertaken a primary land development project in Beijing, namely, the West Qinian Street Project, which is located in the west side of Qinian Street and less than one kilometer from Tiananmen Square with a planned GFA of approximately 474,304 sq.m., comprising five land parcels. As of December 31, 2018, the agreed transfer of the Land No. 1 of the Qixi Project has been completed; currently, the demolition and relocation of the Land No. 4 has been completed and the completion and acceptance of the same has been confirmed by the relevant housing authority; the demolition and relocation of private properties on the Land No. 5 has been completed, and the remaining two enterprises and institutions are pending for demolition and relocation. At present, 93% of the demolition and relocation of the Qixi Project has been completed, and the remaining private properties, enterprises and institutions to be demolished and relocated are mainly located on the Land No. 2 and the Land No. 3. As of December 31, 2018, the projects under development of the Group incurred development costs of approximately RMB1,073.6 million.

### *Shantou*

Pursuant to the cooperation agreements with local self-governing organizations and enterprises under the "Urban Redevelopment" policy, the Group undertook the development of land parcels in Shantou, which comprises four development projects with a total planned GFA of approximately 4.3 million sq.m. during the first half of 2014. The local self-governing organizations and enterprises have agreed to cooperate in development and construction of the relevant land parcels with the Group after completion of the requisite government procedures under the relevant local regulations. The Group has completed a detailed control plan for two of the development projects. The demolition work has been completed successfully and approval has been obtained from relevant governmental authorities on transformation and distribution solutions, and the Group has begun to develop residential properties. As at December 31, 2018, the Group incurred aggregate preliminary development costs of the remaining two projects of approximately RMB5.7 million.

### *Chaozhou*

During the first half of 2014, the Group undertook a primary land development project in Chaozhou, Guangdong Province, with a planned GFA of 2.9 million sq.m., namely, the Meilin Lake project. The Group has obtained the approval from the local government on preliminary land-use planning, completed preliminary work such as project establishment, project environmental impact assessment, collection of evidence on land ownership and structures thereon (including buildings), and completed the prior notice of the house demolition and relocation of approximately 4,419 mu of land. As of December 31, 2018, the Group incurred preliminary development costs of RMB9.4 million for this project to cover preliminary planning, design and surveying expenses. The Meilin Lake Project is still currently under development.

### *Shenzhen*

In the first half of 2014, Shenzhen Dachaoshan entered into a cooperation agreement with Shenzhen Longgang Xikeng Co., Ltd. (深圳市龍崗區西坑股份合作公司) to carry out urban renewal of the Xikeng community. The planned construction area of the project was about 3 million sq.m.. The Group has completed the census work including the land ownership, residential population and building information in the Xikeng community, industry research, the urban renewal planning research program and consultation. The Phase I Project with a site area of 530,000 sq.m. and a planned GFA of approximately 1.2 million sq.m. had been approved by the meeting of Longgan District Government Leadership Group (龍崗區政府領導小組會) on December 14, 2018 and had completed the planning announcement in respect of the registration of it being included in the "2018 Longgan Distric Urban Renewal Plan – the Ninth Plan" (《二零一八龍崗區城市更新計劃第九批計劃》) on December 30, 2018. Subsequent thereto, the establishment of other projects will be commenced. As of December 31, 2018, the development costs paid by the Group at the early stage in relation to this project were approximately RMB448.6 million.

## Financial Review

### *Revenue*

For the Reporting Period, the Group's revenue was RMB6,612.5 million, representing a decrease of 2.6% from RMB6,787.4 million for the year ended December 31, 2017. This decrease was primarily due to the decreased revenue from property development.

Revenue from property development for the Reporting Period was RMB5,924.6 million, representing a decrease of 7.2% as compared to the year ended December 31, 2017. This decrease was primarily due to the uneven progress of project delivery and settlement for the year ended December 31, 2018.

### *Cost of Sales and Services*

The Group's cost of sales and services increased by 10.9% from RMB3,618.5 million in 2017 to RMB4,013.3 million in 2018. This increase was primarily due to the increased cost of property development.

The Group's cost of property development increased by 9.5% from RMB3,471.5 million in 2017 to RMB3,802.0 million in 2018. This increase was primarily due to the uneven progress of project delivery and settlement for the year ended December 31, 2018.

### *Gross Profit*

For the Reporting Period, the Group's gross profit was RMB2,599.2 million, representing a decrease of 18.0% from RMB3,168.9 million for the year ended December 31, 2017.The gross profit margin for the reporting period was 39.3%, representing a decrease of 7.4% from 46.7% for the year ended 31 December 2017.

Gross profit of property development was RMB2,122.6 million for the Reporting Period, representing a decrease of 27.1% from RMB2,910.2 million for the year ended December 31, 2017. The gross profit margin of the property development was 35.8%, representing a decrease of 9.8% from 45.6% for the year ended 31 December 2017.

### *Net Profit Attributable to Owners of the Company*

For the Reporting Period, the net profit attributable to owners of the Company was RMB1,008.8 million, representing a decrease of 42.3% from RMB1,749.8 million for the year ended December 31, 2017.

### *Change in Fair Value of Investment Properties*

Change in fair value of investment properties decreased by 5.0% from RMB955.7 million in 2017 to RMB907.8 million in 2018.

### *Other Gains and Losses*

Other gains were RMB67.4 million for the Reporting Period, while other gains were RMB161.2 million for the year ended December 31, 2017, the decrease is mainly due to the exchange gains arising from senior notes in 2017 and the exchange losses in current year.

### *Other Income*

Other income increased by 80.5% from RMB88.2 million for the year ended December 31, 2017 to RMB159.3 million for the Reporting Period, which was mainly due to the recognised return on capital employed with associates and joint ventures for the current year.

### *Distribution and Selling Expenses*

Distribution and selling expenses increased by 6.1% from RMB194.9 million for the year ended December 31, 2017 to RMB206.8 million for the Reporting Period.

### *Administrative Expenses*

Administrative expenses increased by 40.8% from RMB360.7 million for the year ended December 31, 2017 to RMB507.8 million for the Reporting Period, which was primarily due to the increase in real estate tax and depreciation expenses as a result of the completion of Hademen project and part of it was transferred to fixed assets, as well as the increase of compensation as a result of the enlarging scale and increased number of employees of the Group in the current year.

### *Finance Costs*

Finance costs increased by 23.5% from RMB198.7 million for the year ended December 31, 2017 to RMB245.4 million for the Reporting Period, primarily due to the increase amount of borrowings expensed this year as compared to the corresponding period of the previous year.

### *Income Tax Expense*

Income tax expense decreased by 26.1% from RMB1,527.6 million for the year ended December 31, 2017 to RMB1,128.2 million for the Reporting Period, primarily due to the decrease of profit before taxation. The PRC enterprise income tax and land appreciation tax of the Group for the Reporting Period were RMB650.7 million and RMB477.5 million, respectively.

### *Total Comprehensive Income*

Due to the above, the Group's total comprehensive income decreased from RMB2,283.2 million for the year ended December 31, 2017 to RMB1,562.0 million for the Reporting Period.

## Liquidity, Financial and Capital Resources

### *Cash Position*

As at December 31, 2018, the Group's cash, restricted bank deposits and bank balances were approximately RMB1,972.3 million, representing a decrease of 14.9%, as compared to RMB2,318.0 million as at December 31, 2017.

### *Borrowings*

As at December 31, 2018, the Group had outstanding borrowings of RMB23,299.0 million, consisting of bank borrowings of RMB13,968.0 million and trust borrowings which are trust financing arrangements of RMB9,331.0 million.

As at December 31, 2018, the outstanding amount of the Group's borrowings from trust financing arrangements accounted for 40.0% of the balance of the Group's total bank and trust borrowings, compared to 19.4% as at December 31, 2017.

### *Charge over Assets*

Some of the Group's borrowings are secured by properties held for/under development, properties held for sale, investment properties and prepaid lease payments as well as property, plant and equipment and restricted bank deposits, or combinations of the above. As at December 31, 2018, the assets pledged to secure certain borrowing granted to the Group amounted to RMB34,620.6 million.

### *Financial Guarantees and Contingent Liabilities*

In line with market practice, the Group has entered into arrangements with various banks for the provision of mortgage financing to its customers. The Group does not conduct independent credit checks on the purchasers, but rely on credit checks conducted by relevant banks. As with other property developers in the PRC, the banks usually require the Group to guarantee its customers' obligation to repay the mortgage loans on the properties. The guarantee period normally lasts until the bank receives the strata-title building ownership certificate (分戶產權證) from the customer as security of the mortgage loan granted. As at December 31, 2018, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to RMB7,695.0 million.

Save as disclosed in this announcement, the Group had no other material contingent liabilities as at December 31, 2018.

### *Foreign Exchange Risk*

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in Renminbi. In March 2018, the Company successfully issued US$250.0 million senior notes and successfully issued US$100.0 million two-year senior notes in June 2018. As a result of the issuance of such senior notes, the Group would be subject to foreign currency risk arising from the exchange of Renminbi against U.S. dollars.

In addition, Renminbi is not freely convertible into foreign currencies and the conversion of Renminbi into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC government. The Group does not have a foreign currency hedging policy. However, the Directors will monitor the Group's foreign exchange risk closely and may, depending on the circumstances and trend of foreign currency, consider adopting suitable foreign currency hedging policy in the future.

***Material Acquisition and Disposals and Significant Investments***

On January 30, 2018, Beijing Guorui Hengxiang Real Estate Co., Ltd. (北京國瑞恒祥置業有限公司) ("**Guorui Hengxiang**"), an indirect subsidiary of the Company, formed a consortium with another independent third-party real estate company and won the bid for a land use right of a total of 27,200 sq.m. of land in Xiaowayao Village, Lugouqiao Town, Fengtai District, Beijing, with a planned GFA of 149,197 sq.m. at a total consideration of approximately RMB3.125 billion.

On April 26, 2018, Wuxi Guorui Real Estate Development Co., Ltd. (無錫國瑞房地產開發有限公司), an indirect subsidiary of the Company, won the bid for a land use right of a total of 30,726 sq.m. of land in the northeast side of the intersection of Luoshe New City Avenue and Yazhong Road, Wuxi, with a planned GFA of 90,524 sq.m. at a total consideration of approximately RMB0.44 billion. The land parcel is used to develop residential and commercial properties.

On May 18, 2018, Tongren Guorui Real Estate Development Co., Ltd. (銅仁國瑞房地產開發有限公司), an indirect subsidiary of the Company, won the bid for a land use right of a total of 780,430 sq.m. of land in the central city area of Tongren, Guizhou Province, with a planned GFA of 1,872,260 sq.m. at a total consideration of approximately RMB0.939 billion. The land was for general commercial residential use.

As a strategic step to explore potential development in new cities, on April 27, 2018 and November 23, 2018, the Group decided to increase its shareholding in the following companies and enter into the capital contribution agreements with the following companies (together with its shareholders) to make further capital contributions in the companies set out below. Upon completion of the capital contribution agreements, the financial results of each company will be consolidated into the Group. The acquisition was recorded as business combination and the following companies were recorded as non-wholly-owned subsidiaries of the Company as at December 31, 2018.

| Name of Subsidiaries | Capital Contribution in the Reporting Period *RMB'000* | Proportion of Ownership Interest by the Group December 31, 2017 | December 31, 2018 |
|---|---|---|---|
| Jiangmen Yinghuiwan Real Estate Co., Ltd.* (江門映暉灣房地產有限公司) | 170,169 | 10% | 52% |
| Guangdong Hongtai Guotong Real Estate Co., Ltd.* ("**Guangdong Hongtai Guotong**") (廣東宏泰國通地產有限公司) | 366,980 | 10% | 35%Note |
| Guangdong Guosha Real Estate Co., Ltd.* (廣東國廈地產有限公司) | 46,770 | 10% | 68% |
| Tianjin Tianfu Rongsheng Real Estate Development Co., Ltd.* (天津天富融盛房地產開發有限公司) ("**Tianjin Tianfu Rongsheng**") | 171,060 | 10% | 35%Note |
| Sanya Jingheng Properties Co., Ltd.* (三亞景恒置業有限公司) ("**Sanya Jingheng**") | 253,820 | 10% | 35%Note |
| Handan Guoxia Real Estate Development Co., Ltd.* (邯鄲市國夏房地產開發有限公司) ("**Handan Guoxia**") | 87,220 | 10% | 35%Note |
| Chongqing Guosha Real Estate Development Co., Ltd.* (重慶國廈房地產開發有限公司) | 72,580 | 10% | 51% |
| Shijiazhuang Guosha Real Estate Development Co., Ltd.* (石家莊國廈房地產開發有限公司) | 356,100 | 0% | 51% |

*Note: Upon completion of the capital contribution agreements, the Group held 35% equity interests of Guangdong Hongtai Guotong, Tianjin Tianfu Rongsheng, Sanya Jingheng and Handan Guoxia. According to the articles of association of these entities, the Group has 67% voting rights in the shareholders' meeting and has right to appoint 2 out of 3 directors in the board of directors of these entities. Resolutions in shareholders' meeting of these entities are passed by more than two-thirds voting rights and in the board of directors of these entities are passed by majority votes. Therefore, the Directors concluded that the Group has control over those entities.*

Save as disclosed in this announcement, the Group did not have any other material acquisition and disposal and significant investment during the Reporting Period.

* *For identification purpose only.*

### *Future Plans for Material Investments or Capital Assets*

The Group will continue to invest in its property development projects and acquire suitable land parcels in selected cities, if it thinks fit. It is expected that internal resources and bank borrowings will be sufficient to meet the necessary funding requirements. Save as disclosed in this announcement and in the prospectus of the Company dated June 23, 2014 (the "**Prospectus**") the Group did not have any future plans for material investments or capital assets as at the date of this announcement.

### ***Employees and Remuneration Policies***

As at December 31, 2018, the Group had approximately 1,550 employees. For the Reporting Period, the Group incurred employee costs of approximately RMB399.7 million. Remuneration for the employees generally includes salary and performance-based quarterly bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans of the municipal and provincial governments, including housing provident funds, pension, medical, maternity, occupational injury and unemployment benefit plans.

## SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On February 28, 2019, the Company successfully issued US$160,000,000 13.5% senior notes due 2022 listed on the Stock Exchange. Further details of the issue of senior notes were disclosed in the announcements of the Company dated February 26, 2019 and February 27, 2019.

On March 18, 2019, the Company successfully issued additional US$295,000,000 13.5% senior notes due 2022 listed on the Stock Exchange. Further details of the issue of senior notes were disclosed in the announcements of the Company dated March 8, 2019, March 13, 2019 and March 15, 2019.

On March 1, 2019, the Company completed the full redemption of the US$250,000,000 10.2% senior notes due March 1, 2019 ("**March 1, 2019 Notes**") with cash. The aggregate redemption price is equivalent to the principal amount of the March 1, 2019 Notes plus accrued interest to the maturity date. Further details of the full redemption of the March 1, 2019 Notes were disclosed in the announcements of the Company dated February 26, 2019 and March 1, 2019.

On March 21, 2019, the Company completed the full redemption of the US$300,000,000 7% senior notes due 2020 ("**2020 Notes**") of those holders of the 2020 Notes who exercised their redemption options with cash. Further details of the full redemption of the 2020 Notes of those holders of the 2020 Notes who exercised their redemption options were disclosed in the announcements of the Company dated March 7, 2019, March 18, 2019 and March 21, 2019.

## FINAL DIVIDEND

The Board proposed the payment of a final dividend of HK5.64 cents per share, totalling HK$250,665,000 (equivalent to RMB220,000,000), to Shareholders whose names appear on the register of members of the Company on June 4, 2019. The proposed final dividend will be paid no later than June 20, 2019 after approval by Shareholders at annual general meeting of the Company.

## ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on May 28, 2019 and the Notice of AGM will be published and dispatched in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed for the following periods:

(a) For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming AGM to be held on May 28, 2019, the register of members of the Company will be closed from May 22, 2019 to May 28, 2019, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on May 21, 2019.

(b) For the purpose of determining shareholders who qualify for the final dividend, the register of members of the Company will be closed from June 1, 2019 to June 4, 2019. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on May 31, 2019.

## CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

The Company is committed to maintaining high standards of corporate governance with a view to assure the conduct of management of the Company as well as protecting the interests of the Shareholders. The Company has always recognized the importance of the Shareholders' transparency and accountability.

The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. Under the current organization structure of the Company, Mr. Zhang Zhangsun ("**Chairman Zhang**") is the chairman of the Board and the president of the Company. The roles of both chairman and president being performed by the same person deviates from the CG Code. Chairman Zhang has been overseeing the Group's strategic planning, development, operation and management since the Group was founded. The Company believes that the vesting of the roles of chairman and president in Chairman Zhang is beneficial to the business operations of the Group and will not have a negative impact on the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high caliber individuals. The Board currently comprises four executive Directors and three independent non-executive Directors, and therefore has fairly strong independence in its composition. Save as disclosed herein, the Company has complied with the code provisions as set out in the CG Code for the Reporting Period. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code for the Reporting Period.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## SUFFICIENCY OF PUBLIC FLOAT

The Stock Exchange granted to the Company, at the time of its listing in 2014, a waiver from strict compliance with Rule 8.08(1) of the Listing Rules (the "**Public Float Waiver**"). Pursuant to the Public Float Waiver, the Company's prescribed minimum percentage of shares which must be in the hands of the public must not be less than 15% of the total issued share capital of the Company. Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained the prescribed amount of public float as required by the Public Float Waiver as at the date of this announcement.

## AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors including Mr. Luo Zhenbang, Mr. Lai Siming and Ms. Chen Jingru. The Audit Committee is chaired by Mr. Luo Zhenbang.

The Audit Committee has reviewed with the management and the Company's auditors, Deloitte Touche Tohmatsu, the accounting principles and policies adopted by the Group, as well as laws and regulations, and discussed, among other things, internal control and financial reporting matters of the Group, including review of the annual results for the year ended December 31, 2018.

## PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2018 ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.glorypty.com). In accordance with the requirements under the Listing Rules which are applicable to the Reporting Period, the annual report for the year ended December 31, 2018 containing all the information about the Company set out in this announcement of results for the year ended December 31, 2018 will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
**Guorui Properties Limited**
**Zhang Zhangsun**
*Chairman*

Hong Kong, March 28, 2019

*As at the date of this announcement, the board of directors of the Company comprises Mr. Zhang Zhangsun, Mr. Ge Weiguang, Ms. Ruan Wenjuan and Ms. Zhang Jin, as executive directors and Mr. Luo Zhenbang, Mr. Lai Siming and Ms. Chen Jingru, as independent non-executive directors.*

** Denotes English translation or transliteration of the name of a Chinese company or entity or vice versa and is provided for identification purposes only.*