GLORY国瑞

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 (國瑞置業有限公司)" and carrying on business in Hong Kong as "Guorui Properties Limited")

(Stock Code: 2329)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2019

2019 ANNUAL RESULTS HIGHLIGHTS

- Achieved contracted sales for the year ended December 31, 2019 (the "**Reporting Period**") of RMB23,915.4 million with corresponding gross floor area ("**GFA**") of approximately 1,278,010 sq.m.;
- Revenue for the Reporting Period was RMB8,093.2 million, of which the revenue from property development was RMB7,256.7 million;
- Gross profit for the Reporting Period was RMB2,138.7 million, of which the gross profit from property development was RMB908.2 million;
- Net profit for the Reporting Period was RMB1,219.6 million, of which RMB859.8 million was attributable to the owners of the Company;
- Total comprehensive income for the Reporting Period was RMB1,222.5 million, of which RMB862.4 million was attributable to the owners of the Company;
- Basic earnings per share for the Reporting Period were RMB19.34 cents;
- The board recommended the payment of final dividends of HK3.76 cents per share;
- Land reserves reached a total GFA of 15.54 million sq.m. and the average cost of land reserves was RMB2,830.5 per sq.m. for the Reporting Period;
- Contracted average selling price ("**ASP**") for the Reporting Period was RMB18,713 per sq.m.. The average cost of land reserves accounted for 15.1% of the ASP for the Reporting Period.

ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2019

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 unaudited consolidated results of the Group for the Reporting Period, together with the comparative figures for the year ended December 31, 2018. The results were extracted from the unaudited 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). For reason explained in the paragraph headed "AUDIT COMMITTEE" in this announcement, the annual audit of the Group for the year ended December 31, 2019 has not yet been completed.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

	NOTES	**Year ended December 31,**	
		2019	2018
		RMB'000	*RMB'000*
		(unaudited)	(audited)
Revenue			
Contract with customers	*3*	**7,484,658**	6,102,294
Leases		**608,518**	510,191
Total revenue		**8,093,176**	6,612,485
Cost of sales and services		**(5,954,455)**	(4,013,283)
Gross profit		**2,138,721**	2,599,202
Impairment losses under expected credit loss, net of reversal		**(27,213)**	–
Other gains and losses		**4,856**	67,364
Other income		**176,326**	159,267
Change in fair value of investment properties		**1,061,366**	907,791
Distribution and selling expenses		**(305,948)**	(206,799)
Administrative expenses		**(556,802)**	(507,815)
Other expenses		**(20,115)**	(53,252)
Share of losses of joint ventures		**(19,786)**	(11,939)
Share of losses of associates		**(565)**	(10,905)
Finance costs		**(404,677)**	(245,446)
Profit before tax		**2,046,163**	2,697,468
Income tax expense	*4*	**(826,550)**	(1,128,237)
Profit for the year		**1,219,613**	1,569,231

	NOTE	Year ended December 31, **2019** *RMB'000* **(unaudited)**	2018 *RMB'000* (audited)
Other comprehensive income (expense)			
Items that will not be reclassified to profit or loss:			
Fair value gain (loss) on equity instruments at fair value through other comprehensive income ("FVTOCI")		**3,893**	(9,593)
Income tax relating to items that will not be reclassified to profit or loss		**(973)**	2,398
		2,920	(7,195)
Total comprehensive income for the year		**1,222,533**	1,562,036
Profit for the year attributable to:			
Owners of the Company		**859,764**	1,008,784
Non-controlling interests		**359,849**	560,447
		1,219,613	1,569,231
Total comprehensive income for the year attributable to:			
Owners of the Company		**862,421**	1,002,237
Non-controlling interests		**360,112**	559,799
		1,222,533	1,562,036
Earnings per share			
– Basic (RMB cents)	*5*	**19.34**	22.70
– Diluted (RMB cents)		**19.33**	22.60

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2019

	NOTE	Year ended December 31, 2019 RMB'000 (unaudited)	2018 RMB'000 (audited)
Investment properties		**21,150,000**	19,545,072
Property, plant and equipment		**1,885,865**	1,687,653
Right-of-use assets		**279,824**	–
Other non-current assets		**1,566,745**	1,409,257
Interests in joint ventures		**30,089**	24,375
Interests in associates		**5,000**	565
Equity instruments at FVTOCI		**32,400**	220,307
Prepaid lease payments		**–**	275,466
Deposits paid for acquisition of a subsidiary		**169,620**	–
Deferred tax assets		**536,185**	510,513
Restricted bank deposits		**719,615**	462,980
Value added tax and tax recoverable		**1,666,559**	1,680,675
Non-current Assets		**28,041,902**	25,816,863
Inventories		**61**	67
Deposits paid for acquisition of land		**369,301**	830,301
Properties under development for sale		**37,333,243**	36,371,398
Properties held for sale		**5,361,690**	4,372,328
Trade and other receivables, deposits and prepayments		**2,811,721**	2,290,445
Contract assets		**1,442,134**	1,223,570
Contract costs		**76,919**	36,321
Value added tax and tax recoverable		**791,981**	634,706
Amounts due from related parties		**4,440,856**	2,588,873
Prepaid lease payments		**–**	6,035
Restricted bank deposits		**959,615**	479,151
Bank balances and cash		**536,926**	1,030,143
Current Assets		**54,124,447**	49,863,338

	NOTE	Year ended December 31, 2019 RMB'000 (unaudited)	2018 RMB'000 (audited)
Trade and other payables		**6,439,342**	6,757,015
Lease liabilities		**1,600**	–
Contract liabilities		**17,332,702**	11,208,252
Amounts due to related parties		**5,322,007**	4,265,166
Tax payable		**2,948,144**	2,874,075
Bank and trust borrowings – due within one year		**6,317,710**	9,037,963
Corporate bonds		**65,787**	998,765
Senior notes		**1,734,974**	3,768,364
Current Liabilities		**40,162,266**	38,909,600
Net Current Assets		**13,962,181**	10,953,738
Total Assets less Current Liabilities		**42,004,083**	36,770,601
Rental deposits received		**122,063**	106,312
Lease liabilities		**2,974**	–
Bank and trust borrowings – due after one year		**15,748,894**	14,261,021
Corporate bonds		**500,000**	54,670
Senior notes		**3,076,320**	677,419
Deferred tax liabilities		**3,925,302**	3,840,352
Non-current Liabilities		**23,375,553**	18,939,774
Net Assets		**18,628,530**	17,830,827
Share capital		**3,520**	3,520
Reserves		**12,541,509**	11,899,088
Equity attributable to owners of the Company		**12,545,029**	11,902,608
Non-controlling interests		**6,083,501**	5,928,219
Total Equity		**18,628,530**	17,830,827

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 referred to as 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 16	Leases
IFRIC-Int 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle

Except for the application on IFRS 16 *Leases*, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current year. IFRS 16 superseded IAS 17 *Leases*, and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after January 1, 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognized at the date of initial application, January 1, 2019.

As at January 1, 2019, the Group recognized additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying IFRS16.C8(b)(ii) transition. Any difference at the date of initial application is recognized in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognize right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of leasehold land and buildings in the People's Republic of China (the "**PRC**") was determined on a portfolio basis; and

When recognizing the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 8.08%.

	At January 1, 2019
	RMB'000
Operating lease commitments disclosed as at December 31, 2018	2,832
Lease liabilities discounted at relevant incremental borrowing rates	2,711
Less: Recognition exemption – short-term leases	(1,584)
Lease liabilities relating to operating leases recognized upon application of IFRS 16 as at January 1, 2019	1,127
Analysed as	
Current	171
Non-current	956
	1,127

The carrying amount of right-of-use assets for own use and those under subleases (classified as investment properties) as at January 1, 2019 comprises the following:

		Right-of-use assets
	Notes	*RMB'000*
Right-of-use assets relating to operating leases recognized upon application of IFRS 16		1,127
Reclassified from prepaid lease payments	*(a)*	275,466
Reclassified from prepaid lease payments – current portion	*(a)*	6,035
		282,628
By class:		
Leasehold lands		281,501
Land and buildings		1,127
		282,628

(a) Upfront payments for leasehold lands in the PRC were classified as prepaid lease payments as at December 31, 2018. Upon application of IFRS 16, the current and non-current portion of prepaid lease payments amounting to RMB6,035,000 and RMB275,466,000 respectively were reclassified to right-of-use assets.

As a lessor

In accordance with the transitional provisions in IFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with IFRS 16 from the date of initial application and comparative information has not been restated.

(a) Upon application of IFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at January 1, 2019. The application has had no impact on the Group's consolidated statement of financial position at January 1, 2019. However, effective from January 1, 2019, lease payments relating to the revised lease term after modification are recognized as income on straight-line basis over the extended lease term.

(b) Before application of IFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which IAS 17 applied under trade and other payables. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition.

(c) Effective on January 1, 2019, the Group has applied IFRS 15 *Revenue from Contracts with Customers* to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the consolidated financial statements of the Group for the current year.

The following adjustments were made to the amounts recognized in the consolidated statement of financial position at January 1, 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at December 31, 2018	**Adjustments**	**Carrying amounts under IFRS 16 at January 1, 2019**
	RMB'000	*RMB'000*	*RMB'000*
Non-current Assets			
Prepaid lease payments	275,466	(275,466)	–
Right-of-use assets	–	282,628	282,628
Current Assets			
Prepaid lease payments	6,035	(6,035)	–
Current Liabilities			
Lease liabilities	–	1,127	1,127

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts[1]
Amendments to IFRS 3	Definition of a Business[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of liabilities as current or non-current[5]
Amendments to IAS 1 and IAS 8	Definition of Material[4]
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after January 1, 2021
2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after January 1, 2020
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after January 1, 2020
5 Effective for annual periods beginning on or after January 1, 2022

In addition to the above new and amendments to IFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in IFRS Standards*, will be effective for annual periods beginning on or after January 1, 2020.

Except for the new and amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IFRS 3 Definition of a Business

The amendments:

- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis;

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; and

- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after January 1, 2020, with early application permitted.

The optional concentration test and the amended definition of a business are not expected to have a significant impact to the Group.

3. REVENUE

For the year ended December 31, 2019 (unaudited)

Disaggregation of revenue from contracts with customers

	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*
Geographical market					
Mainland China	7,256,704	206,262	–	21,692	7,484,658
Timing of revenue recognition					
A point in time	7,256,704	–	–	21,692	7,278,396
Over time	–	206,262	–	–	206,262
Total	7,256,704	206,262	–	21,692	7,484,658

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	7,256,704	206,262	608,518	21,692	8,093,176
Less: rental income	–	–	(608,518)	–	608,518
Revenue from contracts with customers	7,256,704	206,262	–	21,692	7,484,658

For the year ended December 31, 2018 (audited)

An analysis of the Group's revenue for the year ended December 31, 2018 is as follows:

	RMB'000
Property sales	5,924,612
Construction and development services	156,451
Property rental	510,191
Property management and related services	21,231
Total	6,612,485

4. INCOME TAX EXPENSE

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Current tax		
– PRC enterprise income tax	**406,767**	438,057
– PRC dividend withholding income tax	**26,000**	35,000
– Land appreciation tax ("**LAT**")	**322,589**	477,559
Under provision in respect prior years	**80**	242
	755,436	950,858
Deferred tax	**71,114**	177,379
Income tax expense	**826,550**	1,128,237

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 RMB4,539,203,000 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.

5. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data.

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Earnings:		
Profit for the year attributable to the owners of the Company for the purposes of basic and diluted earnings per share	**866,252**	1,008,784

	Year ended December 31,	
	2019	2018
	'000	*'000*
	(unaudited)	(audited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,444,418**	4,444,285
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**4,049**	19,761
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,448,467**	4,464,046

6. DIVIDENDS

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Dividends for ordinary shareholders of the Company recognized as distribution during the year:		
2019 Final – HK3.76 cents (2019: 2018 final dividend HK5.64 cents) per share	**150,000**	220,000
	150,000	220,000

Subsequent to the end of the reporting period, a final dividend in respect of the year ended December 31, 2019 of HK3.76 cents per share, totalling HK$167,110,000 (equivalent to RMB150,000,000) has been proposed by the Board and is subject to approval by the shareholders of the Company at the forthcoming annual general meeting.

CHAIRMAN'S STATEMENT

Dear Shareholders,

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

ANNUAL RESULTS AND REVIEW FOR 2019

Annual Results

During the Reporting Period, the revenue of the Group was RMB8,093.2 million, of which the revenue from property development was RMB7,256.7 million, revenue from property leasing was RMB608.5 million and the profit was approximately RMB1,219.6 million, of which the profit attributable to owners of the Company was RMB859.8 million.

Market Review

In 2019, China's economic growth continued to slow down, but the central government's determination to curb speculation and adhere to the requirement that "houses are built to be inhabited, not for speculation" remained unchanged. At the meeting of the Political Bureau of the CPC Central Committee, it was first suggested that "real estate should not be used as a short-term stimulus to the economy". The real estate market went ahead with resilience under pressure, with the sales of RMB16 trillion for the year, representing a year-on-year increase of 6.5%, and the GFA sold of 1.72 billion sq.m., representing a year-on-year slight decrease of 0.1%. The industry size continued to grow.

The differentiation at the city level began to be more obvious: In first-tier cities, markets were more resilient; in second-tier cities, supply and demand remained stable, but the differentiation between second-tier cities increased; in third- and fourth-tier cities, there was a slight decline, but markets continued to perform well in more developed third- and fourth-tier cities in the Yangtze River Delta and the Pearl River Delta. Policies on the financing of real estate enterprises were published frequently, placing stricter control on bonds, trust and ABS, etc., significantly weakening the financing capacities of real estate enterprises. Real estate enterprises stepped up sales promotion to recover their capitals, and reduced access to land, thus cooling the land auction market. For the year, the market trended up in the beginning of the year but moved down in the following months, with a slowdown in the performance growth of Top 100 real estate enterprises, continuous concentration of resources at high-quality leading enterprises showing "the stronger always the winner", and increased competition between enterprises.

Property Development

Focus on Stability Breakthroughs in Sales and Quality Improvement

Against the backdrop of continued industry adjustment and pressure on sales, the Group adapted to changes, taking flexible strategies. It adjusted the sales pace in line with "one policy for one property" and enhanced sales efforts for projects and capital recovery, thus maintaining steady growth during the year. During the Reporting Period, the contracted sales was approximately RMB23,915.4 million, representing an increase of 9.1% compared with the same period of last year; the contracted GFA sold was 1,278,010 sq.m., representing a decrease of 2.0% compared with the same period of last year; the average contracted selling price was RMB18,713 per sq.m. representing an increase of 11.4% compared with the same period of last year. In terms of contribution by cities: Performance in Beijing, Foshan and Suzhou was brilliant, with a month-by-month growth trend. The annual contracted sales were approximately RMB11,040.0 million, RMB2,307.5 million and RMB2,040.9 million respectively, accounting for 46.2%, 9.7% and 8.5% of the Group's total contracted sales respectively. Through the implementation of policies in line with the conditions of cities and the optimization of its product mix, the Group met market demands at different levels, thus increasing its market share.

In terms of contribution by regions, the Group insisted on deep development in regions, mainly Beijing-Tianjin-Hebei, Yangtze River Economic Zone and the Guangdong-Hong Kong-Macao Greater Bay Area, thus maintaining stable sales. Beijing Glory Villa, Fengtai Xiaowayao (豐台小瓦窑), Daxing Ruifuyuan (大興瑞福園), Haidian Cuihu (海澱翠湖) Project, Chongming Island Guorui Yingtai (崇明島國瑞瀛台), Suzhou Glory Villa (蘇州國瑞熙墅), Foshan Guohua New Capital (佛山國華新都), Jiangmen Shanhuhai (江門山湖海), Yongqing Eco-town (永清生態城), Guizhou Tongren Intelligent Eco-town (貴州銅仁智慧生態城), Hainan Wanning Glory City (海南萬寧國瑞城), Shenyang Glory Xiyue (瀋陽國瑞•熙悦) and other projects saw satisfactory sales. On December 31, 2019, the Group was accredited as 2019 China's Top 100 Real Estate Enterprises in Sales published by CRIC.

Investment Properties

Rental income increased by 19.3% year-on-year with promising prospects for high-quality properties

During the Reporting Period, the total rental income of the Group was RMB608.5 million, representing an increase of 19.3% 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 981,630 sq.m.. Calculated by the area under operation, the operating area in Beijing accounted for about 53%.

Last July, Glory Shopping Mall celebrated its 10th anniversary, carrying out a series of colorful activities. It has become a fashionable gathering place in Beijing. In October, Foshan Glory Commercial Center (Phase I), a Lingnan cultural landmark, with a GFA of 100,000 sq.m., was commercially launched. It highlighted a commercial block with characteristics of Lingnan culture. Eight main ancient historical and cultural buildings in Foshan were restored to create the exquisite life experience with Lingnan characteristics of "old-meets-new". In December, Hademen Plaza adjacent to Glory Shopping Mall launched its soft opening. The project, located in the most glamorous Chongwen commercial district in Beijing and just 1 km away from Tian'anmen Square, is included in the "China New Hundred Urban Landmark Architecture" project.

Land Reserves

In 2019, due to continued market uncertainty and pressure on the financing of real estate enterprises, investors in the industry tended to be more cautious, and the Group's land investment also slowed down compared with the previous two years. Under the strategy of "quality improvement and pace control", the Group adopted stricter requirements on profit margins and risk control of project investments, and actively slowed down its pace for stability, and moved towards high-quality and steady growth. As at December 31, 2019, the total planned GFA of the land reserves of the Group was 15.54 million sq.m., with the average land cost of approximately RMB2,830.5 per sq.m.

Meanwhile, the Group actively undertook primary land development projects as strategic business to obtain potential land reserve. The Group has been undertaking primary land development projects and products developed under urban renewal and the "urban redevelopment" policy in Beijing, Shenzhen and Shantou. During the Reporting Period, the development area of primary land development projects and urban redevelopment projects was 5.8 million sq.m., 51.6% of which was the area in Shenzhen. The Central Committee of the Communist Party of China supported building Shenzhen into a pilot demonstration area of socialism with Chinese characteristics. The Group, originated from Shantou of Guangdong, has established leading advantages in the Pearl River Delta and Guangdong-Hong Kong-Macao Greater Bay Area, with land reserves of 9.27 million sq.m..

The urban renewal classification projects, which features small investment and high profit margin, is an important source for the Group to replenish the land reserve in the Greater Bay Area. In the next few years, the Group's urban redevelopment projects and urban renewal projects will turn into sales and become its new profit growth drivers.

Financing Channel

Through comprehensive utilization of the diversified advantages of domestic and overseas financing channels, the Group has made full use of various financial means to continuously optimize fund management, reduce financing costs, optimize debt structure and effectively control exchange rate risks. At the same time, it will further strengthen the risk control function, improve the financial risk monitoring system, and properly give risk warning and carry out risk prevention.

During the Reporting Period, the Company successfully issued US$455,000,000 13.5% senior notes due February 28, 2022 which are listed on the Hong Kong Stock Exchange. In the meantime, during the Reporting Period, the Company completed full redemption in cash of US$250,000,000 10.2% senior notes due March 1, 2019 and US$300,000,000 7% senior notes due March 21, 2020 whose holders exercised their redemption options. On March 21, 2020, the Company completed full redemption in cash of US$300,000,000 7% senior notes due March 21, 2020, the aggregate consideration for the redemption is equivalent to the outstanding aggregate principal amount of the notes plus accrued interest to the maturity date, totalling US$31,246,650.00.

During the Reporting Period, the Group's interest-bearing liabilities due within one year decreased by 41.2% as compared to December 31, 2018.

As at December 31, 2019, the Group's cash, restricted bank deposits and bank balances were approximately RMB2,216.2 million, representing an increase of 12.4% as compared to RMB1,972.3 million as at December 31, 2018. During the Reporting Period, the Group's net debt to equity ratio decreased by 15.9 percentage points year-on-year.

OUTLOOK FOR 2020

2020 is the final year for China to complete the process of building a moderately well-off society in all aspects, as well as for the "13th Five-Year Plan". The central government insisted on its policies of "houses are built to be inhabited, not for speculation", "city-specific policies" and "keep land prices, housing prices and expectations stable". At the beginning of the new year, the sudden outbreak of novel coronavirus pneumonia had a certain impact on the social economy in the short term. With regard to the real estate industry, the outbreak accelerated the shift from industry differentiation to ecological reconstruction, in addition to disrupting the sales pace of real estate enterprises and putting further financial pressure on them.

The Group believes that the crisis is not terrible. The key lies in how to deal with it and whether we can turn the crisis into an opportunity. In February, governments in many regions published measures to delay the collection of taxes and provide credit, which would ease the cash flow pressure on real estate enterprises and reduce financial risks in the industry. In the medium and long term, unlocking the demand accumulated during the outbreak will provide certain support for the recovery of the market. During the period, the Group advanced project sales, commencement and resumption of work, financing and other work in an orderly manner. It launched "Fangyun (房雲)" to realize precision marketing through Internet technology, thus filling the gap in the housing demand of citizens arising out of the outbreak of novel coronavirus pneumonia. It was expected that the outbreak would have a limited impact on the results of the Group.

The Group believes that real estate will be in a period of industry adjustment in the next 3-5 years or more. In the new era, the construction of world-class city clusters and the Guangdong-Hong Kong-Macao Greater Bay Area has been advanced in an all-round way, and 5G, life sciences, technology and finance, block chain and other emerging industries are in full swing. With the rise of emerging industries, traditional industries are facing transformation. While focusing on its principal real estate business and consolidating its fundamentals, the Group focuses on such sectors as property, commerce, industry, health care and aging, and moderately expands relevant industrial chains to seek business synergy, and add new impetus to enterprise development.

The Group adapts to the development of the times, improving its product quality and enhancing product innovation and service capabilities around customer needs. It empowers its products with technology, upgrading residential experience and Glory smart residential products, thus reshaping products and the lifestyle. In addition, through the integration of various resources such as the Internet of Things, artificial intelligence and community operations, it develops innovative products such as smart communities, smart new cities, smart manors, to provide more comfortable and convenient living services and help develop Glory into a better life service provider.

Under tight financial policies, the Group gives priority to ensuring stable cash flow, strengthening investment risk control and carefully selecting high-quality projects for investment. In the future, the Group will continue to strengthen destocking, capital recovery and debt reduction to find a balance between scale, profit and risk.

In the era of inventory, efforts should be made to carry out innovation, ride the wave and seek a breakthrough. We focus on the integrated development of science and technology, capital and industry, embrace innovation and succeed through differentiation. We embrace change and are cautiously optimistic about the future. We closely follow the trend of the times, continuously carrying out upgrades to meet challenges.

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

Shenzhen, the PRC
March 31, 2020

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the Reporting Period, the Group's total contracted sales were approximately RMB23,915.4 million, representing an increase of 9.1% as compared to the year ended December 31, 2018. The Group's revenue was RMB8,093.2 million, representing an increase of 22.4% as compared to the year ended December 31, 2018. Revenue from property development was RMB7,256.7 million, representing an increase of 22.5% as compared to the year ended December 31, 2018. During the Reporting Period, the Group's gross profit was RMB2,138.7 million, and the net profit was RMB1,219.6 million, of which RMB859.8 million was attributable to the owners of the Company.

Contracted Sales

During the Reporting Period, the contracted sales of the Group amounted to approximately RMB23,915.4 million, representing an increase of 9.1% as compared to RMB21,912.8 million for the year ended December 31, 2018. The total contracted GFA was approximately 1,278,010 sq.m., representing a decrease of 2.0% as compared to the corresponding period of the previous year. The contracted ASP was RMB18,713 per sq.m., representing an increase of 11.4% as compared to RMB16,804 per sq.m. for the year ended December 31, 2018.

The following table sets out the geographic breakdown of the Group's contracted sales for the years ended December 31, 2019 and 2018:

City	**2019** Contracted Sales *(RMB million)*	**2019** Percentage of Total Contracted Sales *(%)*	2018 Contracted Sales *(RMB million)*	2018 Percentage of Total Contracted Sales *(%)*
Beijing	**11,040.0**	**46.2**	8,434.0	38.5
Haikou	**381.9**	**1.6**	769.2	3.5
Wanning	**54.4**	**0.2**	28.5	0.1
Langfang	**357.1**	**1.5**	823.5	3.8
Zhengzhou	**95.6**	**0.4**	119.1	0.5
Shenyang	**853.4**	**3.6**	652.3	3.0
Foshan	**2,307.5**	**9.7**	1,627.7	7.4
Shantou	**544.9**	**2.3**	1,531.3	7.0
Suzhou	**2,040.9**	**8.5**	1,422.9	6.5
Chongming Island	**748.0**	**3.1**	2,013.8	9.2
Xi'an	**308.9**	**1.3**	–	–
Guizhou	**454.7**	**1.9**	83.3	0.4
Wuxi	**670.2**	**2.8**	300.0	1.4
Chongqing	**742.2**	**3.1**	477.0	2.2
Shijiazhuang	**456.1**	**1.9**	–	
Jiangmen	**513.4**	**2.2**	200.7	0.9
Tianjin	**564.4**	**2.4**	780.1	3.6
Sanya	**390.4**	**1.6**	–	–
Handan	**1,391.4**	**5.8**	–	–
Cooperation project	**–**	**–**	2,649.4	12.1
Total	**23,915.4**	**100.0**	21,912.8	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, 2019, the Group had completed a total GFA of 7,426,651 sq.m. and had land reserves with a total GFA of 15,538,353 sq.m., comprising (a) a total GFA of 1,211,335 sq.m. completed but remaining unsold, (b) a total GFA of 7,361,292 sq.m. under development, and (c) a total planned GFA of 6,965,729 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, 2019, the Group had investment properties with a total GFA of 981,630 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, 2019:

				UNDER DEVELOPMENT			HELD FOR FUTURE DEVELOPMENT		
Project		Project Type	Site Area *(sq.m.)*	GFA Under Development *(sq.m.)*	Saleable/ Rentable GFA *(sq.m.)*	GFA Pre-sold *(sq.m.)*	Planned GFA *(sq.m.)*	GFA of Land Use Rights Certificates Not Yet Obtained *(sq.m.)*	Ownership Interest *(%)*
Beijing									
1	Beijing Glory Villa East	Residential	45,713	167,497	124,177	–	–	–	100
2	Beijing Glory Villa West	Residential	26,335	91,316	77,676	26,599	–	–	80
3	Daxing Yinghai Project	Residential	63,030	203,071	192,244	106,983	–	–	80
4	Fengtai Xitieying	Residential	65,650	335,456	285,069	107,935	–	–	16
5	Haidian Cuihu (海澱翠湖)	Residential	82,336	271,381	264,854	73,021	–	–	28
6	Fengtai Xiaowayao (豐台小瓦窑)	Residential	27,200	149,196	129,237	81,176	–	–	40.8
Haikou									
1	Hainan Yunlong	Mixed–use	1,084,162	140,640	130,342	3,581	646,972	–	80

Project		Project Type	Site Area (sq.m.)	UNDER DEVELOPMENT: GFA Under Development (sq.m.)	UNDER DEVELOPMENT: Saleable/ Rentable GFA (sq.m.)	UNDER DEVELOPMENT: GFA Pre-sold (sq.m.)	HELD FOR FUTURE DEVELOPMENT: Planned GFA (sq.m.)	HELD FOR FUTURE DEVELOPMENT: GFA of Land Use Rights Certificates Not Yet Obtained (sq.m.)	Ownership Interest (%)
Wanning									
1	Wanning Glory City (Phases II to III)	Residential	143,560	17,201	17,080	–	207,886	–	80
Langfang									
1	Yongqing Glory City (Phases I (partial) to II)	Residential	410,569	95,313	8,119	–	782,877	–	80
2	Yongqing Glory City (Phases IV (partial))	Residential	217,726	217,843	157,507	–	423,031	–	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	181,414	420,109	380,447	121,880	78,204	–	80
Foshan									
1	Foshan Guohua New Capital (Phase II)	Residential	16,237	75,591	62,529	13,448	–	–	44
2	Foshan Glory Shengping Commercial Centre	Mixed-use	79,311	310,420	220,237	10,035	–	–	80
3	Foshan Xiqiao	Residential	63,952	265,241	255,965	5,529	–	–	80
4	Canglonghuafu (藏瓏華府)	Mixed-use	74,727	506,333	376,076	18,272	–	–	35
Xi'an									
1	Glory • Xi'an Financial Center	Mixed-use	19,162	289,978	211,371	18,557	–	–	80
Shantou									
1	Convention Hotel	Mixed-use	28,439	186,799	136,357	45,109	–	–	100
2	Shantou Glory Hospital	Hospital	100,001	307,000	–	–	54,900	–	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 (sq.m.)	Ownership Interest (%)
Shenzhen									
1	Shenzhen • Nanshan	Commercial	20,163	42,763	42,763	–	274,213	–	80
Suzhou									
1	Suzhou Glory Villa	Mixed-use	51,205	168,745	160,909	65,422	–	–	80
Qidong									
1	Chongming Island	Residential	1,211,544	321,438	292,722	275,936	761,358	–	72
2	Butterfly Hotel	Hotel	64,000	53,656	–	–	–	–	100
Wuxi									
1	Glory Luoshe Xincheng (國瑞洛社新城)	Residential	30,726	90,438	90,381	60,478	–	–	39
Tongren									
1	Guorui Intelligent Eco-town Project (國瑞智慧生態城項目)	Mixed-use	780,430	230,284	176,204	90,806	1,643,969	1,436,370	80
Tianjin									
1	Ruichengjiayuan (瑞城嘉園)	Residential	123,556	162,697	139,413	–	–	–	35
Chongqing									
1	Elegant Villa (書香溪墅)	Residential	48,866	91,555	95,068	–	–	–	51
Jiangmen									
1	Shanhuhaizhuangyuan (山湖海莊園)	Mixed-use	414,904	181,172	181,172	90,165	543,988	–	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 (sq.m.)	Ownership Interest (%)
Handan									
1	Handan Glory City (邯鄲國瑞城)	Mixed-use	161,736	844,696	713,325	180,804	–	–	35
Enping									
1	Sijiquancheng (四季泉城)	Residential	106,091	92,854	92,854	17,990	250,801	–	68
2	Wenquancheng (溫泉城)	Residential	49,313	–	–	–	98,520	–	68
3	Wenquan Garden (溫泉花園)	Residential	69,626	–	–	–	139,252	–	68
Sanya									
1	Hongtangwan (紅塘灣)	Mixed-use	96,737	183,318	107,435	11,189	–	–	35
Shijiazhuang									
1	Fuguicheng (富貴城)	Mixed-use	431,927	818,502	399,937	207,768	1,059,758	1,059,758	51
Total			6,401,583	7,361,292	5,552,005	1,632,683	6,965,729	2,496,128	
Total Attributable GFA			4,513,496	4,481,664	3,264,846	942,429	5,088,985	1,689,573	

The following table sets out a summary of information of the Group's investment properties as of December 31, 2019:

Project	Types of Properties	Total GFA Held for Investment	Leasable GFA	Effective Leased GFA	Total Rental Income	
					2019	2018
		(sq.m.)	*(sq.m.)*	*(sq.m.)*	***(RMB'000)***	*(RMB'000)*
Beijing Glory City	Shopping mall	84,904	46,366	43,769		
	Offices	8,520	8,520	5,291		
	Car parking spaces	26,324	26,324	21,586	261,616	251,967
	Retail outlets	33,032	29,546	21,025		
	Siheyuan	7,219	7,219	4,340		
Eudemonia Palace	Car parking spaces	3,431	3,431	3,431		
Beijing Fugui Garden	Shopping mall	26,146	26,146	20,315	43,081	39,492
	Retail outlets	3,170	3,170	2,594		
Beijing Hademen Center	Commercial	15,671	14,703	9,977		
	Offices	75,171	69,830	65,449	219,018	154,987
	Car parking spaces	29,040	23,917	2,832		
Beijing Bei Wu Lou	Offices	10,916	10,916	10,916	23,629	23,287
Shenyang Glory City	Specialized markets	50,841	50,841	17,172	7,564	6,417
	Retail outlets	58,972	58,972	12,260		
Shantou Glory City	Specialized markets	62,398	62,398	61,146	28,235	27,579
Foshan Glory Shengping Commercial Center	Retail outlets	24,267	24,267	14,489	7,843	45
	Car parking spaces	10,722	10,722	–		
Foshan Glory Shengping Commercial Center*	Retail outlets Car parking spaces	225,531	–	–	–	–
Shenzhen • Nanshan*	Offices	42,763	–	–	–	–
Haikou Glory City	Offices	27,677	27,677	26,399	17,532	6,417
Handan Ruicheng Commercial Building*	Commercial	154,915	–	–	–	–
Total		981,630	504,965	342,991	608,518	510,191

* 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, 2019:

	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 *(%)*
Beijing										
1	Beijing Fugui Garden	Mixed-use	87,075	507,857	47,958	4,859	29,316	421,458	9,125	91
2	Beijing Glory City	Mixed-use	117,473	881,590	62,872	15,839	159,999	640,539	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
5	Glory Villa West	Residential	46,959	148,491	54,706	45,796	–	75,370	18,415	80
6	Glory Villa East	Residential	48,486	144,526	43,908	27,323	–	83,025	17,592	100
Haikou										
1	Haikuotiankong Glory City	Mixed-use	141,375	811,124	167,058	37,329	27,677	578,730	37,658	80
2	Haidian Island Glory Garden	Residential	65,643	71,863	14,930	659	–	56,352	581	80
3	Glory Riverview Garden	Residential	36,634	21,658	506	506	–	20,067	1,085	80
4	Haikou West Coast Glory	Residential	34,121	21,972	1,824	1,824	–	18,867	1,281	80
Wanning										
1	Wanning Glory City (Phase I)	Residential	100,780	161,988	9,119	1,767	–	149,295	3,574	80
Langfang										
1	Yongqing Glory City (Phase I (partial), Phases III, V)	Residential	509,049	418,416	36,849	17,106	–	379,311	2,256	80
2	Yongqing Glory City (Phase IV (partial))	Residential	176,023	450,009	86,937	86,937	–	363,071	–	100

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.)*	*(%)*
Zhengzhou										
1	Zhengzhou Glory City	Mixed-use	472,992	803,762	82,805	6,338	–	676,112	44,844	80
Shenyang										
1	Shenyang Glory City (Phases I to II, Phase III (partial), Phase IV and Phase V (partial))	Mixed-use	357,189	920,895	83,537	18,249	109,813	712,731	14,814	80
Foshan										
1	Foshan Guohua New Capital (Phase I and Phase II (partial))	Residential	104,576	438,483	104,929	71,737	–	279,062	54,491	44
2	Foshan Glory Shengping Commercial Center	Mixed-use	10,920	41,847	376	376	34,989	1,505	4,977	80
3	Canglonghuafu (藏龍華府)	Residential	60,832	241,353	35,085	19,816	–	161,269	44,998	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	1,923	1,923	–	31,729	144	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	775	100
6	Guan Haiju	Residential	25,922	171,450	49,792	15,477	–	121,084	574	100
7	Siji Garden	Residential	42,155	203,549	37,857	37,857	–	123,713	41,979	80
8	Glory Garden (Phase II)	Residential	14,482	78,619	740	740	–	66,513	11,366	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 (*%*)
Suzhou										
1	Glory Villa	Mixed-use	22,991	72,823	24,374	20,708	–	48,262	187	80
Jiangmen										
1	Shanhuhaizhuangyuan (山湖海莊園)	Mixed-use	2,319	1,755	1,755	1,755	–	–	–	52
Chongqing										
1	Elegant Villa (書香溪墅)	Residential	157,083	337,255	132,843	132,843	–	204,412	–	51
Tianjin										
1	Ruichengjiayuan (瑞城嘉園)	Residential	14,260	120,064	96,008	96,008	–	8,729	15,326	35
Total			2,763,054	7,426,651	1,196,995	663,830	547,505	5,331,262	350,889	
Total Attributable GFA			2,164,668	5,761,785	863,612	440,980	447,469	4,211,935	238,769	

Land Reserves

The following table sets out a summary of the Group's land reserves by geographic location as at December 31, 2019:

	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	406,445	1,217,916	–	1,624,361	10.5	16,599.3
Haikou	67,997	140,640	646,972	855,609	5.5	1,399.3
Wanning	1,767	17,201	207,886	226,854	1.5	332.1
Langfang	104,044	313,156	1,205,908	1,623,108	10.4	251.1
Zhengzhou	6,338	30,535	–	36,873	0.2	405.5
Shenyang	128,061	420,109	78,204	626,374	4.0	974.9
Foshan	126,918	1,157,584	–	1,284,502	8.3	3,313.9
Xi'an	–	289,978	–	289,978	1.9	1,551.8
Shantou	118,451	492,053	54,900	665,404	4.3	1,025.3
Shenzhen	–	42,763	274,213	316,976	2.0	2,673.7
Suzhou	20,708	168,745	–	189,453	1.2	17,100.6
Chongming Island	–	375,094	761,358	1,136,452	7.3	1,294.0
Wuxi	–	90,438	–	90,438	0.6	4,865.2
Tongren	–	230,284	1,643,969	1,874,253	12.1	501.2
Chongqing	132,843	91,555	–	224,398	1.4	387.1
Tianjin	96,008	162,697	–	258,705	1.7	2,182.1
Sanya	–	183,318	–	183,318	1.2	5,002.2
Jiangmen	1,755	181,172	543,988	726,915	4.7	541.0
Enping	–	92,854	488,572	581,426	3.7	147.1
Handan	–	844,696	–	844,696	5.4	401.3
Shijiazhuang	–	818,502	1,059,758	1,878,260	12.1	371.7
Total	1,211,335	7,361,290	6,965,728	15,538,353	100	2,830.5
Total Attributable GFA	888,448	4,481,664	5,088,985	10,459,097		

Note:

(1) Includes 2,496,128 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 obtained relevant land use rights certificates.

The following table sets out a summary of the Group's land reserves by type of properties as at December 31, 2019:

	Completed	Under Development	Future Development	Total Land Reserves	Of Total Land Reserves
	Saleable/ Rentable GFA Remaining Unsold *(sq.m.)*	GFA Under Development *(sq.m.)*	Planned GFA *(sq.m.)*	Total GFA *(sq.m.)*	*(%)*
Residential	448,095	4,561,486	5,712,294	10,721,875	69.0
Commercial for sale	143,303	886,972	723,233	1,753,508	11.3
Commercial held or intended to be held for investment	547,505	423,209	–	970,714	6.2
Hotel	–	161,888	–	161,888	1.0
Car parking spaces	72,431	748,258	182,191	1,002,880	6.5
Ancillary	–	273,539	293,109	566,648	3.6
Hospital	–	305,254	54,900	360,154	2.3
Others	–	685	–	685	–
Total	1,211,334	7,361,291	6,965,727	15,538,352[(1)]	100
Total Attributable GFA	888,448	4,481,664	5,088,985	10,459,097	

Note:

(1) Includes 2,496,128 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 obtained relevant land use rights certificates.

Primary Land Development 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 the Reporting Period, the Group undertook primary land development, redevelopment of shanty town and projects under the "Urban Redevelopment" policy in Beijing, Shenzhen and Shantou.

Urban Redevelopment Project in 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 Tian'anmen Square with a planned GFA of approximately 474,304 sq.m., comprising five land parcels. As at December 31, 2019, the transfer of the Land No. 1 of the Qixi Project by agreement has been completed; currently, the demolition and relocation of the Land No. 4 has been completed and the relevant housing authority has confirmed its conclusion; 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. In 2020, the Company plans to audit and commercialize land parcels No. 4 and No. 5 in which the demolition was completed, so as to increase its cash inflow; land parcels No. 2 and No. 3 are classified as "restorative construction" according to new policies and regulations of Beijing Municipal Government, and the Company will make efforts to secure policy support so that the operation right will be granted to it for a term of fifty years. As of December 31, 2019, the projects under development of the Group incurred development costs of approximately RMB1,389.6 million.

Urban Redevelopment Project in 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 required government procedures under the relevant local regulations. As at December 31, 2019, the Group has completed the development of two projects, one project was suspended due to policy issues in the first half of 2019 and the remaining project is Zhoucuowen Village Sub-district Redevelopment Project which is located at the East of Taishan Road of Northeastern Shantou city. The project has a site area of approximately 933,333 sq.m. and a planned GFA of approximately 2.33 million sq.m. According to the Reply of Shantou Municipal Government Regarding the Redevelopment Plan of "Urban Redevelopment" Project of Zhoucuowen Economic Association (East Sub-district of Old Village), Longhu District, Shantou City (《汕頭市人民政府關於汕頭市龍湖區周厝塭經濟聯合社(舊村莊東片區)「三舊」改造項目改造方案的批覆》) dated March 18, 2019, this sub-district has a site area of 6.67 hectares (66,700 sq.m.) and a total GFA of approximately 145,000 sq.m. Currently, compensations for the demolition and relocation of villagers' former residences are under negotiation and surrounding municipal facilities are yet to be completed. The remaining land parcels under the redevelopment of Zhoucuowen village are still under discussion. Under the principle of "developing a subdistrict only when the conditions permit (條件成熟一片、開發一片)", Shantou Company will report its annual plan under "Urban Redevelopment" and redevelopment plan when development conditions permit. As at December 31, 2019, the remaining one project incurred preliminary development costs of approximately RMB4.7 million.

Urban Redevelopment Project in Shenzhen

In the first half of 2014, Shenzhen Dachaoshan Construction Ltd.* (深圳市大潮汕建設有限公司), a subsidiary of the Group, 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 the urban renewal project of the Xikeng community. The planned GFA of the project was about 3 million sq.m. The Group has completed the survey on 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 1.3 million sq.m. had been approved by the meeting of Longgang District Government Leadership Group (龍崗區政府領導小組會) on December 14, 2018 and had completed the planning announcement on December 30, 2018 and had been included into the "2018 Longgang District Urban Renewal Plan – the Ninth Plan" (《二零一八龍崗區城市更新計劃第九批計劃》). A further approval has been obtained from relevant governmental authorities on the project at the end of February 2019. The special planning report documents for the first renewal unit were filed on May 30, 2019 and are currently under review by relevant review bodies. Subsequent thereto, the establishment of other projects will be commenced. As at December 31, 2019, the development costs paid by the Group at the early stage in relation to this project were approximately RMB620.2 million.

Financial Review

Revenue

For the Reporting Period, the Group's revenue was RMB8,093.2 million, representing an increase of 22.4% from RMB6,612.5 million for the year ended December 31, 2018.

Revenue from property development for the Reporting Period was RMB7,256.7 million, representing an increase of 22.5% as compared to the year ended December 31, 2018.

Cost of Sales and Services

The Group's cost of sales and services increased by 48.4% from RMB4,013.3 million in 2018 to RMB5,954.5 million in 2019. This increase was primarily due to the increased cost of property development.

The Group's cost of property development increased by 49.5% from RMB3,802.0 million in 2018 to RMB5,684.2 million in 2019. This increase was primarily due to the uneven progress of project delivery and settlement for the year ended December 31, 2019.

Gross Profit

For the Reporting Period, the Group's gross profit was RMB2,138.7 million, representing a decrease of 17.7% from RMB2,599.2 million for the year ended December 31, 2018. The gross profit margin for the Reporting Period was 26.4%, representing a decrease of 12.9% from 39.3% for the year ended 31 December 2018.

Gross profit of property development was RMB908.2 million for the Reporting Period, representing a decrease of 57.2% from RMB2,122.6 million for the year ended December 31, 2018. The gross profit margin of the property development was 12.5%, representing a decrease of 23.3% from 35.8% for the year ended 31 December 2018.

Net Profit Attributable to Owners of the Company

For the Reporting Period, the net profit attributable to owners of the Company was RMB856.7 million, representing a decrease of 15.1% from RMB1,008.8 million for the year ended December 31, 2018.

Change in Fair Value of Investment Properties

Change in fair value of investment properties increased by 16.9% from RMB907.8 million in 2018 to RMB1,061.4 million in 2019.

Other Gains and Losses

Other gains were RMB4.9 million for the Reporting Period, while other gains were RMB67.4 million for the year ended December 31, 2018, the decrease is mainly due to the exchange gains arising from senior notes in 2018 and the exchange losses in current year.

Other Income

Other income increased by 10.7% from RMB159.3 million for the year ended December 31, 2018 to RMB176.3 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 47.9% from RMB206.8 million for the year ended December 31, 2018 to RMB305.9 million for the Reporting Period.

Administrative Expenses

Administrative expenses increased by 9.6% from RMB507.8 million for the year ended December 31, 2018 to RMB556.8 million for the Reporting Period, which was primarily due to the increase in 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 64.9% from RMB245.4 million for the year ended December 31, 2018 to RMB404.7 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 26.7% from RMB1,128.2 million for the year ended December 31, 2018 to RMB826.6 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 RMB406.8 million and RMB322.6 million, respectively.

Total Comprehensive Income

Due to the above, the Group's total comprehensive income decreased from RMB1,562.0 million for the year ended December 31, 2018 to RMB1,222.5 million for the Reporting Period.

Liquidity, Financial and Capital Resources

Cash Position

As at December 31, 2019, the Group's cash, restricted bank deposits and bank balances were approximately RMB2,216.2 million, representing an increase of 12.4%, as compared to RMB1,972.3 million as at December 31, 2018.

Borrowings

As at December 31, 2019, the Group had outstanding borrowings of RMB22,066.6 million, consisting of bank borrowings of RMB15,738.5 million and trust borrowings which are trust financing arrangements of RMB4,400.2 million.

As at December 31, 2019, the outstanding amount of the Group's borrowings from trust financing arrangements accounted for 19.9% of the balance of the Group's total bank and trust borrowings, compared to 35.6% as at December 31, 2018.

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, 2019, the assets pledged to secure certain borrowing granted to the Group amounted to RMB37,056.6 million.

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. As at December 31, 2019, the balance of the Company's senior notes amounted to US$680.0 million. As a result of the issuance of such US dollar 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.

Subsequent Event of Material Acquisition and Significant Investments

On August 31, 2017, Shantou Garden Group Co., Ltd.* ("**Garden Group**"), a wholly-owned subsidiary of the Company, signed seven agreements to acquire 10% equity interest in seven property companies, namely Guangdong Hongtai Guotong Real Estate Co., Ltd.*, Guangdong Guosha Real Estate Co., Ltd.*, Tianjin Tianfu Rongsheng Real Estate Development Co., Ltd.*, Sanya Jingheng Properties Co., Ltd.*, Handan Guoxia Real Estate Development Co., Ltd.*, Chongqing Guosha Real Estate Development Co., Ltd.* and Jiangmen Yinghuiwan Real Estate Co., Ltd.* ("**Seven Target Companies**"). On April 27, 2018, the Company signed seven additional capital contribution agreements with such companies and their existing shareholders to, among other things, make further capital contributions in these seven target companies. On November 23, 2018, Beijing Guoxing Wanxun Technology and Trade Consulting Co., Ltd.*, a wholly-owned subsidiary of the Company, signed a capital contribution agreement to subscribe for 51% equity interest in Shijiazhuang Guosha Real Estate Development Co., Ltd.* ("**Shijiazhuang Guosha**").

For details, please refer to the announcements of the Company dated August 31, 2017, April 27, 2018, November 23, 2018 and January 28, 2019 and the circular of the Company dated May 10, 2018.

Upon arm's length negotiations, the Company and Garden Group entered into a supplemental agreement with each of the Seven Target Companies and their respective shareholders in relation to the capital injection to the Seven Target Companies to postpone the payment deadline to December 31, 2020. As agreed in the original agreement, the capital injection for Shijiazhuang Guosha shall be paid before December 17, 2020. At present, the Seven Target Companies and Shijiazhuang Guosha have been consolidated into the Group.

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, 2019, the Group had approximately 1,364 employees. For the Reporting Period, the Group incurred employee costs of approximately RMB415.4 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.

Issuance of Senior Notes

On February 27, 2019, the Company successfully issued US$160,000,000 13.5% senior notes due February 28, 2022 listed on the Hong Kong Stock Exchange. Further details of the issuance of senior notes were disclosed in the announcements of the Company dated February 21, 2019, February 26, 2019 and February 27, 2019.

On March 15, 2019, the Company successfully issued additional US$295,000,000 13.5% senior notes due February 28, 2022 listed on the Hong Kong Stock Exchange. Further details of the issuance of senior notes were disclosed in the announcements of the Company dated March 8, 2019, March 13, 2019 and March 15, 2019.

Full Redemption of US$250,000,000 10.2% Senior Notes Due March 1, 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.

Full Redemption of U.S.$300,000,000 7.00% Senior Notes due March 21, 2020

On March 21, 2019, the Company completed the full redemption in cash of the US$300,000,000 7% senior notes due March 21, 2020 ("**March 21, 2020 Notes**") whose holders exercised their redemption options. Further details of the full redemption of the March 21, 2020 Notes whose holders exercised their redemption options were disclosed in the announcements of the Company dated March 7, 2019, March 18, 2019 and March 21, 2019. In addition, on March 21, 2020, the Company completed full redemption in cash of the outstanding portion of March 21, 2020 Notes, further details of which were disclosed in the announcement of the Company dated March 23, 2020.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

In February 2020, Beijing Glory Xingye Real Estate Co., Ltd.* (北京國瑞興業地產股份有限公司), a subsidiary of the Company, obtained a syndicated loan of RMB3.5 billion from Bank of Communications Co., Ltd. Beijing Temple of Heaven Branch and Bank of Beijing Co., Ltd. Guangming Branch. Details of the syndicated loan were disclosed in the announcement of the Company dated January 23, 2020.

FINAL DIVIDEND

The Board proposed the payment of a final dividend of HK3.76 cents per share in respect of the Reporting Period, totalling HK$167,110,000 (equivalent to RMB150,000,000). The proposed final dividend will be paid no later than August 31, 2020 after approval by Shareholders at annual general meeting of the Company.

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 six 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, save as disclosed in this announcement, 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 and the management have reviewed 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, 2019.

Due to the restrictions imposed by China to combat the outbreak of the novel coronavirus (COVID-19), the annual audit for the year ended December 31, 2019 has not been completed. The unaudited results contained in this announcement have not been agreed by the auditors of the Company. The Company will publish an announcement of the audited results upon completion of the annual audit in accordance with IFRSs.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2019 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, 2019 will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

FURTHER ANNOUNCEMENTS

Upon the completion of the annual audit, the Company will issue further announcements on the audited results for the year ended December 31, 2019 agreed by the auditors of the Company and the material differences (if any) as compared with the unaudited annual results contained in this announcement. In addition, if there are other significant progress in the audit process, the Company will publish further announcements when necessary.

By Order of the Board
Guorui Properties Limited
Zhang Zhangsun
Chairman

Beijing, the PRC, March 31, 2020

As at the date of this announcement, the board of directors of the Company comprises Mr. Zhang Zhangsun, Ms. Ruan Wenjuan, Ms. Zhang Jin, Mr. Lin Yaoquan, Ms. Dong Xueer and Mr. Li Bin 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.*