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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, 2020; AND
RESUMPTION OF TRADING**

2020 ANNUAL RESULTS HIGHLIGHTS

- Achieved contracted sales for the year ended December 31, 2020 (the “**Reporting Period**”) of RMB18,532.2 million with corresponding gross floor area (“**GFA**”) of approximately 1,014,003 sq.m.;
- Revenue for the Reporting Period was RMB5,768.9 million, of which the revenue from property development was RMB5,016.8 million;
- Gross profit for the Reporting Period was RMB1,045.5 million;
- Profit for the year, excluding the one-off loss on disposal of the eight real estate project companies, was approximately RMB255.7 million;
- Land reserves reached a total GFA of 9,598,769 sq.m. and the average cost of land reserves was RMB3,831.5 per sq.m. for the Reporting Period;
- Contracted average selling price (“**ASP**”) for the Reporting Period was RMB18,276.2 per sq.m. The average cost of land reserves accounted for 21% of the ASP for the Reporting Period.

ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2019. 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, 2020

	<i>Notes</i>	Year ended December 31,	
		2020	2019
		RMB’000	RMB’000
Revenue	3		
Contract with customers		5,256,033	7,484,658
Leases		512,863	608,518
		<hr/>	<hr/>
Total revenue		5,768,896	8,093,176
Cost of sales and services		(4,723,436)	(5,954,455)
		<hr/>	<hr/>
Gross profit		1,045,460	2,138,721
Other gains and losses		556	4,856
Impairment losses under expected credit loss model, net of reversal		(40,394)	(27,213)
Other income		197,157	176,326
Change in fair value of investment properties		315,038	1,061,366
Distribution and selling expenses		(273,474)	(305,948)
Administrative expenses		(467,743)	(556,802)
Other expenses		(6,759)	(20,115)
Share of results of joint ventures		1,603	(19,786)
Share of results of associates		(6,705)	(565)
Finance costs		(248,018)	(404,677)
		<hr/>	<hr/>
Profit before tax		516,721	2,046,163
Income tax expense	4	(383,076)	(826,550)
		<hr/>	<hr/>
Profit for the year		133,645	1,219,613
		<hr/>	<hr/>

	<i>Note</i>	Year ended December 31,	
		2020	2019
		<i>RMB'000</i>	<i>RMB'000</i>
Other comprehensive (expense) income			
Items that will not be reclassified to profit or loss:			
Fair value (loss) gain on equity instruments at fair value through other comprehensive income (“FVTOCI”)		(1,100)	3,893
Income tax relating to items that will not be reclassified to profit or loss		<u>275</u>	<u>(973)</u>
		<u>(825)</u>	<u>2,920</u>
Total comprehensive income for the year		<u>132,820</u>	<u>1,222,533</u>
Profit for the year attributable to:			
Owners of the Company		98,740	859,764
Non-controlling interests		<u>34,905</u>	<u>359,849</u>
		<u>133,645</u>	<u>1,219,613</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		97,989	862,421
Non-controlling interests		<u>34,831</u>	<u>360,112</u>
		<u>132,820</u>	<u>1,222,533</u>
Earnings per share	5		
– Basic (RMB cents)		<u>2.22</u>	<u>19.34</u>
– Diluted (RMB cents)		<u>2.22</u>	<u>19.33</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2020

	<i>Note</i>	Year ended December 31,	
		2020	2019
		RMB'000	RMB'000
Investment properties		20,375,500	21,150,000
Property, plant and equipment		2,146,902	1,885,865
Right-of-use assets		270,581	279,824
Other non-current assets		1,302,897	1,566,745
Interests in joint ventures		28,074	30,089
Interests in associates		–	5,000
Equity instruments at FVTOCI		31,300	32,400
Deposits paid for acquisition of a subsidiary		–	169,620
Deferred tax assets		321,149	536,185
Restricted bank deposits		3,592	719,615
Value added tax and tax recoverable		1,229,807	1,666,559
		<hr/>	<hr/>
Non-current Assets		25,709,802	28,041,902
		<hr/>	<hr/>
Inventories		1,106	61
Deposits paid for acquisition of land		400,889	369,301
Properties under development for sale		28,157,258	37,333,243
Properties held for sale		3,972,620	5,361,690
Trade and other receivables, deposits and prepayments	7	2,085,715	2,811,721
Contract assets		1,646,159	1,442,134
Contract costs		101,026	76,919
Value added tax and tax recoverable		832,285	791,981
Amounts due from related parties		2,556,867	4,440,856
Restricted bank deposits		307,606	959,615
Bank balances and cash		1,584,950	536,926
		<hr/>	<hr/>
Assets classified as held for sale		41,646,481	54,124,447
		<hr/>	<hr/>
Current Assets		158,940	–
		<hr/>	<hr/>
		41,805,421	54,124,447
		<hr/>	<hr/>

		As at December 31,	
	<i>Note</i>	2020	2019
		RMB'000	RMB'000
Trade and other payables	8	4,982,510	6,439,342
Lease liabilities		1,734	1,600
Contract liabilities		12,662,331	17,332,702
Amounts due to related parties		5,815,404	5,322,007
Tax payable		2,597,866	2,948,144
Bank and trust borrowings – due within one year		3,786,075	6,317,710
Corporate bonds		510,829	65,787
Senior notes		3,755,745	1,734,974
		<hr/>	<hr/>
Current Liabilities		34,112,494	40,162,266
		<hr/>	<hr/>
Net Current Assets		7,692,927	13,962,181
		<hr/>	<hr/>
Total Assets less Current Liabilities		33,402,729	42,004,083
		<hr/>	<hr/>
Rental deposits received		135,942	122,063
Lease liabilities		1,475	2,974
Bank and trust borrowings – due after one year		15,465,905	15,748,894
Corporate bonds		–	500,000
Senior notes		–	3,076,320
Deferred tax liabilities		2,690,880	3,925,302
		<hr/>	<hr/>
Non-current Liabilities		18,294,202	23,375,553
		<hr/>	<hr/>
Net Assets		15,108,527	18,628,530
		<hr/>	<hr/>
Share capital		3,520	3,520
Reserves		12,489,498	12,541,509
		<hr/>	<hr/>
Equity attributable to owners of the Company		12,493,018	12,545,029
Non-controlling interests		2,615,509	6,083,501
		<hr/>	<hr/>
Total Equity		15,108,527	18,628,530
		<hr/>	<hr/>

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

IFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to IFRS 3	Reference to the Conceptual Framework ²
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2 ⁴
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 ¹
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to IAS 8	Definition of Accounting Estimates ¹
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use ²
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018-2020 ²

¹ Effective for annual periods beginning on or after January 1, 2023

² Effective for annual periods beginning on or after January 1, 2022

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, 2021

The Directors anticipate that the application of all new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE

Disaggregation of revenue from contracts with customers and the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information

	For the year ended December 31, 2020				
	Property development <i>RMB'000</i>	Primary land construction and development services <i>RMB'000</i>	Property investment <i>RMB'000</i>	Property management and related services <i>RMB'000</i>	Total <i>RMB'000</i>
Timing of revenue recognition					
A point in time	5,016,793	–	–	–	5,016,793
Over time	–	214,182	–	25,058	239,240
Revenue from contracts with customers	5,016,793	214,182	–	25,058	5,256,033
Leases	–	–	512,863	–	512,863
Total revenue	5,016,793	214,182	512,863	25,058	5,768,896
Geographical market					
Mainland China	5,016,793	214,182	512,863	25,058	5,768,896
	For the year ended December 31, 2019				
	Property development <i>RMB'000</i>	Primary land construction and development services <i>RMB'000</i>	Property investment <i>RMB'000</i>	Property management and related services <i>RMB'000</i>	Total <i>RMB'000</i>
Timing of revenue recognition					
A point in time	7,256,704	–	–	–	7,256,704
Over time	–	206,262	–	21,692	227,954
Revenue from contracts with customers	7,256,704	206,262	–	21,692	7,484,658
Leases	–	–	608,518	–	608,518
Total revenue	7,256,704	206,262	608,518	21,692	8,093,176
Geographical market					
Mainland China	7,256,704	206,262	608,518	21,692	8,093,176

4. INCOME TAX EXPENSE

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Current tax		
– PRC enterprise income tax	270,363	406,767
– PRC dividend withholding income tax	–	26,000
– Land value-added tax (“LVT”)	243,780	322,589
Under provision in respect of prior years	50	80
	<u>514,193</u>	<u>755,436</u>
Deferred tax	(131,117)	71,114
	<u>383,076</u>	<u>826,550</u>

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.

5. EARNINGS PER SHARE

	Year ended December 31,	
	2020	2019
	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	<u>98,740</u>	<u>859,764</u>
	<u>4,444,418</u>	<u>4,444,418</u>
Number of shares:		
Number of ordinary shares for the purpose of basic earnings per share	4,444,418	4,444,418
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	–	4,022
	<u>4,444,418</u>	<u>4,448,440</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>4,444,418</u>	<u>4,448,440</u>

6. DIVIDENDS

	Year ended December 31,	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Dividends for ordinary shareholders of the Company recognized as distribution during the year:		
2019 Final – HK3.76 cents		
(2019: 2018 final dividend of HK5.64 cents) per share	150,000	220,000

7. 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 months to two years may be granted to specific customers on a case-by-case basis.

	At December 31,	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables		
– contracts with customers	364,953	532,502
– lease receivables	246,645	128,176
	611,598	660,678
Less: Allowance for credit losses	(4,812)	(5,503)
	606,786	655,175
Advances to contractors and suppliers	650,415	868,418
Performance guarantee deposit paid	17,260	17,261
Other receivables and prepayments	796,279	1,028,696
Deposits	60,306	247,108
	1,524,260	2,161,483
Less: Allowance for credit losses	(45,331)	(4,937)
	1,478,929	2,156,546
Total trade and other receivables	2,085,715	2,811,721

Note: Other receivables from independent third parties are of non-trade nature, unsecured, interest-free and repayable on demand except for the balance of RMB240,000,000 (2019: RMB151,000,000), which was bearing interest at 10% (2019:14%) per annum.

As at January 1, 2019, trade receivables from contracts with customers amounted to RMB388,682,000.

The following is an aging analysis of trade 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,	
	2020	2019
	RMB'000	RMB'000
0 to 60 days	89,240	164,361
61 to 180 days	53,934	23,197
181 to 365 days	57,851	222,847
1 to 2 years	316,469	208,914
Over 2 years	94,104	41,359
	<u>611,598</u>	<u>660,678</u>

As at December 31, 2020, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB284,715,000 (2019: RMB188,907,000) which are past due as at the end of the reporting period. The balances which has been past due over 90 days, is not considered as default based on the consideration the fact that legal title of the properties sold have not been transferred to the customer.

8. TRADE AND OTHER PAYABLES

	At December 31,	
	2020	2019
	RMB'000	RMB'000
Trade payables	2,853,478	4,747,785
Deposits received	366,717	316,334
Rental received in advance	74,909	78,184
Refund liabilities	235,341	–
Accrued payroll	23,357	35,067
Business and other tax payable	439,288	351,073
Other payables and accruals	985,862	864,494
Accrued penalty	–	28,968
Dividends	139,500	139,500
	<u>5,118,452</u>	<u>6,561,405</u>
Analysed for reporting purposes as:		
Non-current (<i>Note</i>)	135,942	122,063
Current	4,982,510	6,439,342
	<u>5,118,452</u>	<u>6,561,405</u>

Note: Pursuant to the relevant agreements, rental deposits received of approximately RMB135,942,000 (2019: RMB122,063,000) as at December 31, 2020 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,	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 60 days	1,717,265	2,245,265
61-365 days	505,422	1,090,171
1-2 years	383,478	560,797
Over 2 years	247,313	851,552
	<u>2,853,478</u>	<u>4,747,785</u>

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 twelve months ended December 31, 2020.

ANNUAL RESULTS AND REVIEW FOR 2020

Annual Results

In 2020, despite the significant decline in the sales of residential products under the influence of the COVID-19 pandemic in the first half of the year, the sales experienced a rapid rebound in the second half of the year as the Group increased its efforts in the sales of residential products following the improved pandemic conditions, achieving contracted sales of RMB18,532.2 million and contracted sales area of 1,014,003 sq.m. for the year. Revenue was RMB5,768.9 million, among which, the revenue from property development was RMB5,016.8 million. For the twelve months ended December 31, 2020, the gross profit of the Group was RMB1,045.5 million and profit for the year, excluding the one-off loss on disposal of the eight real estate project companies, was approximately RMB255.7 million.

Market Review

Gradual Improvement of Long-term Mechanism for Real-estate Regulation

Looking back in 2020, the real estate market underwent a tremendous change, with the COVID-19 pandemic being an important variate that cannot be ignored. Amid the impacts of COVID-19 pandemic, the “houses are for living in and not for speculative investment” was the keynotes throughout the year of 2020. Although some of local governments have loosened their control policies during the first half of 2020, the overall control escalated again after the pandemic was brought under control.

For the first half of 2020, in order to mitigate the impact brought by the pandemic on the real estate sector, central government implemented a moderately easy monetary policy and a proactive fiscal policy to support economic recovery. While in some provinces and cities, requirements for permanent residence permit have been relaxed and talent introduction measures have been implemented, which boosted the base of demands for housing to some extent. The industry soon recovered from the slowdown, demonstrating strong resilience. As the economy and productions gradually recovered and consumption activities returned to the normal level, housing prices in certain cities, especially those in Yangtze River Delta and Pearl River Delta experienced overheated growth, which triggered the frequent introduction of control measures in certain cities during the second half of the year. In the third quarter, regulatory authorities promulgated new financing rule of “Three Red Lines”, reflecting a tightening environment for industry financing.

2021 marks the first year of the “14th Five-Year Plan”, and also a year of significance in China’s modernization process. For real estate industry, under dual-circulation development featuring “the new development pattern with domestic macro-circulation as its core, and mutual promotion of international and domestic dual-circulation”, it is expected that the segregation of cities under different tiers would be intensifying, and the industry would witness the change of era from leverage dividend to management dividend.

Property Development

In 2020, confronting the uncertainties brought by the pandemic and the changes in industry situations, the Group adopted online sales campaign, launched an online housing sales platform called “Fangyun (房雲)” and initiated its Linked Huichun Plan for 16 Projects (十六盤聯動惠春計劃). The Group was committed to ensuring the safety of its employees and customers while simultaneously meeting market demands. Through the implementation of policies in line with the actual conditions of cities and the optimization of its product mix, the Group met market demands at different levels and increased its market share, thus overcoming sales difficulties faced by real estate enterprises during the pandemic.

During the Reporting Period, the contracted sales were approximately RMB18,532.2 million; the contracted GFA sold was 1,014,003 sq.m.; the contracted average selling price was RMB18,276.2 per sq.m. In terms of contribution by cities, Beijing, Foshan and Suzhou recorded outstanding performances. The contracted sales throughout the year of 2020 were approximately RMB8,945.4 million, RMB3,019.2 million and RMB1,301.6 million respectively, accounting for 48.3%, 16.3% and 7.0% of the Group’s total contracted sales respectively.

Under the keynotes of “promoting the stable and healthy development of the real estate market”, it is anticipated that the market would remain stable with continuing segregation of sales performance among different cities. In terms of demand, driven by factors such as net population inflows, the sales performance in first-tier cities and second- to third-tier core cities of metropolitan area would maintain great resilience. The Group will carry out meticulous management, strengthen its presence in the Beijing-Tianjin-Hebei Region, the Yangtze River Economic Zone and the Guangdong-Hong Kong-Macao Greater Bay Area, and actively explore urban renewal projects, so as to enhance the full-cycle competitiveness.

Investment Properties

The Group owns 10 investment properties in the core areas of 7 key cities, including Beijing and Shenzhen, with a total planned construction area of approximately 769,516 sq.m. Calculated by the area under operation, the operating area in Beijing accounted for approximately 60%. Due to the impact of the COVID-19 pandemic, the rentals from these commercial properties were affected to a certain extent, and gains on the change in fair value for the current period decreased as compared to 2019.

During the Reporting Period, the total rental income of the Group was RMB512.9 million. The Group granted rental concessions to merchants and other property-holding tenants during the pandemic, which also had a certain impact on the Group's revenue and profit. In order to help tenants solve their current difficulties, the Company launched a mini program e-commerce platform to support online marketing of tenants, while expanding commercial marketing channels. With the concerted efforts of all counterparts, rental income experienced a robust recovery in the second half of the year.

Land Reserves

In 2020, under the strategy of “quality improvement and pace control”, the Group adopted stricter requirements on profit margins and risk control of project investments, and paid more attention to operation quality and meticulous management. As at December 31, 2020, the total planned GFA of the land reserves of the Group was 9.599 million sq.m., with the average land cost of approximately RMB3,831.5 per sq.m. The Results of Evaluation and Research on Chinese Listed Real Estate Companies in 2020 published by China Real Estate Association and E-House China R&D Institute showed that Guorui Properties ranks among the top 100 companies with its high-quality development again. Most of the Company's land reserves are located in first- and second-tier cities. Benefitted from the spillover effect of core cities, market demand in these cities remains strong. The land reserves of the Company are sufficient to support its development in the next 6 years.

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, urban renewal and projects developed under 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 without affirmed ownership of the Group was 5.811 million sq.m., 51.6% of which was the area in Shenzhen. The central government 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 6.18 million sq.m.

Accelerating urban renewal and improving renovation and upgrade of available housing are new directions for inventory market. The urban renewal 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.

Capital Structure

In 2020, under the pressure from both the pandemic and the new financing rules of “Three Red Lines”, the financing environment further contracted. 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 made efforts to further strengthen the risk control function, improve the financial risk monitoring system, and properly give risk warning and carry out risk prevention.

In 2020, the Company redeemed bonds denominated in USD with a principal amount of approximately US\$130 million. In the first quarter of 2021, the Company redeemed bonds denominated in USD with a principal amount of approximately US\$182 million. As of March 31, 2021, balance of offshore USD senior notes of the Company was approximately US\$373 million with a term of two to three years.

OUTLOOK FOR 2021

Looking forward to “14th Five Year Plan”, the industry maintains strong resilience. Central government has set out the target of “Balanced development of real estate industry with financial and real economy”, which continuously releases favorable signal for construction of metropolitan areas.

The Group believes that, the real estate industry will enter a new long-term cycle, and the growth pattern of the industry will also experience changes. It will shift from relying on a model of financial leverage to drive growth in the past to a model of stable, balanced and high-quality growth. In line with the development needs of times, the Group will be committed to exploring the innovation of habitation business forms, continuously upgrading products of Guorui, and achieving product ecology construction. In the future, the Group will uphold the strategy to strengthen presences in regions and proactively adopt flexible sales policy, so as to attract more customers with continuous improvement of product structure and outstanding product quality. We will vigorously promote sales while strengthening our efforts on sales collection. In addition, we will also continue to optimize the debt structure and reduce financing costs in ways that enhance the core competitiveness of the Group, thus ensuring sustainable growth in future performance.

ACKNOWLEDGEMENT

On behalf of the Board, I take this opportunity to express my heartfelt gratitude to all our shareholders, investors, partners, customers, and the community for their support and trust. In the past year, thanks to the guidance from the management of the Company, together with the efforts and contributions from all staff, the Group achieved stable development. In the future, the Company will continue to strive for maximized value and considerable returns for all shareholders.

Zhang Zhangsun
Chairman

Shenzhen, the PRC

April 11, 2021

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the Reporting Period, the Group's total contracted sales were approximately RMB18,532.2 million. The Group's revenue was RMB5,768.9 million. Revenue from property development was RMB5,016.8 million. During the Reporting Period, the gross profit was RMB1,045.5 million and profit for the year, excluding the one-off loss on disposal of the eight real estate project companies, was approximately RMB255.7 million.

Contracted Sales

During the Reporting Period, affected by the COVID-19 pandemic, sales of residential products declined in the first half of the year. Following the improvement of the pandemic situation in China, the Group's sales gradually recovered. The contracted sales of the Group amounted to approximately RMB18,532.2 million. The total contracted GFA was approximately 1,014,003 sq.m. and the contracted ASP was RMB18,276.2 per sq.m.

The following table sets out the Group's contracted sales by region for the years ended December 31, 2020 and 2019:

City	2020		2019	
	Contracted Sales (RMB million)	Percentage of Total Contracted Sales (%)	Contracted Sales (RMB million)	Percentage of Total Contracted Sales (%)
Beijing	8,945.4	48.3	11,040.0	46.2
Haikou	417.1	2.3	381.9	1.6
Wanning	135.8	0.73	54.4	0.2
Langfang	600.3	3.2	357.1	1.5
Zhengzhou	95.2	0.5	95.6	0.4
Shenyang	349.2	1.9	853.4	3.6
Foshan	3,019.2	16.3	2,307.5	9.7
Shantou	371.9	2.0	544.9	2.3
Suzhou	1,301.6	7.0	2,040.9	8.5
Chongming Island	271.8	1.5	748.0	3.1
Xi'an	664.6	3.6	308.9	1.3
Guizhou	88.2	0.5	454.7	1.9
Wuxi	247.7	1.3	670.2	2.8
Chongqing	408.4	2.2	742.2	3.1
Shijiazhuang	217.9	1.2	456.1	1.9
Jiangmen	493.1	2.7	513.4	2.2
Tianjin	251.5	1.4	564.4	2.4
Sanya	431.6	2.3	390.4	1.6
Handan	221.8	1.2	1,391.4	5.7
Total	18,532.2	100.0	23,915.4	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, 2020, the Group had completed a total GFA of 7,347,542 sq.m. and had land reserves with a total GFA of 9,598,769 sq.m., comprising (a) a total GFA of 933,596 sq.m. completed but remaining unsold, (b) a total GFA of 3,847,320 sq.m. under development, and (c) a total planned GFA of 4,817,853 sq.m. held for future development.

The Group selectively retained the ownership of most of self-developed commercial properties with strategic value to generate stable and sustainable income. As of December 31, 2020, the Group had investment properties with a total GFA of 769,516 sq.m. in core locations in seven cities including Beijing, Shenzhen, Shenyang, 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, 2020:

Project	Project Type	Site Area (sq.m.)	Under Development			Held for Future Development			Ownership Interest (%)
			GFA Under Development (sq.m.)	Saleable/Rentable GFA (sq.m.)	GFA Pre-sold (sq.m.)	GFA Planned (sq.m.)	GFA in Respect of Which Land Use Rights Certificates Have Not Yet Obtained (sq.m.)	Ownership	
Beijing									
1	Beijing Glory Villa East	Residential	35,590	137,219	94,277	-	-	-	100
2	Beijing Glory Villa West	Residential	18,555	44,254	41,601	-	-	-	80
3	Daxing Yinghai Project	Residential	63,030	203,071	193,912	111,601	-	-	80
4	Fengtai Xitieying	Residential	44,575	227,771	188,910	119,615	-	-	16
5	Haidian Cuihu (海澱翠湖)	Residential	82,336	271,381	264,854	159,018	-	-	28
6	Fengtai Xiaowayao (豐台小瓦窑)	Residential	27,200	149,196	129,237	104,975	-	-	40.8
Haikou									
1	Hainan Yunlong	Mixed-use	1,084,162	140,640	130,342	5,340	646,972	-	80

Project	Project Type	Site Area (sq.m.)	Under Development		Held for Future Development				
			GFA Under Development (sq.m.)	Saleable/ Rentable GFA (sq.m.)	GFA Pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA in Respect of Which Land Use Rights Certificates Have 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	87,194	48,682	–	782,877	–	80
2	Yongqing Glory City (Phases IV (partial))	Residential	217,726	–	–	–	423,031	–	100
Zhengzhou									
1	Zhengzhou Glory City (Phase VIII, School)	Mixed-use	11,235	30,535	30,535	10,975	–	–	80
Shenyang									
1	Shenyang Glory City (Phase III (partial), Phases V to VII)	Mixed-use	148,186	325,598	287,615	62,011	73,342	–	80
Foshan									
1	Foshan Guohua New Capital (Phase II)	Residential	16,237	18,033	16,413	–	–	–	44
2	Foshan Glory Shengping Commercial Centre	Mixed-use	79,311	310,420	220,237	44,272	–	–	80
3	Foshan Xiqiao	Residential	63,952	265,241	255,965	89,394	–	–	80
Xi'an									
1	Glory • Xi'an Financial Center	Mixed-use	19,162	289,978	211,371	56,285	–	–	80
Shantou									
1	Convention Hotel	Mixed-use	28,439	186,799	136,357	53,688	–	–	100
2	Shantou Glory Hospital	Hospital	100,001	314,224	–	–	38,749	–	100

Project	Project Type	Site Area (sq.m.)	Under Development		Held for Future Development				
			GFA Under Development (sq.m.)	Saleable/ Rentable GFA (sq.m.)	GFA Pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA in Respect of Which Land Use Rights Certificates Have 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	132,561	124,725	48,287	–	–	80
Qidong									
1	Chongming Island	Residential	1,211,544	321,438	292,722	292,600	761,358	–	72
2	Butterfly Lake Hotel	Hotel	5,780	–	–	–	5,327	–	100
Wuxi									
1	Glory Luoshe Xincheng (國瑞洛社新城)	Residential	20,945	61,648	60,399	65,982	–	–	39
Tongren									
1	Guorui Intelligent Eco-town Project (國瑞智慧生態城項目)	Mixed-use	780,430	270,157	176,204	107,688	1,604,098	1,436,370	80
Total			<u>4,683,893</u>	<u>3,847,322</u>	<u>2,964,201</u>	<u>1,331,731</u>	<u>4,817,853</u>	<u>1,436,370</u>	
Total Attributable GFA			<u>3,631,301</u>	<u>2,802,771</u>	<u>2,054,232</u>	<u>825,402</u>	<u>3,886,795</u>	<u>1,149,096</u>	

The following table sets out a summary of information of the Group's investment properties as of December 31, 2020:

Project	Types of Properties	Total GFA	Leasable GFA	Effective Leased GFA	Total Rental Income	
		Held for Investment			2020	2019
		(sq.m.)	(sq.m.)	(sq.m.)	(RMB million)	(RMB million)
Beijing Glory City	Shopping mall	84,904	46,366	42,112	186.6	261.6
	Offices	8,520	6,930	4,174		
	Car parking spaces	26,324	26,324	21,779		
	Retail outlets	33,032	29,546	15,278		
	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	18,969	37.4	43.1
	Retail outlets	3,170	3,170	2,594		
Beijing Hademen Center	Commercial	15,671	14,703	9,968	212.1	219.0
	Offices	75,171	69,830	66,557		
	Car parking spaces	29,040	23,917	3,792		
Beijing Bei Wu Lou	Offices	10,916	10,916	10,916	20.8	23.6
Shenyang Glory City	Specialized markets	50,841	50,841	22,026	5.1	7.6
	Retail outlets	58,972	58,972	11,868		
Foshan Glory Shengping Commercial Center	Retail outlets	24,267	24,267	11,190	-	7.8
	Car parking spaces	10,722	10,722	-		
Foshan Glory Shengping Commercial Center*	Retail outlets	225,531	-	-	-	-
	Car parking spaces					
Shenzhen • Nanshan*	Offices	42,763	-	-	-	-
Haikou Glory City	Offices	32,876	32,876	31,598	38.5	17.6
Shantou Glory City	Offices	62,398	62,398	61,146	12.4	28.2
Total		769,516	446,176	280,592	512.9	608.5

* 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, 2020:

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	47,314	4,489	29,316	421,779	9,447	91
2	Beijing Glory City	Mixed-use	117,473	881,590	62,593	15,560	159,999	640,900	18,099	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	54,739	195,611	101,825	68,905	–	75,370	18,415	80
6	Glory Villa East	Residential	58,609	174,804	73,775	57,247	–	83,045	17,984	100
7	Fengtai Xitieying	Residential	21,074	107,686	105,286	–	–	–	2,400	16
Haikou										
1	Haikuotiankong Glory City	Mixed-use	141,375	811,123	147,185	17,458	32,877	593,432	37,630	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	–	20,068	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	9,119	1,767	–	149,295	3,574	80
Langfang										
1	Yongqing Glory City (Phase I (partial), Phases III, V)	Residential	509,049	426,535	42,585	15,833	–	381,694	2,256	80
2	Yongqing Glory City (Phase IV (partial))	Residential	176,023	667,852	143,902	83,566	–	523,950	–	100

Project	Project Type	Site Area (sq.m.)	Completed GFA (sq.m.)	GFA	GFA Available for Sale (sq.m.)	GFA Held for Investment (sq.m.)	GFA Sold (sq.m.)	Other GFA (sq.m.)	Ownership Interest (%)	
				Available or Use by Us (sq.m.)						
Zhengzhou										
1	Zhengzhou Glory City	Mixed-use	472,992	803,762	79,196	2,625	–	679,722	44,844	80
Shenyang										
1	Shenyang Glory City (Phases I to II, Phase III (partial), Phase IV and Phase V (partial))	Mixed-use	390,417	1,015,405	76,176	10,888	109,813	812,925	16,493	80
Foshan										
1	Foshan Guohua New Capital (Phase I and Phase II (partial))	Residential	104,576	498,012	88,353	77,142	–	341,085	68,574	44
2	Foshan Glory Shengping Commercial Center	Mixed-use	10,920	41,847	376	376	34,989	1,505	4,977	80
Shantou										
1	Glory Garden (Phase I)	Mixed-use	14,161	33,795	1,988	1,988	–	31,649	158	100
2	Yu Garden	Residential	8,292	25,767	–	–	–	25,767	–	100
3	Star Lake Residence	Residential	3,589	12,132	–	–	–	12,132	–	100
4	Yashi Garden	Residential	9,472	48,054	56	56	–	47,223	775	100
5	Guan Haiju	Residential	25,922	171,450	44,347	10,664	–	125,514	1,589	100
6	Siji Garden	Residential	42,155	203,549	13,639	13,639	–	147,931	41,979	80
7	Glory Garden (Phase II)	Residential	14,482	78,619	563	563	–	66,690	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	109,007	45,096	45,096	-	63,724	187	80
Qidong										
1	Butterfly Lake Hotel	Hotel	58,220	53,656	53,656	-	-	-	-	100
Wuxi										
1	Glory Luoshe Xincheng (國瑞洛社新城)	Residential	9,781	28,790	28,790	12,439	-	-	16,351	39
Total			<u>2,617,767</u>	<u>7,347,542</u>	<u>1,201,328</u>	<u>443,290</u>	<u>490,307</u>	<u>5,345,550</u>	<u>326,712</u>	
Total Attributable GFA			<u>2,119,505</u>	<u>5,911,393</u>	<u>918,818</u>	<u>352,959</u>	<u>395,470</u>	<u>4,369,901</u>	<u>233,583</u>	

Land Reserves

The following table sets out a summary of the Group's land reserves by geographic location as at December 31, 2020:

	Completed	Under Development	Future Development	Total Land Reserves	Of Total Land Reserves	Average Land Cost
	Saleable/ Rentable GFA Remaining Unsold (sq.m.)	GFA Under Development (sq.m.)	Planned GFA (sq.m.)	Total GFA (sq.m.)	(%)	(RMB/sq.m.)
Beijing	458,830	1,032,891	–	1,491,721	15.5	16,189.3
Haikou	53,323	140,640	646,972	840,935	8.8	1,380.2
Wanning	1,767	17,201	207,886	226,854	2.4	332.1
Langfang	99,398	87,194	1,205,908	1,392,500	14.5	256.5
Zhengzhou	2,625	30,535	–	33,160	0.3	405.5
Shenyang	120,700	325,598	73,342	519,640	5.4	591.9
Foshan	112,507	593,693	–	706,200	7.4	4,665.7
Xi'an	–	289,978	–	289,978	3.0	1,551.8
Shantou	26,911	501,023	38,749	566,683	5.9	1,072.5
Shenzhen	–	42,763	274,213	316,976	3.3	2,673.7
Suzhou	45,096	132,561	–	177,657	1.9	17,100.6
Chongming Island	–	321,438	766,685	1,088,123	11.3	1,007.0
Wuxi	12,439	61,648	–	74,087	0.8	5,939.0
Tongren	–	270,157	1,604,098	1,874,255	19.5	501.2
Total	933,596	3,847,320	4,817,853	9,598,769⁽¹⁾⁽²⁾	100	3,831.5
Total Attributable GFA	748,429	2,802,771	3,886,795	7,437,995		

Note:

(1) Includes 1,436,370 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.

(2) The area of such land reserves does not include the development area of primary land development projects and urban redevelopment projects of the Group of 5.811 million sq.m.

The following table sets out a summary of the Group's land reserves by type of properties as at December 31, 2020:

	<u>Completed</u>	<u>Under Development</u>	<u>Future Development</u>	<u>Total Land Reserves</u>	<u>Of Total Land Reserves</u>
	Saleable/ Rentable GFA Remaining Unsold	GFA Under Development	Planned GFA	Total GFA	(%)
	<i>(sq.m.)</i>	<i>(sq.m.)</i>	<i>(sq.m.)</i>	<i>(sq.m.)</i>	
Residential	297,012	2,045,972	4,012,285	6,355,269	66.2
Commercial for sale	58,909	533,301	364,459	956,669	10.0
Commercial held or intended to be held for investment	490,306	268,294	–	758,600	7.9
Hotel	–	72,948	5,327	78,275	0.8
Car parking spaces	64,336	436,369	117,974	618,679	6.4
Ancillary	23,033	175,528	279,059	477,620	5.0
Hospital	–	314,224	38,749	352,973	3.7
Others	–	685	–	685	–
Total	933,596	3,847,321	4,817,853	9,598,770⁽¹⁾⁽²⁾	100
Total Attributable GFA	748,429	2,802,771	3,886,795	7,437,995	

Note:

- (1) Includes 1,436,370 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.
- (2) The area of such land reserves does not include the development area of primary land development projects and urban redevelopment projects of the Group of 5.811 million sq.m.

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, urban renewal and projects under the “Urban Redevelopment” policy in places including Beijing and Shenzhen.

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, 2020, the demolition and relocation of the Land No. 4 and the Land No. 5 have been completed and preparation for launch to the market is in the process.

Urban Redevelopment Project in Shenzhen

In the first half of 2014, Shenzhen Dachaoshan Construction Co., Ltd.* (深圳市大潮汕建設有限公司), a subsidiary of the Group, entered into an urban renewal 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 for 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 1.4 million sq.m. had been approved by the 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 inclusion into the “2018 Longgan 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》) on December 30, 2018. 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 completed on May 30, 2019. In March 2020, the National Development and Reform Commission approved the construction plan for Metro Line 16 (Dayun-Xikeng Section) (Phase II). Xikeng Station of Metro Line 16 (Phase II) is located within the scope of the first renewal unit. The special plan has been adjusted by the Group in consideration of Xikeng Station and is being submitted to the review authority for review. Meanwhile, in consideration of the demolition work arrangement of the government for the metro, the Group has fully started the demolition negotiation for the first renewal unit. Subsequent thereto, the establishment of other projects will be commenced.

Financial Review

Revenue

For the Reporting Period, the Group's revenue decreased from RMB8,093.2 million for the year ended December 31, 2019 to RMB5,768.9 million in 2020.

Revenue from property development for the Reporting Period decreased from RMB7,256.7 million for the year ended December 31, 2019 to RMB5,016.8 million in 2020. Such decrease was mainly due to the deferred recognition of revenue as a result of the delayed development progress and property delivery of certain property projects of the Group due to the impact of the COVID-19 pandemic.

Cost of Sales and Services

The Group's cost of sales and services decreased from RMB5,954.5 million in 2019 to RMB4,723.4 million in 2020.

The Group's cost of property development decreased from RMB5,684.2 million in 2019 to RMB4,472.0 million in 2020. Such decrease was primarily due to the decrease in the GFA of properties delivered by the Group during the Reporting Period.

Gross Profit

For the Reporting Period, the Group's gross profit decreased from RMB2,138.7 million for the year ended December 31, 2019 to RMB1,045.5 million.

Such decrease was mainly due to the decline in the carried-forward gross profit of the real estate caused by the delayed development progress and property delivery of certain property projects of the Group due to the impact of the COVID-19 pandemic.

Net Profit

Net profit decreased from RMB1,219.6 million for the year ended December 31, 2019 to the profit for the year, excluding the one-off loss on disposal of the eight real estate project companies, was approximately RMB255.7 million. Such decrease was mainly due to the decline in the carried-forward profit of the real estate as a result of the slowdown of development progress of some of the Group's commercial housing due to the impact of the COVID-19 pandemic. During the Reporting Period, operations of the commercial properties held by the Group had also been affected by the pandemic to a certain extent, and the Group granted rental concessions to tenants during the pandemic, causing the lower gains on change in fair value for the current period.

Change in Fair Value of Investment Properties

Change in fair value of investment properties decreased from RMB1,061.4 million in 2019 to RMB315.0 million in 2020. Such decrease was mainly due to the facts that the operations of the commercial properties held by the Group had also been affected by the pandemic to a certain extent, and the Group granted rental concessions to tenants during the pandemic, causing the lower gains on change in fair value in the current period.

Other Gains and Losses

Other gains were RMB0.6 million for the Reporting Period, while other gains were RMB4.9 million for the year ended December 31, 2019. Such decrease was mainly due to the loss of RMB122.1 million incurred by the Group's termination of the capital contributions in eight real estate project companies in December 2020 and the gain from the disposal of investment properties of RMB182.5 million in 2020 and the inventory impairment of individual items, which was nil in 2019.

Other Income

Other income increased by 11.9% from RMB176.3 million for the year ended December 31, 2019 to RMB197.2 million for the Reporting Period, which was mainly due to the recognised income on capital employed with associates and joint ventures for the current year.

Distribution and Selling Expenses

Distribution and selling expenses decreased from RMB305.9 million for the year ended December 31, 2019 to RMB273.5 million for the Reporting Period. The decrease was mainly due to the reduced distribution and sales expenses caused by less marketing and promotion expenses as a result of the launch of an online sales platform "Ruianfang (瑞房網)" by the Group for housing sales during the Reporting Period.

Administrative Expenses

Administrative expenses decreased by 16.0% from RMB556.8 million for the year ended December 31, 2019 to RMB467.7 million for the Reporting Period. Such decrease was primarily due to the improvement of the operating quality of the Group through the adjustment and optimization of the organizational structure during the Reporting Period, thereby reducing administrative expenses.

Finance Costs

Finance costs decreased by 38.7% from RMB404.7 million for the year ended December 31, 2019 to RMB248.0 million for the Reporting Period. Such decrease was primarily attributable to the exchange gains generated by senior notes of US\$555 million for the current year and the decrease in finance costs of RMB256.3 million as a result of the decrease in the interest-bearing liabilities of RMB3,925.1 million during the Reporting Period.

Income Tax Expense

Income tax expense decreased from RMB826.6 million for the year ended December 31, 2019 to RMB383.1 million for the Reporting Period, primarily due to the decrease of profit before taxation. The PRC enterprise income tax and LVT of the Group for the Reporting Period were RMB270.4 million and RMB243.8 million, respectively.

Total Comprehensive Income

The Group's total comprehensive income decreased from RMB1,222.5 million for the year ended December 31, 2019 to RMB132.8 million for the Reporting Period. Such decrease was mainly due to the factors mentioned above.

Liquidity, Financial and Capital Resources

Cash Position

As at December 31, 2020, the Group's cash, restricted bank deposits and bank balances decreased from RMB2,216.2 million as at December 31, 2019 to approximately RMB1,896.1 million.

Borrowings

As at December 31, 2020, the Group had outstanding borrowings of RMB23,518.5 million, consisting of bank borrowings of RMB16,083.7 million, borrowings from trust financing arrangements of RMB386.3 million, other borrowings of RMB2,782.0 million, corporate bonds of RMB510.8 million and senior notes of RMB3,755.7 million.

As at December 31, 2020, the outstanding amount of the Group's borrowings from trust financing arrangements accounted for 1.6% of the balance of the Group's total bank and trust borrowings, compared to 18.4% as at December 31, 2019.

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, 2020, the assets pledged to secure certain borrowing granted to the Group amounted to RMB38,020.4 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, 2020, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to RMB6,774.3 million. Save as disclosed in this announcement, the Group had no other material contingent liabilities as at December 31, 2020.

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, 2020, the balance of the Company's senior notes amounted to US\$555 million. As a result of the issuance of such U.S. 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 real estate companies, namely Guangdong Hongtai Guotong Real Estate Co., Ltd.* (廣東宏泰國通地產有限公司), Guangdong Guosha Real Estate Co., Ltd.* (廣東國廈地產有限公司), Tianjin Tianfu Rongsheng Real Estate Development Co., Ltd.* (天津天富融盛房地產開發有限公司), Sanya Jingheng Properties Co., Ltd.* (三亞景恒置業有限公司), Handan Guoxia Real Estate Development Co., Ltd.* (邯鄲市國夏房地產開發有限公司), Chongqing Guosha Real Estate Development Co., Ltd.* (重慶國廈房地產開發有限公司) and Jiangmen Yinghuiwan Real Estate Co., Ltd.* (江門映暉灣房地產有限公司) (the “**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 the Seven Target Companies. On November 23, 2018, Beijing Guoxing Wanxun Technology and Trade Consulting Co., Ltd.* (北京國興萬訊科貿諮詢有限公司), 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.* (石家莊國廈房地產開發有限公司) (“**Shijiazhuang Guosha**”).

Given that the projects of the Seven Target Companies and Shijiazhuang Guosha are mostly located in third- and fourth-tier cities, where the market is subject to significant volatility from policies, the Company plans to transfer investments scattered in third- and fourth-tier cities to core cities such as Beijing and Shenzhen. Besides, the existing Beijing Qinian Street and Shenzhen Xikeng projects have gradually established under the long- term operation of the Company with high quality, and therefore the maintenance and appreciation of investment value can be well guaranteed. After deliberate consideration by the Board of the Company, and the approval granted by the Shareholders of the Company at the extraordinary general meeting held on December 14, 2020, the Company entered into eight termination agreements with Seven Target Companies, Shijiazhuang Guosha and their respective existing shareholders to terminate the capital contribution arrangements. Since December 14, 2020, Seven Target Companies and Shijiazhuang Guosha are no longer subsidiaries of the Company.

Disposal

On August 7, 2020, an indirect wholly-owned subsidiary of the Company entered into an equity transfer agreement with Shantou Xiayi Business Management Co., Ltd.* (汕頭市廈浣商業管理有限公司) (“**Xiayi Business Management**”) and Shantou Glory Construction Materials and Household Exhibition Center Co., Ltd.* (汕頭國瑞建材家居博覽中心有限公司) (the “**Target Company**”), pursuant to which, the indirect wholly-owned subsidiary of the Company agreed to sell and Xiayi Business Management agreed to purchase 90% equity interests in the Target Company for a consideration of RMB540,000,000. Upon the completion of the transaction, the Company will no longer hold any equity interest in the Target Company. For details, please refer to the announcement of the Company dated August 7, 2020 in relation to the disposal of 90% equity interest in the Target Company.

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, 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, 2020, the Group had approximately 737 employees. For the Reporting Period, the Group incurred employee costs of approximately RMB335.6 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.

Full Redemption of U.S.\$300,000,000 7% Senior Notes due March 21, 2020

On March 21, 2020, the Company completed full redemption in cash of the outstanding portion of the notes due March 21, 2020, further details of which were disclosed in the announcement of the Company dated March 23, 2020.

Full Redemption of U.S.\$100,000,000 10.00% Senior Notes due June 7, 2020

In June 2020, the Company fully redeemed US\$100,000,000 10.0% Senior Notes due June 7, 2020. After the redemption was completed, such Notes were fully cancelled and there was no issued and outstanding US\$100,000,000 10.0% Senior Notes due June 7, 2020.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On January 26, 2021, the Company successfully issued US\$323,745,000 14.25% senior notes due 2024 on the Stock Exchange. Further details of the issuance of senior notes are disclosed in the announcements of the Company dated January 12, January 18, January 21, January 25 and January 26, 2021.

On March 1, 2021, the Company completed the redemption of 13.5% senior notes due 2022 (the “**2022 Notes**”) in cash, at a price of US\$159,591,000 equal to the aggregate principal of the 2022 Notes of US\$149,500,000 for which part of holders have exercised their redemption options plus accrued interest to the redemption options date. Upon the completion of the redemption, the remaining outstanding principal amount of the 2022 Notes will be US\$4,900,000. Further details of the redemption of part of the 2022 Notes were disclosed in the announcement of the Company dated March 1, 2021.

FINAL DIVIDEND

The Board did not recommend any payment of final dividend for the year ended December 31, 2020.

ANNUAL GENERAL MEETING

The annual general meeting (“**AGM**”) of the Company will be held on June 30, 2021. A notice convening the AGM will be published and despatched to the shareholders in the manner required by the Rules Governing the Listing of Securities of the Stock Exchange (the “**Listing Rules**”).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming AGM to be held on June 30, 2021, the register of members of the Company will be closed from June 25, 2021 to June 30, 2021, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents shall 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 June 24, 2021.

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 five 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 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, 2020.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2020 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, 2020 will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares and debt securities of the Company (stock codes: 5834 and 40558) on the Stock Exchange has been suspended since 9: 00 a.m. on April 1, 2021 pending the publication of the audited results of the Group for the year ended December 31, 2020 as set out in this announcement. The Company has made an application to the Stock Exchange for the resumption of trading in the shares and debt securities of the Company (stock codes: 5834 and 40558) on the Stock Exchange with effect from 9: 00 a.m. on April 12, 2021.

By Order of the Board
Guorui Properties Limited
Zhang Zhangsun
Chairman

Beijing, the PRC, April 11, 2021

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 and Ms. Dong Xueer 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.*