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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 (国瑞置業有限公司)” and  
carrying on business in Hong Kong as Guorui Properties Limited)*

**(Stock Code: 2329)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**2015 ANNUAL RESULTS HIGHLIGHTS**

- Achieved contracted sales for the year ended December 31, 2015 (the “**Reporting Period**”) of RMB6,569.0 million with corresponding gross floor area (“**GFA**”) of approximately 665,661 sq.m., representing a year-on-year increase of 5.8% and 39.6%, respectively;
- Revenue for the Reporting Period was RMB6,514.3 million, of which the revenue from property development was RMB6,028.9 million.
- Gross profit for the Reporting Period was RMB2,678.8 million, of which the gross profit from property development was RMB2,437.3 million.
- Net profit for the Reporting Period was RMB1,583.5 million, of which RMB1,260.6 million was attributable to the equity holders of the Company.
- Basic earnings per share for the Reporting Period were RMB28.62 cents.
- The Board recommended the payment of final dividends of HK5.55 cents per share.

## ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2015

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, 2014. 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, 2015

	NOTES	Year ended December 31,	
		2015	2014
		RMB'000	RMB'000
Revenue	3	6,514,304	5,278,546
Cost of sales and services		(3,835,485)	(2,873,368)
Gross profit		2,678,819	2,405,178
Other gains and losses		(6,956)	(4,896)
Other income		13,170	12,387
Gain on fair value change of investment properties		783,601	385,956
Selling expenses		(246,156)	(182,446)
Administrative expenses		(358,709)	(272,319)
Other expenses		(26,388)	(39,027)
Finance costs	4	(141,095)	(238,900)
Share of result of associates		3,312	(6,924)
Profit before tax		2,699,598	2,059,009
Income tax expenses	5	(1,116,109)	(852,720)
Profit and total comprehensive income for the year		<u>1,583,489</u>	<u>1,206,289</u>
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		1,260,550	950,654
Non-controlling interests		322,939	255,635
		<u>1,583,489</u>	<u>1,206,289</u>
Earnings per share, in Renminbi cents:	6		
Basic		<u>28.62</u>	<u>23.42</u>
Diluted		<u>28.28</u>	<u>23.34</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*AT DECEMBER 31, 2015*

	NOTES	At December 31,	
		2015	2014
		<i>RMB '000</i>	<i>RMB '000</i>
<b>Non-current assets</b>			
Investment properties		15,065,850	12,822,450
Property, plant and equipment		130,248	142,891
Intangible assets		3,490	3,164
Interests in associates		32,196	189,076
Available-for-sale investments		165,192	5,000
Prepaid lease payments		3,013	3,120
Deposit paid for acquisition of a subsidiary		70,000	—
Deferred tax assets		160,336	100,172
Restricted bank deposits		38,686	7,590
		<u>15,669,011</u>	<u>13,273,463</u>
<b>Current assets</b>			
Inventories		73	78
Prepayment/deposits paid for land acquisition		2,929,848	35,000
Properties under development		9,667,914	10,092,920
Properties held for sale		2,719,459	2,243,952
Trade and other receivables, deposits and prepayments	8	870,875	553,756
Amounts due from customers for contract work		1,222,245	1,072,586
Prepaid taxes		39,270	18,777
Amounts due from a related party		1,063	—
Financial assets at fair value through profit or loss		70,097	97
Restricted bank deposits		80,898	1,180,187
Cash and bank balances		1,956,263	542,557
		<u>19,558,005</u>	<u>15,739,910</u>
<b>Current liabilities</b>			
Trade and other payables	9	4,910,116	5,044,261
Deposits received from sale of properties		1,611,699	1,688,750
Amounts due to related parties		55,057	18,954
Taxation payable		1,477,701	1,121,261
Bank and other borrowings - due within one year		3,718,997	4,221,260
		<u>11,773,570</u>	<u>12,094,486</u>
Net current assets		<u>7,784,435</u>	<u>3,645,424</u>
Total assets less current liabilities		<u>23,453,446</u>	<u>16,918,887</u>

	<b>At December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB '000</i>	<i>RMB '000</i>
Non-current liabilities		
Other payables	65,970	64,826
Bank and other borrowings - due after one year	8,579,128	6,597,350
Corporate bonds	2,977,127	—
Deferred tax liabilities	1,903,251	1,720,267
	<u>13,525,476</u>	<u>8,382,443</u>
Net assets	<u>9,927,970</u>	<u>8,536,444</u>
Capital and reserves		
Share capital	3,511	3,509
Reserves	8,115,985	7,012,813
	<u>8,119,496</u>	<u>7,016,322</u>
Equity attributable to owners of the Company	<u>8,119,496</u>	<u>7,016,322</u>
Non-controlling interests	<u>1,808,474</u>	<u>1,520,122</u>
Total equity	<u>9,927,970</u>	<u>8,536,444</u>

## NOTES

### 1. GENERAL

The Company was incorporated in the Cayman Islands under the name of “Glory Land Company Limited (国瑞置业有限公司)” 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 (通和置业有限公司), a company incorporated in the British Virgin Islands. Mr. Zhang Zhangsun, who holds 100% equity interests of Alltogether Land Company Limited, is the ultimate shareholder 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 No. 15, East Zhushikou Street, Dongcheng District, Beijing, the PRC.

On July 7, 2014, the Company completed the global offering and its shares were listed on the mainboard of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Group are principally engaged in property development, primary land construction and development services, property investment and property management and related services.

The consolidated financial statements are presented in Renminbi (“RMB”), the currency of the primary economic environment in which the group entities operate (the functional currency of the group entities).

### 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

In the current year, the Group has applied, the following amendments to IFRSs:

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle

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

### 3. REVENUE AND SEGMENT INFORMATION

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

Property development: This segment develops and sells commercial and residential properties. All of the Group's activities are carried out in the PRC.

Primary land construction and development services: This segment derives revenue from primary land development, including services for resettlement, construction of land infrastructure and ancillary public facilities on land owned by the local governments. All of the Group's activities are carried out in the PRC.

Property investment: This segment derives rental income from investment properties developed by the Group. Currently the Group's investment property portfolio mainly comprises commercial properties located in the PRC.

Property management and related services: This segment derives income from property management. Currently the Group's activities are carried out in the PRC.

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

Inter-segment sales are priced with reference to prices charged to external parties for similar products and services.

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

(a) **Segment revenue and results**

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

	<b>Property development</b>	<b>Primary land construction and development services</b>	<b>Property investment</b>	<b>Property management and related services</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Year ended December 31, 2015</b>					
Revenue from external customers	6,028,920	143,391	280,589	61,404	6,514,304
Inter-segment revenue	—	—	—	14,429	14,429
Segment revenue	<u>6,028,920</u>	<u>143,391</u>	<u>280,589</u>	<u>75,833</u>	<u>6,528,733</u>
Segment profit	<u>1,868,149</u>	<u>858</u>	<u>214,540</u>	<u>10,738</u>	<u>2,094,285</u>
<b>Year ended December 31, 2014</b>					
Revenue from external customers	4,790,244	175,970	267,622	44,710	5,278,546
Inter-segment revenue	—	—	—	18,091	18,091
Segment revenue	<u>4,790,244</u>	<u>175,970</u>	<u>267,622</u>	<u>62,801</u>	<u>5,296,637</u>
Segment profit	<u>1,728,808</u>	<u>1,375</u>	<u>228,021</u>	<u>10,188</u>	<u>1,968,392</u>

**(b) Reconciliations of segment revenues, profit or loss**

	<b>Year ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue		
Segment revenue	6,528,733	5,296,637
Elimination of inter-segment revenue	<u>(14,429)</u>	<u>(18,091)</u>
Consolidated revenue	<u><u>6,514,304</u></u>	<u><u>5,278,546</u></u>
Profit		
Segment profit	2,094,285	1,968,392
Other gains and losses	(7,415)	(4,896)
Other income	13,170	12,387
Other expenses	(26,388)	(39,027)
Share of result of associates	3,312	(6,924)
Gain on fair value change of investment properties	783,601	385,956
Finance costs	(141,095)	(238,900)
Depreciation	(3,884)	(3,884)
Auditor's remuneration	(3,786)	(3,628)
Directors' emoluments	<u>(12,202)</u>	<u>(10,467)</u>
Consolidated profit before tax	<u><u>2,699,598</u></u>	<u><u>2,059,009</u></u>



(c) **Other segment information**

Amounts included in the measurement of segment profit or loss:

	Property development	Primary land construction and development services	Property investment	Property management and related services	Unallocated amount	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Year ended December 31, 2015</b>						
Depreciation and amortization	10,536	—	5,221	7,600	3,884	27,241
Release of prepaid lease payment	—	—	81	26	—	107
Reversal of allowance for doubtful receivables	—	—	(459)	—	—	(459)
<b>Year ended December 31, 2014</b>						
Depreciation and amortization	8,465	—	5,216	4,095	3,884	21,660
Release of prepaid lease payment	—	—	81	26	—	107

(d) **Revenue from major products and services**

The following is an analysis of the Group's revenue from external customers:

	<b>Year ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of properties	6,028,920	4,790,244
Primary land construction and development services	143,391	175,970
Rental income	280,589	267,622
Property management and related services	61,404	44,710
	<u>6,514,304</u>	<u>5,278,546</u>

**(e) Geographical information**

All the revenue and operating results of the Group is derived from the PRC based on location of the operations. All the Group's non-current assets (other than financial instruments, and deferred tax assets of the Group) amounting to RMB15,304,797,000 (2014: RMB13,160,701,000) at December 31, 2015 are located in the PRC based on geographical location of the assets or the associates' operation, as appropriate.

**(f) Revenue from major customers**

No revenue from transactions with a single external customer amounted to 10% or more of the Group's revenue during the two years ended December 31, 2015 and 2014.

**4. FINANCE COSTS**

	Year ended December 31,	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank loans	606,807	496,839
Interest on corporate bonds	22,624	—
Interest on other loans	214,342	273,767
Interest on amounts due to related parties	190	63
Other finance cost (note)	3,950	7,404
	<hr/>	<hr/>
Total interest expenses	847,913	778,073
Less: Amounts capitalised to properties under development	(706,818)	(539,173)
	<hr/>	<hr/>
	<u>141,095</u>	<u>238,900</u>

Note: In 2009, the Group entered into a sale contract with a connected person as defined under the Listing Rules (“the Party”) to sell a residential block (“the Property”) located in Beijing and received RMB1,160,911,000 as deposit. On May 5, 2013, the Group entered into another agreement with the Party to cancel the sale contract of the Property (the “Cancellation Agreement”). According to the Cancellation Agreement, the deposit received from sale of the Property amounting to RMB1,160,911,000 and an interest amounting to RMB351,310,000 (the “Settlement Amount”) will be paid to the Party by the Group within one year by instalments. Upon signing of the Cancellation Agreement, the Group measured the Settlement Amount at fair value and recognised a loss amounting to RMB293,927,000, being the difference between the sale deposit of RMB1,160,911,000 and the fair value of the Settlement Amount determined using an effective interest rate of 6% per annum in 2013. During the year ended December 31, 2015, the Group recognised RMB3,950,000 (2014: RMB7,404,000) as other finance cost based on an effective interest rate of 6% per annum. Subsequent to December 31, 2015, the outstanding amount of RMB200,000,000 was repaid in March 2016.

Borrowing costs capitalised to properties under development were arising from specific bank borrowings, corporate bonds and other loans.

## 5. INCOME TAX EXPENSES

	<b>Year ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax		
PRC enterprise income tax	462,419	401,576
Under provision in prior year	357	8,117
LAT	530,513	407,078
	<u>993,289</u>	<u>816,771</u>
Deferred tax	122,820	35,949
	<u>1,116,109</u>	<u>852,720</u>
Income tax expenses	<u>1,116,109</u>	<u>852,720</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.



## 7. DIVIDENDS

Subsequent to the end of the reporting period, final dividend in respect of the year ended December 31, 2015 of HK5.55 cents per share, totalling HK\$245,882,000 (equivalent to RMB206,000,000) has been proposed by the Directors and is subject to approval by the shareholders of the Company at the forthcoming annual general meeting.

Dividend recognised as distribution by the Company during the year ended December 31, 2015 amounted to HK\$266,080,000 (equivalent to RMB209,914,000) in aggregate, representing HK6.05 cents per share declared and paid in cash to the shareholders of the Company.

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

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

	<b>At December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables, net of allowance	475,587	242,337
Advances to contractors and suppliers	205,953	126,855
Other receivables from independent third parties (note)	17,261	17,261
Other receivables and prepayment, net of allowance	87,165	100,154
Prepaid lease payment - current portion	107	107
Deposits	84,802	67,042
	<u>870,875</u>	<u>553,756</u>

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

The following is an aged analysis of trade receivables based on the date of recognition of revenue at the end of the reporting period:

	<b>At December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 60 days	350,660	162,825
61 to 180 days	28,618	9,123
181 to 365 days	28,302	63,245
1-2 years	64,274	4,742
Over 2 years	3,733	2,402
	<u>475,587</u>	<u>242,337</u>

Trade receivables with an amount of approximately RMB49,112,000 (2014: RMB19,747,000) as at December 31, 2015, were overdue receivables but not impaired at the end of each of the reporting period. The Group does not hold any collateral over these balances. The following is an aged analysis of overdue receivables based on due date.

	<b>At December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 1 year	38,281	12,603
1-2 years	7,098	4,742
Over 2 years	3,733	2,402
	<u>49,112</u>	<u>19,747</u>

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

All the receivables that are neither past due nor impaired are due from customers with good settlement history.

Movements in the allowance for doubtful debts on trade receivables are set out as follows:

	<b>At December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Balance at the beginning of the year	4,110	4,110
Reversed during the year	(459)	—
	<u>3,651</u>	<u>4,110</u>
Balance at the end of the year	<u><u>3,651</u></u>	<u><u>4,110</u></u>

Included in allowance for doubtful debts are trade receivables individually impaired which are due from debtors under financial difficulties. In addition, the Group assessed impairment on a collective basis. No further allowance for doubtful debts was recognised.

## 9. TRADE AND OTHER PAYABLES

	<b>At December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payable	3,223,172	3,732,286
Deposits received	399,886	387,213
Rental received in advance	51,782	47,838
Payable for acquisition of subsidiaries (note a)	504,360	464,360
Other payables to connected person (note b)	200,000	196,050
Accrued payroll	45,578	33,572
Business and other tax payable	212,170	160,207
Other payables and accruals	339,138	87,561
	<u>4,976,086</u>	<u>5,109,087</u>
	<u><u>4,976,086</u></u>	<u><u>5,109,087</u></u>
Analyzed for reporting purposes as:		
Non-current (note c)	65,970	64,826
Current	4,910,116	5,044,261
	<u>4,976,086</u>	<u>5,109,087</u>
	<u><u>4,976,086</u></u>	<u><u>5,109,087</u></u>

Notes:

- (a) In June 2015, the Group acquired 87.5% equity interest in Shenzhen Wanji Pharmaceutical Co., Ltd. at a cash consideration of RMB500,000,000 and an assignment of debt of RMB200,000,000. As of December 31, 2015, the outstanding balance amounted to RMB100,000,000. The amount is unsecured, interest free and repayable on demand.

The remaining balance as at December 31, 2015 comprised the outstanding balance of consideration amounted to RMB346,860,000 (2014: RMB346,860,000) for the acquisition of equity interest in Hainan Junhe Industrial Co., Ltd. during 2014 and the outstanding balance of consideration amounted to RMB57,500,000 (2014: RMB117,500,000) in relation to the equity interest in Shaanxi Huawei Shida Industrial Co., Ltd. acquired in 2013. These amounts are unsecured, interest free and repayable on demand.

- (b) The amount is related to the cancellation of a sale contract, with a connected person as defined under the Listing Rules, which is unsecured and repayable on demand as at December 31, 2015.
- (c) Pursuant to the relevant agreements, rental deposits of approximately RMB65,970,000 (2014: RMB64,826,000) as at December 31, 2015, are to be settled after twelve months from the end of the reporting period and is therefore classified as non-current liability.

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

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

	<b>At December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 60 days	2,577,407	3,304,748
61-365 days	386,298	70,803
1-2 years	227,801	286,152
Over 2 years	31,666	70,583
	<u>3,223,172</u>	<u>3,732,286</u>

## 10. CONTINGENT LIABILITIES

	<b>At December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Guarantees provided by the Group in respect of loan facilities utilised by property buyers	<u>3,997,153</u>	<u>2,665,273</u>



## **CHAIRMAN’S STATEMENT**

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual results of Guorui Properties Limited (the “Group” or “Guorui”) for the year ended December 31, 2015.

### **Results and Review for 2015**

In 2015, the growth of the global economy slowed down. Against the backdrop of a decline in the growth of the PRC economy, the PRC central government set the tone on stabilizing housing consumption. Stimulated by lenient policies, the real estate market in general picked up. In view of the disintegration of the real estate industry intensified, industry leaders decided to diversify so as to embrace a new development landscape.

Under such circumstance, the Group continued to focus on its principal business in real estate development and achieved growth in both scale and earnings by virtue of highly efficient operational management and flexible marketing strategies. During the Reporting Period, the Group achieved contracted sales of RMB6,569.0 million, representing an increase of 5.8% as compared to last year. Total contracted GFA was 665,661 sq.m., representing an increase of 39.6% as compared to last year. The Group realized a revenue of RMB6,514.3 million, of which the revenue derived from property development was RMB6,028.9 million, from primary land construction and development services was RMB143.4 million and from property investment was RMB280.6 million and property management and related services was RMB61.4 million. The Board has proposed to declare a dividend of HK5.55 cents per share.

2015 was a year for the Group to forge ahead and was also a year of innovation and perseverance.

### **Maintaining competitive advantages, being ready to move forward**

With an operating history of more than 20 years, the Group commenced its business in Guangdong, grew its operations in Beijing and extended its presence nationwide. In particular, the Company is widely known for its well-established presence in the heart of the Second Ring Region in Beijing. After listing of the Company, the Group has achieved major milestones signifying leapfrog developments, including successful progress in standardizing procedures in corporate management and provisions of products and services, acquisitions of quality land parcels and diversified business expansion. Benefiting from the outstanding management capabilities, the Group managed to maintain a steady increase in key profit indicators which were higher than the industry average levels. From 2012 to 2015, the core net profit of the Group maintained a CAGR of 27%.

### **Reinforcing its establishment in existing regions to expand the market share**

The Group always adheres to its strategies of continuous expansion in coverage of selected cities and focus on development in major areas with rapid economic growth, such as the “Beijing, Tianjin and Hebei” region and the Pearl River Delta region. At present, Guorui has established its strategic coverage in 10 cities, including Beijing, Shenzhen, Haikou, Zhengzhou and Shenyang. At the same time, the Group aims to continue to strengthen its presence in cities where it has already established coverage and further expands its market share in the “Beijing, Tianjin and Hebei” region and Pearl River Delta region, which are centered around Beijing and Shenzhen respectively.

With a furtherance of the integration of “Beijing, Tianjin and Hebei” region, the major ecological township project of Yongqing Glory City (永清國瑞城), which is a key development project of Guorui in Langfang, should become a first choice for home buyers in the southern area of Beijing. In 2015, contracted sales of Yongqing Glory City amounted to RMB1,217.1 million, contributing 18.5% to the Group’s total contracted sales. In addition, Beijing Hademen Centre (北京哈德門中心) (previously known as Beijing Glory Centre), a high-end complex project, has completed capping and is expected to launch in 2017, which should further establish the dominant position of Guorui in the heart of the Second Ring Region in Beijing.

### **Keeping a close watch on the land markets in first-tier cities**

Benefiting from the favourable policies for the real estate market, the land markets in first-tier cities continued to boom; especially, the market performance in Beijing, Shanghai and Shenzhen was particularly prominent. With regard to the land reserves, the Group seized key opportunities in acquiring prime land parcels with strategic significance. In June 2015, the Group expanded into Shenzhen and acquired a land parcel in Nanshan, Shenzhen, which marked the addition of another location of strategic importance to its national footprint. In November 2015, the Group acquired two parcels of land in Beiqijia (北七家), of Changping District in Beijing, measuring a total of 94,199 square meters and 73,294 square meters, respectively. The Group aims to gradually develop new projects and increase its market shares in first- and second-tier cities while continuing its sustainable and healthy expansion.

### **Broadening financing channels and continuously optimizing the debt structure**

In 2015, the PRC bond market gradually relaxed its restrictions to provide more diversified choices to enterprises. The Group has always informed of the trend in the capital markets with an aim to seize excellent financing opportunities. In October 2015, the Group was granted the rating of AA with a positive outlook by United Ratings Co., Ltd, an authoritative rating agency. During the Reporting Period, the Group successfully issued domestic corporate bonds with a total size of RMB3 billion to further broaden its financing channels, optimize its debt structure and enhance the financial strength of the Group so as to provide strong support for sustainable growth.

In the future, Guorui will constantly expand its investment and financing channels, enhance capabilities of mergers and acquisitions and cooperation, expand operating channel of projects and explore multi-channel financing platforms.

### **Outlook for 2016**

2016 marks the start of the “13th Five-year Plan”. Premier Li Keqiang proposed “further promoting new urbanization” and “reducing the stock by implementing policies based on cities” in the government work report to promote steady and healthy development of the real estate market in the PRC. Real estate as a pillar industry of the national economy will not be shaken. The policy environment will continue to be lenient. New urbanization will open up new growth space for the development of the industry.

With the narrowing of profit margin of property enterprises and industry concentration increasing year by year, mergers and acquisitions and survival of the fittest will continue to accelerate and future competition will intensify. The key focus of the Group will be assessing situations and seizing opportunities to achieve leapfrog development.

### **In 2016, the Group aims to implement a diversified strategic layout driven by new businesses such as cultural tourism, healthcare and intelligent technology**

The government report has proposed driving the reform and innovation of traditional industries. The Group is of the view that traditional industries in the global economic sector will all be subject to change and emerging industries will gradually replace traditional industries. In the future, emerging industries such as high-end manufacturing, new energy, biomedicine, intelligent technology, cultural tourism and healthcare will usher in leap forward development.

### **Solidify foundation for principal operations and diversify strategic layout**

Based on the current real estate market situation and the judgement of future development, the Group has made it clear that real estate will continue as its principal operations and will gain market shares with quality products and services. While expanding in scale, the Group will take into account the profit margin in maintaining its competitive advantages. Meanwhile, it will also seek industry development opportunities during the development of traditional businesses, diversify exploration and layout, foster new business growth and enhance the overall value of the Group.

With the strategic deployment of diversified development, the Group will conscientiously advance the research and development and implementation of projects in various new business sectors such as healthcare, theme parks, sightseeing agricultural ecological parks, travel and tourism. Through constantly exploring new product lines, we will ultimately form a business model that can be successfully replicated, which will become a new engine driving the rapid development of the Group.

### **Establishing the new business of healthcare as an initial success achieved with diversified layout**

The healthcare industry is one of the nation's key projects under the "13th Five-year Plan". The government encourages social capital to invest in the healthcare industry, bringing opportunities for Guorui to enter into the healthcare industry. On January 8, 2016, the Group successfully acquired Shantou Guorui Hospital Co. Ltd.\* (汕頭市國瑞醫院有限公司) ("Guorui Hospital") at a consideration of RMB306 million, which opened a new chapter for the Group's asset allocation optimization strategy. Guorui Hospital will be principally engaged in hospital operation. The acquisition of Guorui Hospital will help to improve the overall quality of the Group's assets, create new space for development and strengthen long-term development of the Group. In the future, the Group will leverage on its accumulated resources and experience and further extend its presence into the healthcare industry.

### **Winning market segments by differentiation and being confident of the future of products with styles and themes**

The Group believes that with the advancement of urbanization development and new urbanization, themed real estate driven by culture, tourism, health preservation, senior living and intelligent technology will become the dominant directions of innovative real estate business. Currently, the Group is attempting the research and development and implementation of themed real estate projects such as new urban complexes, theme parks and sightseeing agricultural ecological parks to achieve value realization in market segments by differentiation.

### **Building a harmonious relationship and promoting the sustainable development of the Group**

With regard to investor relations, Guorui has always been taking an open attitude, abides by the disclosure standards and guidelines of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and is committed to achieve efficient communication with stakeholders. In addition, the Group also strives to become a strategic management platform for maximizing the value of the Company with the objective of enhancing investors' recognition of the strategies of the Company and facilitating the enhancement of internal management standards.

As for shareholders, the Group will as usual attentively communicate with them and pay attention to their needs. In May 2015, the Group convened the annual general meeting in Beijing during which management representatives and shareholders on site conducted frank communication and exchanges. In the future, the Group will continue to reinforce investors' recognition of and trust in the Company to safeguard the interests of shareholders.

The Group is committed to promote the sustainable development of the environment and the community and will continue to make every effort in reducing energy consumption through environmental-friendly architectural designs and operate measures to improve the environmental performance in respect of the development and management of its properties so as to conscientiously fulfill its commitment to the environment and the society.

Going forward, Guorui will strive to continue to uphold the mission of being a “responsible property developer” and join hands with the shareholders to achieve the next stage of leap-forward growth. The Group will embark on a new journey at a new starting point!

### **Acknowledgement**

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

**Zhang Zhangsun**

*Chairman*

Beijing, the PRC

March 23, 2016

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Business Review**

For the Reporting Period, the Group's total contracted sales were approximately RMB6,569.0million, representing an increase of 5.8% as compared to the year ended December 31, 2014. The Group's revenue was RMB6,514.3 million, representing an increase of 23.4% as compared to the year ended December 31, 2014. This increase was primarily due to the increased revenue from property development. Revenue from property development was RMB6,028.9 million, representing an increase of 25.9% as compared to the year ended December 31, 2014. For the Reporting Period, the Group's gross profit was RMB2,678.8 million, net profit was RMB1,583.5 million, of which RMB1,260.6 million was attributable to the equity holders of the Company.

### ***Contracted Sales***

For the Reporting Period, the contracted sales of the Group amounted to approximately RMB6,569.0 million, representing an increase of 5.8% from RMB6,206.3 million for the year ended December 31, 2014. Total GFA sold was approximately 665,661 sq.m., representing an increase of 39.6% from 476,764 sq.m. for the year ended December 31, 2014. Contracted sales of the Group, by geographical location, from Beijing, Haikou, Wanning, Langfang, Zhengzhou, Shenyang, Foshan and Shantou amounted to approximately RMB1,006.2 million, RMB1,487.2 million, RMB302.2 million, RMB1,217.1 million, RMB1,120.6 million, RMB770.9 million, RMB663.2 million and RMB1.6 million, respectively, representing 15.3%, 22.6%, 4.6%, 18.5%, 17.1%, 11.7%, 10.1% and 0.1% of the Group's total contracted sales, respectively.

The following table sets out the geographic breakdown of the Group's contracted sales for the years ended December 31, 2015 and 2014:

	2015	2014	2015	2014	2015	2014
	Contracted	Contracted	GFA	GFA	Contracted	Contracted
	Sales	Sales	Sold	Sold	ASP	ASP
	(RMB million)	(RMB million)	(sq.m.)	(sq.m.)	(RMB/sq.m.)	(RMB/sq.m.)
<b>Beijing</b>						
Beijing Glory City (Phases I and II)	996.9	1,826.4	16,819	27,297	59,272.3	66,907.1
Beijing Fugui Garden	—	38.6	—	1,285	—	30,072.6
Eudemonia Palace	9.3	40.6	220	872	42,272.7	46,621.0
<b>Haikou</b>						
Haikuotiankong Glory City (Phases I to V)	1,473.5	1,283.2	105,484	78,962	13,968.9	16,250.9
Glory River view Garden	9.9	—	567	—	17,460.3	—
Haidian Island Glory Garden	3.8	77.5	526	4,808	7,224.3	16,118.1
<b>Wanning</b>						
Wanning Glory City (Phase I)	302.2	212.0	43,258	33,383	6,986.0	6,349.8
<b>Langfang</b>						
Yongqing Glory City (Phases III to V)	1,217.1	710.6	144,730	63,687	8,409.5	11,157.8
<b>Zhengzhou</b>						
Zhengzhou Glory City (Phases I to VII)	1,120.6	1,049.1	158,294	129,383	7,079.2	8,108.7
<b>Shenyang</b>						
Shenyang Glory City (Phases II to IV)	770.9	963.1	113,961	136,455	6,764.6	7,058.0
<b>Foshan</b>						
Foshan Guohua New Capital (Phase I)	663.2	3.0	81,619	372	8,125.6	8,017.6
<b>Shantou</b>						
Glory Garden	1.6	0.5	183	64	8,743.2	7,599.8
Yashi Garden	—	1.7	—	196	—	8,388.2
Total	<u>6,569.0</u>	<u>6,206.3</u>	<u>665,661</u>	<u>476,764</u>	<u>9,868.4</u>	<u>13,017.5</u>

*Note:*

Contracted sales shown in the table include sales of car parking spaces and GFA sold includes contracted GFA of car parking spaces.

## ***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, 2015, the Group had completed a total GFA of 3,934,303 sq.m. and had land reserves with a total GFA of 7,659,123 sq.m., comprising (a) a total GFA of 760,722 sq.m. completed but remaining unsold, (b) a total GFA of 1,984,703 sq.m. under development, and (c) a total planned GFA of 4,913,698 sq.m. held for future development.

The Group selectively retains the ownership of a substantial amount of self-developed commercial properties with strategic value to generate stable and recurring income. As at December 31, 2015, the Group had investment properties with a total GFA of 810,507 sq.m. in Beijing Fugui Garden, Beijing Glory City, Shenyang Glory City, Shantou Glory City, Eudemonia Palace, Beijing Hademen Centre Shenzhen • Nanshan and Foshan • South Levee Bay.

### **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, 2015:

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.)	Planned GFA (sq.m.)	GFA of Land Use Rights Certificates Not Yet Obtained (sq.m.)		
<b>Beijing</b>									
1. Beijing Hademen Centre	Mixed-use	12,738	140,021	140,021	—	—	—	80.0	
2. Beiqijia East	Residential	94,199	—	—	—	284,118	—	80.0	
3. Beiqijia West	Residential	73,294	—	—	—	208,041	—	80.0	
<b>Haikou</b>									
1. Haikuoqiankong Glory City (Phases V)	Mixed-use	16,598	161,318	161,318	4,531	—	—	80.0	
2. Glory Riverview Garden	Residential	36,634	21,582	20,498	567	—	—	80.0	
3. Haikou West Coast Glory	Residential	34,121	22,739	21,433	—	—	—	80.0	
4. Hainan Yunlong	Mixed-use	1,084,162	—	—	—	1,084,162	—	40.8	



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.)	Planned GFA (sq.m.)	GFA of Land Use Rights Certificates Not Yet Obtained (sq.m.)		
<b>Wanning</b>									
1. Wanning Glory City (Phases II to III)	Residential	143,560	—	—	—	204,057	—	80.0	
<b>Langfang</b>									
1. Yongqing Glory City (Phases I (partial) to II, Phase IV to V)	Residential	1,083,859	617,979	616,393	132,938	1,256,209	—	80.0/100.0	
<b>Zhengzhou</b>									
1. Zhengzhou Glory City (Phase III (partial), Phase VI (partial), Phases VII to VIII)	Mixed-use	89,380	145,186	145,186	55,626	57,142	—	80.0	
<b>Shenyang</b>									
1. Shenyang Glory City (Phase III (partial), Phases V to VII)	Mixed-use	352,440	143,663	140,951	1,443	852,598	348,625	80.0	
<b>Foshan</b>									
1. Foshan Guohua New Capital (Phases I to II)	Residential	120,814	515,965	510,299	81,990	—	—	44.0	
2. Foshan • South Levee Bay	Mixed-use	90,231	—	—	—	358,714	358,714	80.0	
<b>Xi'an</b>									
1. Guorui • Xi'an Financial Center	Mixed-use	19,162	—	—	—	289,978	—	72.0	
<b>Shantou</b>									
1. Shantou Glory City (Phases I to II)	Mixed-use	54,431	173,487	167,928	—	186,442	—	100.0	
<b>Shenzhen</b>									
1. Shenzhen • Nanshan	Commercial	20,163	42,763	42,763	—	132,237	—	75.0	
<b>Total</b>		<u>3,325,786</u>	<u>1,984,703</u>	<u>1,966,790</u>	<u>277,095</u>	<u>4,913,698</u>	<u>707,339</u>		
<b>Total Attributable GFA</b>			<u>1,496,834</u>	<u>1,483,132</u>	<u>207,641</u>	<u>3,676,023</u>	<u>565,871</u>		

The following table sets out a summary of information of the Group's investment properties as at December 31, 2015:

Project	Types of Properties	Total GFA			Total Rental Income	
		Held for Investment	Leasable GFA	Effective Leased GFA	2015	2014
		(sq.m.)	(sq.m.)	(sq.m.)	(RMB'000)	(RMB'000)
Beijing Glory City	Shopping mall	84,904	46,366	35,731	224,005	210,231
	Offices	8,520	8,520	6,857		
	Car parking spaces	26,324	26,324	18,426		
	Retail outlets	34,759	31,273	27,660		
	Siheyuan	7,219	7,219	730		
Eudemonia Palace	Car parking spaces	3,950	3,950	2,907		
Beijing Fugui Garden	Shopping mall	26,146	26,146	22,464	35,184	32,734
	Retail outlets	3,170	3,170	3,170		
Shenyang Glory City	Specialized markets	50,841	50,841	—	—	—
	Retail outlets	58,972	58,972	—	—	—
Shantou Glory City	Specialized markets	62,398	62,398	53,585	21,400	24,657
Beijing Hademen Centre*	Offices					
	Shopping Mall					
	Car parking spaces	140,021				
Foshan • South Levee Bay*	Retail outlets	260,520				
	Car parking spaces					
Shenzhen • Nanshan*	Offices	42,763				
<b>Total</b>		<b>810,507</b>	<b>325,179</b>	<b>171,530</b>	<b>280,589</b>	<b>267,622</b>

\* 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, 2015:

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 (%)
				Sale or use by us (sq.m.)	Available for Sale (sq.m.)					
<b>Beijing</b>										
1. Beijing Fugui Garden	Mixed-use	87,075	507,857	48,109	3,531	29,316	421,478	8,954	91.0	
2. Beijing Glory City (Phases I and II)	Mixed-use	117,473	881,590	79,654	18,582	161,725	622,032	18,179	80.0	
3. Eudemonia Palace	Residential	14,464	33,102	2,912	—	3,950	24,931	1,309	80.0	
<b>Haikou</b>										
1. Haikuotiankong Glory City (Phases I to IV, Phase V (partial))	Mixed-use	124,777	638,759	241,917	129,937	—	370,215	26,627	80.0	
2. Haidian Island Glory Garden	Residential	65,643	71,863	15,783	930	—	56,080	—	80.0	
<b>Wanning</b>										
1. Wanning Glory City (Phase I, Phase II (partial))	Residential	100,780	161,999	79,328	71,965	—	79,098	3,573	80.0	
<b>Langfang</b>										
1. Yongqing Glory City (Phase I (partial), Phases III)	Residential	229,507	103,462	17,778	15,633	—	85,684	—	80.0	
<b>Zhengzhou</b>										
1. Zhengzhou Glory City (Phases I to V, Phase VI (partial))	Mixed-use	394,847	637,127	126,715	49,255	—	496,735	13,677	80.0	
<b>Shenyang</b>										
1. Shenyang Glory City (Phases I and II, Phase III (partial), Phase IV)	Mixed-use	275,145	716,398	211,225	101,315	109,813	391,438	3,922	80.0	
<b>Shantou</b>										
1. Shantou Glory City (Phase I)	Mixed-use	50,999	62,398	—	—	62,398	—	—	90.0	
2. Glory Garden	Mixed-use	14,161	33,795	2,278	2,278	—	31,517	—	100.0	
3. Yu Garden	Residential	8,292	25,767	—	—	—	25,767	—	100.0	
4. Star Lake Residence	Residential	3,589	12,132	—	—	—	12,132	—	100.0	
5. Yashi Garden	Residential	9,472	48,054	94	94	—	47,185	775	100.0	
<b>Total</b>		<u>1,496,224</u>	<u>3,934,303</u>	<u>825,793</u>	<u>393,520</u>	<u>367,202</u>	<u>2,664,292</u>	<u>77,016</u>		
<b>Total Attributable GFA</b>		<u>1,218,760</u>	<u>3,233,496</u>	<u>666,400</u>	<u>315,679</u>	<u>303,226</u>	<u>2,201,117</u>	<u>62,753</u>		

## Land Reserves

The following table sets out a summary of the Group's land reserves by geographic location as at December 31, 2015:

	<b>Completed</b>	<b>Under Development</b>	<b>Future Development</b>	<b>Total Land Reserves</b>	<b>% of Total Land Reserves</b>	<b>Average land cost</b>
	<b>Saleable/ Rentable GFA</b>					
	<b>Remaining Unsold</b>	<b>GFA Under Development</b>	<b>Planned GFA<sup>(1)</sup></b>	<b>Total GFA</b>		
	<i>(sq.m.)</i>	<i>(sq.m.)</i>	<i>(sq.m.)</i>	<i>(sq.m.)</i>	<i>(%)</i>	<i>(RMB/sq.m.)</i>
Beijing	217,106	140,021	492,159	849,286	11.1	9,334.0
Haikou	130,866	205,639	1,084,162	1,420,667	18.5	1,501.2
Wanning	71,965	—	204,057	276,022	3.6	351.2
Langfang	15,633	617,979	1,256,209	1,889,821	24.7	351.3
Zhengzhou	49,255	145,186	57,142	251,583	3.3	403.0
Shenyang	211,128	143,663	852,598	1,207,389	15.8	925.2
Foshan	—	515,965	358,714	874,679	11.4	2,410.7
Xi'an	—	—	289,978	289,978	3.8	1,551.8
Shantou	64,769	173,487	186,442	424,698	5.5	1,633.2
Shenzhen	—	42,763	132,237	175,000	2.3	4,000.0
<b>Total</b>	<b>760,722</b>	<b>1,984,703</b>	<b>4,913,698</b>	<b>7,659,123</b>	<b>100.0</b>	<b>2,087.9</b>

*Note:*

- (1) Includes 216,523 sq.m. of planned GFA in respect of which the Group had received the confirmation letter on bidding for granting land use rights but had not yet signed the relevant land grant contract.

The following table sets out a summary of the Group's land reserves by type of properties as at December 31, 2015:

	<b>Completed</b>	<b>Under Development</b>	<b>Future Development</b>	<b>Total Land Reserves</b>	<b>% of Total Land Reserves</b>
	<b>Saleable/ Rentable GFA Remaining Unsold (sq.m.)</b>	<b>GFA Under Development (sq.m.)</b>	<b>Planned GFA<sup>(1)</sup> (sq.m.)</b>	<b>Total GFA (sq.m.)</b>	<b>(%)</b>
Residential	311,292	1,208,775	2,623,418	4,143,485	54.1
Commercial for sale	59,337	318,093	1,143,144	1,520,574	19.9
Commercial held or intended to be held for investment	367,202	182,784	260,519	810,505	10.6
Hotel	—	—	190,355	190,355	2.5
Car parking spaces	22,719	257,139	495,405	775,263	10.1
Ancillary	—	13,937	149,143	163,080	2.1
Others	172	3,975	51,714	55,861	0.7
<b>Total</b>	<b><u>760,722</u></b>	<b><u>1,984,703</u></b>	<b><u>4,913,698</u></b>	<b><u>7,659,123</u></b>	<b><u>100.0</u></b>

*Note:*

- (1) Includes 216,523 q.m. of planned GFA in respect of which the Group had received the confirmation letter on bidding for granting land use rights but had not yet signed the relevant land grant contract.

## ***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 2015, the Group undertook primary land development and under the “Urban Redevelopment” policy projects in Beijing, Shantou and Chaozhou.

### ***Beijing***

Since September 2007, the Group has undertaken a primary land development project in Beijing, namely, the West Qinian Street Project, with a planned GFA of approximately 474,304 sq.m., comprising five land parcels. The site of West Qinian Street project is located on the west side of Qinian Street and is less than one kilometer from Tiananmen Square. As at December 31, 2015, the Group incurred development costs of approximately RMB1,167.3 million and completed the primary land development of one of the five land parcels. The West Qinian Street Project is still currently under development.

### ***Shantou***

Pursuant to cooperation agreements with local self-governing organizations and enterprises under the “Urban Redevelopment” policy, the Group undertook the development of land parcels in Shantou, comprising 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 the completion of the requisite government procedures under the relevant local regulation. As at December 31, 2015, the Group has completed a detailed regulatory plan for two of the development projects (the “**Plan**”). The Plan is currently undergoing government’s review for approval. The demolition work has been completed successfully and approval has been obtained from the relevant governmental authorities on transformation and distribution solutions. The related preliminary work is advancing in an orderly way. As at December 31, 2015, the Group incurred aggregate development costs of approximately RMB153.8 million and planned to develop residential properties on these land parcels.

## **Chaozhou**

During the first half of 2014, the Group undertook a primary land development project in Chaozhou, Guangdong Province, with a planned GFA of 2.9 million sq.m., namely, the Meilin Lake project. The Group has obtained the approval from the local government on preliminary land-use planning, completed preliminary work such as project establishment, project environment assessment, collection of evidence on land ownership and structures thereon (including buildings), and completed the pre-proclamation of approximately 4,419 mu of land. As at December 31, 2015, the Group incurred preliminary development costs of RMB9.1 million for this project to cover preliminary planning, design and surveying expenses. The Meilin Lake Project is still currently under development.

## **Financial Review**

### ***Revenue***

For the Reporting Period, the Group's revenue was RMB6,514.3 million, representing an increase of 23.4% from RMB5,278.5 million for the year ended December 31, 2014. This increase was primarily due to the increased revenue from property development.

Revenue from property development for the Reporting Period was RMB6,028.9 million, representing an increase of 25.9% as compared to the year ended December 31, 2014. This increase was primarily due to the increased revenue from property development in connection with the Group's Beijing Glory City (北京國瑞城), Haikuotiankong Glory City (海闊天空國瑞城) and Shenyang Glory City (沈陽國瑞城) projects.

Revenue from primary land construction and development services was RMB143.4 million for the Reporting Period, as compared to RMB176.0 million for the year ended December 31, 2014.

### ***Cost of Sales and Services***

The Group's cost of sales and services increased by 33.5% from RMB2,873.4 million in 2014 to RMB3,835.5 million in 2015. This increase was primarily due to the increased cost of property development.

The Group's cost of sales of properties increased by 36.7% from RMB2,628.2 million in 2014 to RMB3,591.7 million in 2015. This increase was primarily due to the increased delivered GFA in Beijing Glory City (北京國瑞城), Haikuotiankong Glory City (海潤天空國瑞城) and Shenyang Glory City (沈陽國瑞城).

The Group's cost of services of primary land development decreased by 18.4% from RMB174.6 million in 2014 to RMB142.5 million in 2015. The cost of services of primary land development is connected with demolition schedule.

### ***Gross Profit***

For the Reporting Period, the Group's gross profit was RMB2,678.8 million, representing an increase of 11.4% from RMB2,405.2 million for the year ended December 31, 2014. The gross profit margin was 41.1% for the Reporting Period, as compared to 45.6% for the year ended December 31, 2014.

Gross profit of property development was RMB2,437.3 million for the Reporting Period, representing an increase of 12.7% from RMB2,162.1 million for the year ended December 31, 2014. The increase in the Group's gross profit of property development was primarily due to the increased gross profit in connection with the Group's Beijing Glory City (北京國瑞城) and Haikuotiankong Glory City (海闊天空國瑞城) projects. The gross profit margin of property development decreased from 45.1% for the year ended December 31, 2014 to 40.4% for the Reporting Period.

Gross profit of primary land construction and development services was RMB0.9 million for the Reporting Period, as compared to RMB1.4 million for the year ended December 31, 2014. The gross profit margin of primary land construction and development services was 0.6% for the Reporting Period, as compared to 0.8% for the year ended December 31, 2014.

### ***Net Profit Attributable to Equity Holders of the Company***

For the Reporting Period, the net profit attributable to equity holders of the Company was RMB1,260.6 million, representing an increase of 32.6% from RMB950.7 million for the year ended December 31, 2014.

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

Changes in fair value of investment properties increased by 103.0% from RMB386.0 million in 2014 to RMB783.6 million in 2015, primarily due to the Group's increase in holding of investment properties in Beijing.



### ***Other Gains and Losses***

Other losses were RMB7.0 million for the Reporting Period, while other losses were RMB4.9 million for the year ended December 31, 2014.

### ***Other Income***

Other income increased by 6.5% from RMB12.4 million for the year ended December 31, 2014 to RMB13.2 million for the Reporting Period.

### ***Selling and Distribution Expenses***

Selling and distribution expenses increased by 35.0% from RMB182.4 million for the year ended December 31, 2014 to RMB246.2 million for the Reporting Period, primarily due to an increase in marketing efforts as a result of increased GFA under sales for Wanning Glory City (萬寧國瑞城), Zhengzhou Glory City (鄭州國瑞城) and Shenyang Glory City (瀋陽國瑞城).

### ***Administrative Expenses***

Administrative expenses increased by 31.7% from RMB272.3 million for the year ended December 31, 2014 to RMB358.7 million for the Reporting Period, primarily due to the expansion of the Group and the increase in the Group's staff headcount and the increase in relevant staff costs incurred by the grant of equity incentives to the staff.

### ***Finance Costs***

Finance costs decreased by 40.9% from RMB238.9 million for the year ended December 31, 2014 to RMB141.1 million for the Reporting Period, primarily due to part of borrowings were settled.

### ***Income Tax Expenses***

Income tax expenses increased by 30.9% from RMB852.7 million for the year ended December 31, 2014 to RMB1,116.1 million for the Reporting Period, primarily due to the increase of profit before taxation. The PRC enterprise income tax and land appreciation tax of the Group for the Reporting Period were RMB585.6 million and RMB530.5 million, respectively.

### ***Profit and Total Comprehensive Income***

As a result of the foregoing, the Group's profit and total comprehensive income increased from RMB1,206.3 million for the year ended December 31, 2014 to RMB1,583.5 million for the Reporting Period.

### **Liquidity, Financial and Capital Resources**

#### ***Cash Position***

As at December 31, 2015, the Group's cash, restricted bank deposits and bank balances were approximately RMB2,075.8 million, representing an increase of 20.0%, as compared to RMB1,730.3 million as at December 31, 2014.

#### ***Negative Net Operating Cash Flow***

The Group recorded negative net operating cash flow in the amount of RMB1,879.2 million for the Reporting Period, as compared to a negative operating cash flow of RMB630.2 million for the year ended December 31, 2014. The Group's negative net cash flow from operating activities was primarily attributable to its acquisition for land parcels in Beijing Beiqijia in November 2015.

#### ***Borrowings***

As at December 31, 2015, the Group had outstanding borrowings of RMB12,298.1 million, consisting of bank borrowings of RMB10,188.6 million and other borrowings which are trust financing arrangements of RMB2,109.5 million.

As at December 31, 2015, the outstanding amount of the Group's borrowings from trust financing arrangements accounted for 17.2% of the balance of the Group's total bank and other borrowings, compared to 22.6% as at December 31, 2014.

#### ***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, 2015, the assets pledged to secure certain borrowing granted to the Group amounted to RMB19,019.4 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, 2015, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to RMB3,997.2 million.

Save as disclosed in this announcement, the Group had no other material contingent liabilities as at December 31, 2015.

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

On June 7, 2015, the Group entered into an equity interest transfer and cooperation agreement with an independent third party to acquire 87.5% equity interest in Shenzhen Wanji Pharmaceutical Co., Ltd\* (深圳萬基藥業有限公司) (“**Shenzhen Wanji**”) for a cash consideration of RMB500,000,000 and an assignment of debts of RMB200,000,000. Shenzhen Wanji held two properties on a piece of land in Shenzhen. As at December 31, 2015, legal title of 75% equity interest in Shenzhen Wanji was transferred to the Group, the transfer of the legal title of the remaining 12.5% equity interest will be completed upon full settlement of the outstanding consideration payable of RMB100,000,000.

On November 19, 2015, two of the Company's indirect subsidiaries, Glory Xinye (Beijing) Investment Co., Ltd\* (國瑞興業(北京)投資有限公司) and Beijing Wenhua Shengda Real Estate Development Co., Ltd\* (北京文華盛達房地產開發有限公司), each acquired a parcel of land in Beiqijia town (北七家鎮) of Changping District (昌平區) in Beijing measuring a total of 94,199 square meters and 73,294 square meters, respectively for a total consideration of RMB4.496 billion. The Company has obtained the land use right certificates and construction land permits (建設用地規劃許可證) to such parcels of land in February and March, 2016, respectively.

The Company plans to develop residential housing on such parcels of land and is currently in the process of obtaining the construction project permits (建設工程規劃許可證). The Company plans to complete construction by the end of 2017.

Save as disclosed in this announcement, the Group did not have any other material acquisitions and disposals and significant investments during the Reporting Period.

### ***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, 2015, the Group had approximately 1,618 employees. For the Reporting Period, the Group incurred employee costs of approximately RMB333.3 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.

### **USE OF NET PROCEEDS FROM LISTING**

The net proceeds from listing on the Stock Exchange (after deducting underwriting fees and related expenses) amounted to approximately HK\$1,561.0 million. Since the date of listing and up to December 31, 2015, the Company had used approximately HK\$150.0 million for the Company’s general corporate and working capital purpose. The remaining of the net proceeds are applied in the manner consistent with that set out in the Prospectus.

### **SUBSEQUENT EVENT AFTER THE REPORTING PERIOD**

On January 8, 2016, Shantou Garden Group Co., Ltd.\* (汕頭花園集團有限公司) (“**Garden Group**”), an indirect wholly-owned subsidiary of the Company, and Shantou Jinming Wujin Co., Ltd.\* (汕頭市金明五金材料有限公司) (“**Shantou Wujin**”), entered into agreements for (i) the acquisition of 100% equity interest in Shantou Guorui Hospital Co., Ltd.\* (汕頭市國瑞醫院有限公司) (“**Guorui Hospital**”) and (ii) the transfer of the shareholder’s loan owed by Guorui Hospital to Shantou Wujin to Garden Group (the “**Transaction**”).

Shantou Wujin is a company controlled by Chairman Zhang and Ms. Zhang Youxi (“**Ms. Zhang**”), Chairman Zhang’s sister. Chairman Zhang is the chairman, executive Director and one of the Controlling Shareholders of the Company and is therefore a connected person of the Company. Ms. Zhang is a connected person of the Company by virtue of Ms. Zhang being an associate of Chairman Zhang. As such, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Further details of the connected transaction were disclosed in the announcement of the Company dated January 8, 2016.

## **FINAL DIVIDEND**

The Board proposed the payment of a final dividend of HK5.55 cents per share, totalling HK\$245,882,000 (equivalent to RMB206,000,000), for the Reporting Period to shareholders whose names appear on the register of members of the Company on June 3, 2016. The proposed final dividend will be paid on or about June 14, 2016 after approval by Shareholders at annual general meeting of the Company.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company (the “**AGM**”) will be held on May 27, 2016 and the Notice of AGM will be published and dispatched in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

## **CLOSURE OF REGISTER OF MEMBERS**

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

- (a) For the purpose of determining shareholders who are entitled to attend and vote at the AMG, the register of members of the Company will be closed on May 25, 2016 to May 27, 2016, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, May 24, 2016.

- (b) For the purpose of determining shareholders who qualify for the final dividend, the register of members of the Company will be closed on June 2, 2016 to June 3, 2016, both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, June 1, 2016.

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

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

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

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

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

## **SUFFICIENCY OF PUBLIC FLOAT**

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

## **AUDIT COMMITTEE**

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

The Audit Committee has reviewed with the management and the Group's auditors, Deloitte Touche Tomatsu, the accounting principles and policies adopted by the Company, 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, 2015.

**PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2015 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, 2015 containing all the information about the Company set out in this announcement of results for the year ended December 31, 2015 will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, March 23, 2016

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

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