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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, 2016**

**2016 ANNUAL RESULTS HIGHLIGHTS**

- Achieved contracted sales for the year ended December 31, 2016 (the “**Reporting Period**”) of RMB11,099.0 million with corresponding gross floor area (“**GFA**”) of approximately 1,063,817 sq.m., representing a year-on-year increase of 69.0% and 59.8%, respectively;
- Revenue for the Reporting Period was RMB8,034.6 million, of which the revenue from property development was RMB7,513.2 million.
- Gross profit for the Reporting Period was RMB3,118.1 million, of which the gross profit from property development was RMB2,871.2 million.
- Net profit for the Reporting Period was RMB1,955.7 million, of which RMB1,563.0 million was attributable to the equity holders of the Company.
- Basic earnings per share for the Reporting Period were RMB35.38 cents.
- The Board recommended the payment of final dividends of HK6.04 cents per share.

## ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2016

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, 2015. 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, 2016

	NOTES	Year ended December 31,	
		2016	2015
		RMB'000	RMB'000
Revenue	3	8,034,581	6,514,304
Cost of sales and services		(4,916,491)	(3,835,485)
Gross profit		3,118,090	2,678,819
Other gains and losses		(23,671)	(6,956)
Other income		20,227	13,170
Gain on fair value change of investment properties		851,934	783,601
Selling expenses		(260,817)	(246,156)
Administrative expenses		(329,129)	(358,709)
Other expenses		(18,656)	(26,388)
Finance costs	4	(126,824)	(141,095)
Share of result of associates		(727)	3,312
Profit before tax		3,230,427	2,699,598
Income tax expenses	5	(1,274,739)	(1,116,109)
Profit and total comprehensive income for the year		1,955,688	1,583,489
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		1,562,956	1,260,550
Non-controlling interests		392,732	322,939
		1,955,688	1,583,489
Earnings per share, in Renminbi cents:	6		
Basic		35.38	28.62
Diluted		35.04	28.28

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*AT DECEMBER 31, 2016*

	NOTES	At December 31,	
		2016	2015
		<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current assets</b>			
Investment properties		16,674,500	15,065,850
Property, plant and equipment		198,468	130,248
Other non-current assets		794,099	3,490
Interests in an associate		—	32,196
Available-for-sale investments		165,192	165,192
Prepaid lease payments		287,473	3,013
Deposit paid for acquisition of a subsidiary		—	70,000
Deferred tax assets		290,533	160,336
Restricted bank deposits		135,167	38,686
		18,545,432	15,669,011
<b>Current assets</b>			
Inventories		105	73
Prepayment/deposits paid for land acquisition		365,010	2,929,848
Properties under development		19,005,089	9,667,914
Properties held for sale		3,118,955	2,719,459
Trade and other receivables, deposits and prepayments	8	803,477	870,875
Amounts due from customers for contract work		1,363,512	1,222,245
Prepaid taxes		125,267	39,270
Amounts due from a related party		5,000	1,063
Financial assets at fair value through profit or loss		97	70,097
Restricted bank deposits		151,499	80,898
Cash and bank balances		1,234,250	1,956,263
		26,172,261	19,558,005

		<b>At December 31,</b>	
	NOTES	<b>2016</b>	<b>2015</b>
		<i>RMB'000</i>	<i>RMB'000</i>
<b>Current liabilities</b>			
Trade and other payables	9	6,029,313	4,910,116
Deposits received from sale of properties		2,680,425	1,611,699
Amounts due to related parties		225,513	55,057
Taxation payable		1,894,475	1,477,701
Bank and other borrowings - due within one year		2,877,489	3,718,997
		<u>13,707,215</u>	<u>11,773,570</u>
Net current assets		<u>12,465,046</u>	<u>7,784,435</u>
Total assets less current liabilities		<u>31,010,478</u>	<u>23,453,446</u>
<b>Non-current liabilities</b>			
Other payables		77,794	65,970
Bank and other borrowings - due after one year		13,030,378	8,579,128
Corporate bonds		3,980,214	2,977,127
Deferred tax liabilities		2,111,242	1,903,251
		<u>19,199,628</u>	<u>13,525,476</u>
Net assets		<u><u>11,810,850</u></u>	<u><u>9,927,970</u></u>
<b>Capital and reserves</b>			
Share capital		3,513	3,511
Reserves		9,480,344	8,115,985
Equity attributable to owners of the Company		<u>9,483,857</u>	<u>8,119,496</u>
Non-controlling interests		<u>2,326,993</u>	<u>1,808,474</u>
Total equity		<u><u>11,810,850</u></u>	<u><u>9,927,970</u></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 hold 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 IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle

The application of the other 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 and unallocated administrative expenses, including auditor's remuneration and directors' emoluments. This is the measure reported to the Group's chief operating decision maker for the purpose of 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 RMB'000</b>	<b>Primary land construction and development services RMB'000</b>	<b>Property investment RMB'000</b>	<b>Property management and related services RMB'000</b>	<b>Total RMB'000</b>
<b>Year ended December 31, 2016</b>					
Revenue from external customers	7,513,208	137,616	292,679	91,078	8,034,581
Inter-segment revenue	—	—	—	20,986	20,986
Segment revenue	<u>7,513,208</u>	<u>137,616</u>	<u>292,679</u>	<u>112,064</u>	<u>8,055,567</u>
Segment profit	<u>2,353,161</u>	<u>3,077</u>	<u>188,707</u>	<u>10,747</u>	<u>2,555,692</u>
<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) Reconciliations of segment revenues, profit or loss**

	Year ended December 31,	
	2016	2015
	RMB'000	RMB'000
Revenue		
Segment revenue	8,055,567	6,528,733
Elimination of inter-segment revenue	(20,986)	(14,429)
Consolidated revenue	<u>8,034,581</u>	<u>6,514,304</u>
Profit		
Segment profit	2,555,692	2,094,285
Unallocated other gains and losses	(24,295)	(7,415)
Other income	20,227	13,170
Other expenses	(18,656)	(26,388)
Share of result of associates	(727)	3,312
Gain on fair value change of investment properties	851,934	783,601
Finance costs	(126,824)	(141,095)
Unallocated administrative expenses	(26,924)	(19,872)
Consolidated profit before tax	<u>3,230,427</u>	<u>2,699,598</u>

**(c) Other segment information**

Amounts included in the measurement of segment profit or loss:

	Property development	Primary land construction and development service	Property investment	Property management and related services	Unallocated amount	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Year ended December 31, 2016</b>						
Depreciation and amortization	11,664	—	5,245	12,262	3,884	33,055
Release of prepaid lease payment	—	—	81	26	5,928	6,035
Reversal of allowance for doubtful receivables	—	—	(624)	—	—	(624)
<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)



**(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>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of properties	7,513,208	6,028,920
Primary land construction and development services	137,616	143,391
Rental income	292,679	280,589
Property management and related services	91,078	61,404
	<u>8,034,581</u>	<u>6,514,304</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 RMB17,954,540,000 (2015: RMB15,304,797,000) at December 31, 2016 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 years ended December 31, 2016 and 2015.

#### 4. FINANCE COSTS

	Year ended December 31,	
	2016	2015
	RMB'000	RMB'000
Interest on bank loans	860,458	606,807
Interest on corporate bonds	241,011	22,624
Interest on other loans	63,364	214,342
Interest on amounts due to related parties	—	190
Other finance cost (note)	—	3,950
	<hr/>	<hr/>
Total interest expenses	1,164,833	847,913
Less: Amounts capitalised to properties under development and investment properties	(1,038,009)	(706,818)
	<hr/>	<hr/>
	<u>126,824</u>	<u>141,095</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. Each year, the Group recognised related cost as other finance cost based on an effective interest rate of 6% per annum. The outstanding amount of RMB200,000,000 was paid in March 2016.

Interests capitalized arose from borrowings made specifically for the purpose of constructing the qualifying assets, which bore annual interest at rates from 4.75% to 12.20% (2015: 4.90% to 12.20%) and general borrowings pool calculated by applying a capitalization rate of 6.40% (2015: 7.49%) per annum on expenditure on the qualifying assets.

## 5. INCOME TAX EXPENSES

	Year ended December 31,	
	2016	2015
	RMB'000	RMB'000
Current tax		
PRC enterprise income tax	647,054	462,419
Under provision in prior year	7,349	357
LAT	542,306	530,513
	<u>1,196,709</u>	<u>993,289</u>
Deferred tax	78,030	122,820
	<u>1,274,739</u>	<u>1,116,109</u>

## 6. EARNINGS PER SHARE

	Year ended December 31,	
	2016	2015
	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>1,562,956</u>	<u>1,260,550</u>

	Year ended December 31,	
	2016	2015
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,417,841	4,404,430
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	28,186	31,451
Share awards issued by the Company	14,968	21,299
	<u>4,460,995</u>	<u>4,457,180</u>

The number of shares adopted in the calculation of the basic earnings per share has been arrived at after eliminating the unvested shares of the Company held under the Company's share award scheme.

## 7. DIVIDENDS

Subsequent to the end of the reporting period, a final dividend in respect of the year ended December 31, 2016 of HK6.04 cents per share, totalling HK\$267,994,000 (equivalent to RMB240,000,000) has been proposed by the board of 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, 2016 amounted to HK\$245,882,000 (equivalent to RMB206,000,000) (the year ended December 31, 2015: HK\$266,080,000, equivalent to RMB209,914,000) in aggregate, representing HK5.55 cents (the year ended December 31, 2015: HK6.05 cents) per share declared and paid in cash to the shareholders of the Company. Part of the dividend amounting to HK\$45,390,000 (equivalent to RMB38,348,000) was paid during the current year.

## 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>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables, net of allowance	185,849	475,587
Advances to contractors and suppliers	376,959	205,953
Other receivables from independent third parties (note)	17,261	17,261
Other receivables and prepayment, net of allowance	152,430	87,165
Prepaid lease payment - current portion	6,035	107
Deposits	64,943	84,802
	<u>803,477</u>	<u>870,875</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>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 60 days	28,168	350,660
61 to 180 days	12,623	28,618
181 to 365 days	26,890	28,302
1-2 years	94,541	64,274
Over 2 years	23,627	3,733
	185,849	475,587
	185,849	475,587

Trade receivables with an amount of approximately RMB102,184,000 (2015: RMB49,112,000) as at December 31, 2016, 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>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 1 year	94,065	38,281
1-2 years	2,864	7,098
Over 2 years	5,255	3,733
	102,184	49,112
	102,184	49,112

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>Year ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Balance at the beginning of the year	3,651	4,110
Reversed during the year	(624)	(459)
	<u>3,027</u>	<u>3,651</u>
Balance at the end of the year	<u><u>3,027</u></u>	<u><u>3,651</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>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payable	3,943,878	3,223,172
Deposits received	622,806	399,886
Rental received in advance	26,696	51,782
Payable for acquisition of subsidiaries	786,868	504,360
Other payables to connected person	—	200,000
Accrued payroll	45,833	45,578
Business and other tax payable	243,709	212,170
Other payables and accruals	437,317	339,138
	<u>6,107,107</u>	<u>4,976,086</u>
	<u><u>6,107,107</u></u>	<u><u>4,976,086</u></u>
Analyzed for reporting purposes as:		
Non-current	77,794	65,970
Current	6,029,313	4,910,116
	<u>6,107,107</u>	<u>4,976,086</u>
	<u><u>6,107,107</u></u>	<u><u>4,976,086</u></u>

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>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 60 days	2,551,084	2,577,407
61-365 days	478,604	386,298
1-2 years	772,986	227,801
Over 2 years	141,204	31,666
	<u>3,943,878</u>	<u>3,223,172</u>

#### **10. CONTINGENT LIABILITIES**

	<b>At December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Guarantees provided by the Group in respect of loan facilities utilised by		
– individual property buyers	6,563,622	3,997,153
– corporate property buyers	45,420	—
	<u>6,609,042</u>	<u>3,997,153</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”) for the year ended December 31, 2016.

### **RESULTS AND REVIEW FOR 2016**

#### **Results and Dividends**

For the year ended December 31, 2016, the Group achieved a net profit of approximately RMB1,955.7 million, representing a year-on-year increase of 23.5%, of which RMB1,563.0 million was attributable to the equity holders of the Company, representing an increase of 24.0% as compared to the corresponding period of the previous year. During the Reporting Period, the Group recorded a revenue of RMB8,034.6 million, representing an increase of 23.3% as compared to the corresponding period of the previous year. The Board proposed to declare a dividend of HK6.04 cents per share, totalling approximately HK\$267,994,000 (equivalent to RMB240,000,000).

#### **Market Review**

In 2016, China’s economy maintained stable growth and recovered slightly. The property industry remained to be a “stabilizer” (穩定器) of China’s economic growth. Throughout the year, China’s property market experienced an overall increase in both transaction volumes and prices with the size of transactions hitting a new high. At the same time, differentiation in cities appeared and industry concentration further increased. On one hand, stricter control policies were implemented in hot-spot cities. On the other hand, strategies to reduce the number of unsold homes continued to be implemented in third-and fourth-tier cities in order to improve the market environment in terms of supply and demand. Increased differentiation would lead to industry changes where property developers would seek diversified transformation and plan to look for room for future growth.

In 2016, the Group’s contracted sales exceeded RMB10 billion for the first time, achieving a historic and leapfrog development. At this new starting point, the Group would strive to deepen its strategic plan, lay a solid foundation for its principal business, namely the property business, rely on its principal business to actively extend the industrial chain, seek a breakthrough in various industry segments under the “Real Estate+” (房地產+) development model and utilize innovative property projects as driving force in order to create a new space for the Group’s development.



## **Property development**

In 2016, the Group achieved contracted sales of RMB11,099 million, representing an increase of 69.0% as compared to the previous year; and total contracted GFA was approximately 1.064 million sq.m., representing an increase of 59.8% as compared to the previous year, hitting a new high again. During the year, the Group had a total of 11 projects on sales, among which projects in cities such as Beijing, Langfang, Haikou, Foshan and Shantou achieved outstanding performance and became major contributors to the annual results of the Group. Benefiting from favorable factors in respect of the coordinated development in the “Beijing, Tianjin and Hebei” region such as construction of Beijing New Airport, opening of Beijing-Taiwan Expressway and industrial clustering, Yongqing Ecological City (永清生態城) achieved excellent performance, contributing 38% of annual sales among different cities.

In 2016, the Group fine tuned its plan in respect of three major product lines, namely high-end residential properties, residential properties for homebuyers with rigid demand and residential properties for first-time homebuyers looking for improved living condition. In respect of the high-end residential property market, the Group newly launched a high-end product in the garden and villa series, namely Glory Villa (國瑞熙墅), which is positioned as high-end residential property and situated at the heart of first-tier and top first-tier cities and includes townhouse and duplex products, with a view to creating a product with high quality and high premiums. Currently, it has been launched in two major cities, namely Beijing and Suzhou. In respect of the residential property market targeting homebuyers with rigid demand and first-time homebuyers looking for improved living condition as demonstrated by the second generation of “Glory City (國瑞城)”, most of the projects are core city landmarks, compound urban villages (複合型城中城) and “fully-enjoyed life” towns (全享生活城), integrating high-rises with low-density products, which have been well recognized in various cities such as Yongqing, Haikou, Zhengzhou and Shenyang.

## **Investment properties**

In 2016, total rental income of the Group was RMB292.7 million. Stable rental income was attributable to the Group’s stable commercial property portfolio comprising, among other things, shopping malls, office buildings, hotels, retail outlets and SOHO apartments, among which Hademen Centre (哈德門中心) in Beijing was accredited as “China New Hundred Urban Landmark Architecture (中國百城建築新地標)”, which is scheduled to commence operation in 2017. Foshan Glory Shengping Commercial Centre (佛山國瑞升平商業中心) is positioned as Lingnan culture complex, which has launched retail outlets in March 2017. Major commercial properties have been put into operation successively, which will generate stable cash flow for the Company and diversify market risks, thereby laying a foundation for a sustainable development.

## **Nationwide Planning**

The Group focused on three major core economic circles, namely the “Pearl River Delta” region, “Beijing Tianjin Hebei” region and “Yangtze River Delta” region. Meanwhile, the Group paid close attention to potential cities under the national “Yangtze River Economic Zone (長江經濟帶)” and “One Belt, One Road (一帶一路)” strategies. In 2016, the Group successfully entered Suzhou, a core city in the Yangtze River Delta region and expanded into Chongming Island, an international ecological island in the “Yangtze River Economic Zone”, which was an important step for deepening the Group’s national strategic layout.

In January 2016, the Group acquired 100% equity interest in Guorui Hospital for a total consideration of RMB306 million. The underlying assets will be used for construction of hospital buildings. In April 2016, the Group successfully acquired Suzhou Mudu land through bidding, auction and listing for a total consideration of RMB4,011 million. In September 2016, the Group acquired 100% equity interest in Chongming Island project for a total consideration of RMB1,877 million.

## **Innovative property**

In respect of the innovative property business segment, the Group insisted on implementing a differentiation strategy to realize values in different market segments. In 2016, the Group consolidated its competitive advantages and adjusted measures to local conditions to promote the finalization of feature towns and new complex projects, while actively introducing cooperation partners to deepen cooperation on innovative property projects with industry chain as a basis and capital as a link. Currently, innovative property projects such as Chongming Island Ecological Town (崇明島生態小鎮), Haikou Yunlong Healthy Retirement Town (海口雲龍健康養老小鎮) and Zhengzhou Cultural Tourism Town (鄭州文化旅遊小鎮) have made substantial progress and the Chongming Island project is expected to be launched in 2017.

## **Financing channels**

The Group focused its efforts on expanding financing channels, optimizing debt structure and lowering financing costs while actively deploying diversified financing models in order to support the diversified and synergetic development of the Group’s businesses. In September 2016, the Group, for the first time, successfully issued domestic private placement bonds with a principal amount of RMB1.0 billion for a term of 5 years at interest rate of 5.3%, which further optimized the Group’s debt structure and improved the Group’s awareness in the domestic capital market.

## **Market recognition**

The Group has been widely recognized in the market for its enhanced comprehensive strengths. In March 2016, the Group was listed in the “2016 China Real Estate Top 100 Enterprise”. In May 2016, the Group was named in the “China Mainland Real Estate Company Top 10 listed in Hong Kong in terms of Investment Value Ranking” for two consecutive years. In the same month, the Group was included in the constituent stocks of MSCI China Small Cap Index. In December 2016, the Group was included in the qualified stocks of “Shenzhen-Hong Kong Stock Connect”, which truly reflect that the Group’s investment values have been widely recognized in the capital market.

## **OUTLOOK FOR 2017**

In 2017, China’s property market is expected to maintain generally stable. On March 5, 2017, Premier Li Keqiang stated in the government work report that new urbanization will be firmly promoted while supporting the development of medium and small-sized cities as well as feature towns in order to capitalize on the radiation and driving effects of city agglomeration.

2017 is a year for the Group to pioneer and innovate as well as to further rise with its strengths. The Group’s diversified strategic plan has entered into an important phase. Currently, the key to the development of an enterprise is scalization, industry innovation and diversification and to achieve higher quality growth during the process of striving for stable development.

## **Product Innovation**

The Group believes that new vitality of an enterprise lies in industry innovation and product innovation. It has been proposed again at the National People’s Congress and the Chinese Political Consultative Conference held in 2017 that properties shall return to their “residential” nature. The Group strives to win the market through product innovation, continuously strengthening the foundation of its principal business and growing its scale. On one hand, the Group will continue to be customers’ needs-oriented, integrate product functions with customers’ needs and improve product profitability. On the other hand, the Group will focus its efforts on creating a lifestyle that leads the residence of the new era by providing a pleasant and livable environment and more comfortable and user-friendly residence space.

## **Innovative Property**

Under new economic norm, the “Integrating Industry with City (產城結合)” is a policy actively promoted by the State, resulting in large market potential of new urbanization, which is also a major driving force of the Group’s transformation and upgrading as well as innovative development. The “Township Plan (小鎮計劃)” will become one of the Group’s important strategies. The Group will strive to develop feature township projects in its existing business regions (namely, “Beijing Tianjin Hebei” region, “Yangtze River Delta” region, “Pearl River Delta” region and Yangtze River Economic Zone) for next three to five years.

Supported by its principal business, namely the property business, and characterized by industry convergence, the Group will continuously promote the development of the innovative property business. Moreover, the Group will focus on major areas such as tourism, culture, health and retirement and leverage its own feature competitive advantages to create feature product lines through differentiated positioning, subdividing areas and supplementary development.

Leveraging the rail transit during the period of the “13th Five-year Plan”, especially in surrounding potential areas of Beijing, Shanghai and Shenzhen, the Group will develop feature cultural tourism and retirement towns in a radius of “One-hour life circle (一小時生活圈)” and develop new complexes in a radius of “Half-an-hour life circle (半小時生活圈)”. In the future, based on its leading principal business, namely the property business, the Group will develop a diversified business portfolio comprising property development, investment properties, new complex and feature towns and strive to become a constructor promoting the development of new urbanization in China.

### **Sustainable Development**

The Group recognizes that high quality operational performance is the cornerstone of the sustainable development of an enterprise. The Group will continue to enhance its corporate operational management with a view to making a breakthrough in terms of, among other things, strategy, branding and land expansion. Moreover, the Group will continue to improve its abilities in capital operation, resource acquisition and strategy mastering with a view to promoting the long-term and stable development of the Company.

In 2017, the Group will release its first environmental, social and governance (ESG) report to disclose the Company’s practices and achievements in economic, environmental and social aspects. The Group will strive to co-develop with cities in China and is always grateful to the community and dares to assume its responsibilities as a corporate citizen.

In the future, the Group will continue to adhere to the mission of being a “Responsible Property Developer (責任地產)” to achieve dramatic growth in next stage in conjunction with the shareholders of the Company (“**Shareholders**”). The Group will start 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 27, 2017

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Business Review**

For the Reporting Period, the Group's total contracted sales were approximately RMB11,099.0 million, representing an increase of 69.0% as compared to the year ended December 31, 2015. The Group's revenue was RMB8,034.6 million, representing an increase of 23.3% as compared to the year ended December 31, 2015. This increase was primarily due to the increased revenue from property development. Revenue from property development was RMB7,513.2 million, representing an increase of 24.6% as compared to the year ended December 31, 2015. For the Reporting Period, the Group's gross profit was RMB3,118.1 million, net profit was RMB1,955.7 million, of which RMB1,563.0 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 RMB11,099.0 million, representing an increase of 69.0% from RMB6,569.0 million for the year ended December 31, 2015. Total GFA sold was approximately 1,063,817 sq.m., representing an increase of 59.8% from 665,661 sq.m. for the year ended December 31, 2015. Contracted sales of the Group, by geographical location, from Beijing, Haikou, Wanning, Langfang, Zhengzhou, Shenyang, Foshan and Shantou amounted to approximately RMB1,940.8 million, RMB1,709.2 million, RMB395.5 million, RMB4,170.1 million, RMB636.2 million, RMB563.9 million, RMB680.9 million and RMB1,002.4 million, respectively, representing 17.5%, 15.4%, 3.6%, 37.6%, 5.7%, 5.1%, 6.1% and 9.0% 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, 2016 and 2015:

	2016 Contracted Sales (RMB million)	2015 Contracted Sales (RMB million)	2016 GFA Sold (sq.m.)	2015 GFA Sold (sq.m.)	2016 Contracted ASP (RMB/sq.m.)	2015 Contracted ASP (RMB/sq.m.)
<b>Beijing</b>						
Beijing Glory City (Phases I and II)	257.0	996.9	6,479	16,819	39,666.0	59,272.3
Eudemonia Palace	—	9.3	—	220	—	42,272.7
Beijing Glory Villa East	937.1	—	78,086	—	12,000.0	—
Beijing Glory Villa West	746.7	—	62,198	—	12,000.0	—
<b>Haikou</b>						
Haikuotiankong Glory City (Phases I to V)	1,522.1	1,473.5	103,433	105,484	14,715.3	13,968.9
Glory River view Garden	91.5	9.9	4,355	567	21,009.5	17,460.3
Haidian Island Glory Garden	—	3.8	—	526	—	7,224.3
Haikou West Coast Glory	95.7	—	4,474	—	21,379.4	—
<b>Wanning</b>						
Wanning Glory City (Phase I)	395.5	302.2	54,211	43,258	7,295.8	6,986.0
<b>Langfang</b>						
Yongqing Glory City (Phases III to V)	4,170.1	1,217.1	415,438	144,730	10,037.9	8,409.5
<b>Zhengzhou</b>						
Zhengzhou Glory City (Phases I to VII)	636.2	1,120.6	98,732	158,294	6,443.6	7,079.2
<b>Shenyang</b>						
Shenyang Glory City (Phases II to IV)	563.9	770.9	80,589	113,961	6,997.0	6,764.6
<b>Foshan</b>						
Foshan Guohua New Capital	680.9	663.2	74,410	81,619	9,150.4	8,125.6
<b>Shantou</b>						
Glory Garden (Phase I)	—	1.6	—	183	—	8,743.2
Shantou Glory City (Phase I)	1,002.3	—	81,412	—	12,311.7	—
Total	<u>11,099.0</u>	<u>6,569.0</u>	<u>1,063,817</u>	<u>665,661</u>	<u>10,433.1</u>	<u>9,868.4</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, 2016, the Group had completed a total GFA of 5,142,818 sq.m. and had land reserves with a total GFA of 8,554,587 sq.m., comprising (a) a total GFA of 747,729 sq.m. completed but remaining unsold, (b) a total GFA of 2,366,972 sq.m. under development, and (c) a total planned GFA of 5,439,886 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, 2016, the Group had investment properties with a total GFA of 808,261 sq.m. in Beijing Fugui Garden, Beijing Glory City, Shenyang Glory City, Shantou Glory City, Eudemonia Palace, Beijing Hademen Centre, Shenzhen • Nanshan and Foshan Glory Shengping Commercial Centre .

### **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, 2016:

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	12,738	140,021	140,021	—	—	—	80.0
2.	Beijing Glory Villa East	94,199	174,805	85,239	78,086	184,851	—	80.0
3.	Beijing Glory Villa West	73,294	105,695	72,109	62,198	167,553	—	80.0
<b>Haikou</b>								
1.	Haikou West Coast Glory	34,121	22,023	20,743	4,355	—	—	80.0
2.	Hainan Yunlong	1,084,162	—	—	—	1,084,162	—	72.0
<b>Wanning</b>								
1.	Wanning Glory City (Phases II to III)	143,560	—	—	—	204,057	—	80.0

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>Langfang</b>									
1. Yongqing Glory City (Phases I (partial) to II, Phase IV partial)	Residential	663,218	256,861	242,740	91,660	1,091,994	—	80.0/100.0	
<b>Zhengzhou</b>									
1. Zhengzhou Glory City (Phases VIII, School)	Mixed-use	50,434	25,522	—	—	28,324	—	80.0	
<b>Shenyang</b>									
1. Shenyang Glory City (Phase III (partial), Phases V to VII)	Mixed-use	352,440	204,418	138,730	13,038	791,416	349,902	80.0	
<b>Foshan</b>									
1. Foshan Guohua New Capital (Phase II)	Residential	56,529	240,932	226,267	4,116	—	—	44.0	
2. Foshan Glory Shengping Commercial Centre	Mixed-use	90,231	111,958	75,674	—	245,076	—	80.0	
<b>Xi'an</b>									
1. Guorui • Xi'an Financial Center	Mixed-use	19,162	289,978	211,371	—	—	—	80.0	
<b>Shantou</b>									
1. Shantou Glory City (Phases I to II)	Mixed-use	54,431	357,520	353,323	81,411	—	—	100.0	
2. Shantou Glory Hospital	Hospital	100,001	—	—	—	359,528	—	100.0	
3. Glory Garden (Phases II) <sup>(1)</sup>	Residential	14,482	77,977	67,546	—	—	—	80.0	
4. Siji Garden <sup>(1)</sup>	Residential	42,155	205,008	183,700	—	—	—	80.0	
<b>Shenzhen</b>									
1. Shenzhen • Nanshan	Commercial	20,163	42,763	42,763	—	132,237	—	80.0	
<b>Suzhou</b>									
1. Suzhou Glory Villa	Mixed-use	74,196	111,491	83,028	—	131,072	—	80.0	
<b>Chongming Island</b>									
1. Chongming Island	Residential	1,211,544	—	—	—	1,019,616	—	48.0	
<b>Total</b>		<u>4,191,060</u>	<u>2,366,972</u>	<u>1,943,254</u>	<u>334,864</u>	<u>5,439,886</u>	<u>349,902</u>		
<b>Total Attributable GFA</b>			<u>1,928,127</u>	<u>1,590,768</u>	<u>301,023</u>	<u>4,140,506</u>	<u>279,922</u>		

Note:

<sup>(1)</sup> Projects developed under the “Urban Redevelopment” Policy



The following table sets out a summary of information of the Group's investment properties as at December 31, 2016:

Project	Types of Properties	Total GFA			Total Rental Income	
		Held for Investment	Leasable GFA	Effective Leased GFA	2016	2015
		(sq.m.)	(sq.m.)	(sq.m.)	(RMB'000)	(RMB'000)
Beijing Glory City	Shopping mall	84,904	46,366	43,454	231,680	224,005
	Offices	8,520	8,520	6,871		
	Car parking spaces	26,324	26,324	21,058		
	Retail outlets	33,032	29,546	24,890		
	Siheyuan	7,219	7,219	2,249		
Eudemonia Palace	Car parking spaces	3,431	3,431	2,402		
Beijing Fugui Garden	Shopping mall	26,146	26,146	20,338	39,288	35,184
	Retail outlets	3,170	3,170	2,584		
Shenyang Glory City	Specialized markets	50,841	50,841	—	—	—
	Retail outlets	58,972	58,972	—	—	—
Shantou Glory City	Specialized markets	62,398	62,398	55,958	21,711	21,400
Beijing Hademen Centre*	Offices	140,021				
	Shopping Mall					
Foshan Glory Shengping Commercial Centre *	Car parking spaces					
	Retail outlets	260,520				
Shenzhen • Nanshan*	Car parking spaces					
	Offices	42,763				
<b>Total</b>		<b>808,261</b>	<b>322,933</b>	<b>179,804</b>	<b>292,679</b>	<b>280,589</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, 2016:

Project	Project Type	Site Area (sq.m.)	Completed GFA (sq.m.)	GFA			GFA Sold (sq.m.)	Other GFA (sq.m.)	Ownership Interest (%)
				Available for Sale or use by us (sq.m.)	Available for Sale (sq.m.)	GFA Held for Investment (sq.m.)			
<b>Beijing</b>									
1. Beijing Fugui Garden	Mixed-use	87,075	507,857	48,042	3,463	29,316	421,374	9,125	91.0
2. Beijing Glory City (Phases I and II)	Mixed-use	117,473	881,590	62,922	15,478	159,998	640,490	18,180	80.0
3. Eudemonia Palace	Residential	14,464	32,583	2,912	—	3,431	24,931	1,309	80.0
<b>Haikou</b>									
1. Haikuotiankong Glory City (Phases I to V)	Mixed-use	141,375	800,154	310,911	164,685	—	453,163	36,080	80.0
2. Haidian Island Glory Garden	Residential	65,643	71,863	15,024	753	—	56,258	581	80.0
3. Glory Riverview Garden	Residential	36,634	21,658	19,155	—	—	1,418	1,085	80.0
<b>Wanning</b>									
1. Wanning Glory City (Phase I, Phase II (partial))	Residential	100,780	161,988	29,674	22,322	—	128,740	3,574	80.0
<b>Langfang</b>									
1. Yongqing Glory City (Phase I (partial), Phases III Phase IV (partial), V)	Residential	650,148	714,356	111,798	39,509	—	588,720	13,838	80.0/100.0
<b>Zhengzhou</b>									
1. Zhengzhou Glory City (Phases I to VII)	Mixed-use	433,793	778,240	112,897	35,930	—	645,816	19,527	80.0
<b>Shenyang</b>									
1. Shenyang Glory City (Phases I and II, Phase III (partial), Phase IV)	Mixed-use	275,145	716,398	88,777	43,780	109,813	508,088	9,720	80.0
<b>Foshan</b>									
1. Foshan Guohua New Capital (Phase I (partial))	Residential	64,284	273,985	128,616	54,494	—	141,051	4,318	44.0
<b>Shantou</b>									
1. Shantou Glory City (Phase I)	Mixed-use	50,999	62,398	—	—	62,398	—	—	90.0
2. Glory Garden (Phase I)	Mixed-use	14,161	33,795	2,278	2,278	—	31,518	—	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	81	81	—	47,197	776	100.0
<b>Total</b>		<b>2,073,327</b>	<b>5,142,818</b>	<b>933,087</b>	<b>382,773</b>	<b>364,956</b>	<b>3,726,663</b>	<b>118,113</b>	
<b>Total Attributable GFA</b>		<b>1,685,520</b>	<b>4,163,941</b>	<b>720,084</b>	<b>291,851</b>	<b>301,429</b>	<b>3,046,017</b>	<b>96,410</b>	

## Land Reserves

The following table sets out a summary of the Group's land reserves by geographic location as at December 31, 2016:

	Completed	Under	Future	Total Land	% of	Average
	Saleable/ Rentable GFA	Development	Development	Reserves	Total Land Reserves	land cost
	Remaining Unsold (sq.m.)	GFA Under Development (sq.m.)	Planned GFA <sup>(1)</sup> (sq.m.)	Total GFA (sq.m.)	(%)	(RMB/sq.m.)
Beijing	211,686	420,521	352,404	984,611	11.6	8,039.9
Haikou	165,438	22,023	1,084,162	1,271,623	14.9	1,269.5
Wanning	22,322	—	204,057	226,379	2.6	351.2
Langfang	39,509	256,861	1,091,994	1,388,364	16.3	315.3
Zhengzhou	35,930	25,522	28,324	89,776	1.0	406.5
Shenyang	153,593	204,418	791,416	1,149,427	13.5	878.4
Foshan	54,494	352,890	245,076	652,460	7.6	2,823.1
Xi'an	—	289,978	—	289,978	3.4	1,551.8
Shantou	64,757	640,505	359,528	1,064,790	12.4	1,083.4
Shenzhen	—	42,763	132,237	175,000	2.0	3,428.6
Suzhou	—	111,491	131,072	242,563	2.8	17,030.5
Chongming	—	—	1,019,616	1,019,616	11.9	305.4
<b>Total</b>	<b>747,729</b>	<b>2,366,972</b>	<b>5,439,886</b>	<b>8,554,587</b>	<b>100.0</b>	<b>2,289.0</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, 2016:

	<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</b>	<b>GFA Under Development</b>	<b>Planned GFA<sup>(1)</sup></b>	<b>Total GFA</b>	<b>(%)</b>
	<i>(sq.m.)</i>	<i>(sq.m.)</i>	<i>(sq.m.)</i>	<i>(sq.m.)</i>	<i>(%)</i>
Residential	191,011	1,139,192	3,374,631	4,704,834	55.0
Commercial for sale	168,682	520,228	744,009	1,432,919	16.8
Commercial held or intended to be held for investment	364,956	211,909	138,289	715,154	8.4
Hotel	—	34,436	155,256	189,692	2.2
Car parking spaces	23,080	350,080	447,240	820,400	9.5
Ancillary	—	79,830	57,208	137,038	1.6
Hospital	—	—	359,528	359,528	4.2
Others	—	31,297	163,725	195,022	2.3
<b>Total</b>	<b><u>747,729</u></b>	<b><u>2,366,972</u></b>	<b><u>5,439,886</u></b>	<b><u>8,554,587</u></b>	<b><u>100.0</u></b>

*Note:*

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

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

Apart from engaging in property development projects, the Group also actively undertakes primary land development projects as a strategic business in order to access potentially available land reserves. During 2016, the Group undertook primary land development, redevelopment of shanty town and projects under the “Urban Redevelopment” policy in Beijing, Shantou, Chaozhou and Shenzhen.

#### **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, 2016, the Group incurred development costs of approximately RMB1,260.5 million and completed the primary land development of one of the five land parcels. Another land parcel is in the process of acceptance check by the Group. 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. The Group has completed a detailed regulatory plan for two of the development projects. The demolition work has been completed successfully and approval has been obtained from the relevant governmental authorities on transformation and distribution solutions, and began to develop residential properties. As at December 31, 2016, the Group incurred aggregate development costs of approximately RMB341.8 million.

#### **Chaozhou**

During the first half of 2014, the Group undertook a primary land development project in Chaozhou, Guangdong Province, with a planned GFA of 2.9 million sq.m., namely, the Meilin Lake project. The Group has obtained the approval from the local government on preliminary land-use planning, completed preliminary work such as project establishment, project 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, 2016, the Group incurred preliminary development costs of RMB9.4 million for this project to cover preliminary planning, design and surveying expenses. The Meilin Lake Project is still currently under development.

## ***Shenzhen***

Pursuant to the agreement dated July 20, 2016 as set out in section headed “Material Acquisition and Disposal and Significant Investments” in this announcement, the Group has further acquired 45% equity interest in its former associate Shenzhen Dachaoshan Real Estate Development Ltd. (深圳市大潮汕建設有限公司) (“Shenzhen Dachaoshan”) to increase the Group’s equity interests therein to 75% and hence, Shenzhen Dachaoshan has become a subsidiary of the Company.

In the first half of 2014, Shenzhen Dachaoshan entered into a cooperation agreement with Shenzhen Longgang Xikeng Co., Ltd. (深圳市龍崗區西坑股份有限公司) to carry out urban renewal of the Xikeng community. The planned construction area of the project was about 2.3 million square meters. The Group has completed the census work including the land ownership, resident population and building information in the Xikeng community, and the urban renewal planning research program.

## **Financial Review**

### ***Revenue***

For the Reporting Period, the Group’s revenue was RMB8,034.6 million, representing an increase of 23.3% from RMB6,514.3 million for the year ended December 31, 2015. This increase was primarily due to the increased revenue from property development.

Revenue from property development for the Reporting Period was RMB7,513.2 million, representing an increase of 24.6% as compared to the year ended December 31, 2015. This increase was primarily due to completion and delivery of Foshan Guohua New Capital (Phase I) (佛山國華新都(一期)) and Yongqing Glory City (Phase IV and V) (永清國瑞城(四、五期)) for the year ended December 31, 2016.

Revenue from primary land construction and development services was RMB137.6 million for the Reporting Period, as compared to RMB143.4 million for the year ended December 31, 2015.

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

The Group’s cost of sales and services increased by 28.2% from RMB3,835.5 million in 2015 to RMB4,916.5 million in 2016. This increase was primarily due to the increased cost of property development.

The Group’s cost of sales of properties increased by 29.2% from RMB3,591.7 million in 2015 to RMB4,642.0 million in 2016. This increase was primarily due to completion and delivery of Foshan Guohua New Capital (Phase I) (佛山國華新都(一期)) and Yongqing Glory City (Phase IV and V) (永清國瑞城(四、五期)) for the year ended December 31, 2016.

The Group's cost of services of primary land development decreased by 5.6% from RMB142.5 million in 2015 to RMB134.5 million in 2016. 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 RMB3,118.1 million, representing an increase of 16.4% from RMB2,678.8 million for the year ended December 31, 2015. The gross profit margin was 38.8% for the Reporting Period, as compared to 41.1% for the year ended December 31, 2015.

Gross profit of property development was RMB2,871.2 million for the Reporting Period, representing an increase of 17.8% from RMB2,437.3 million for the year ended December 31, 2015. The increase in the Group's gross profit of property development was primarily due to completion and delivery of Foshan Guohua New Capity (Phase I) (佛山國華新都(一期)) and Yongqing Glory City (Phase IV and V) (永清國瑞城(四、五期)) for the ended year December 31, 2016. The gross profit margin of property development decreased from 40.4% for the year ended December 31, 2015 to 38.2% for the Reporting Period.

Gross profit of primary land construction and development services was RMB3.1 million for the Reporting Period, as compared to RMB0.9 million for the year ended December 31, 2015. The gross profit margin of primary land construction and development services was 2.2% for the Reporting Period, as compared to 0.6% for the year ended December 31, 2015.

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

For the Reporting Period, the net profit attributable to equity holders of the Company was RMB1,563.0 million, representing an increase of 24.0% from RMB1,260.6 million for the year ended December 31, 2015.

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

Changes in fair value of investment properties increased by 8.7% from RMB783.6 million in 2015 to RMB851.9 million in 2016.

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

Other losses were RMB23.7 million for the Reporting Period, while other losses were RMB7.0 million for the year ended December 31, 2015.

### ***Other Income***

Other income increased by 53.6% from RMB13.2 million for the year ended December 31, 2015 to RMB20.2 million for the Reporting Period.

### ***Selling Expenses***

Selling expenses increased by 6.0% from RMB246.2 million for the year ended December 31, 2015 to RMB260.8 million for the Reporting Period, primarily due to an increase in marketing efforts as a result of increased GFA under sales of the Group.

### ***Administrative Expenses***

Administrative expenses decreased by 8.2% from RMB358.7 million for the year ended December 31, 2015 to RMB329.1 million for the Reporting Period, primarily due to the Group's stringent management and control of administrative expenses and the decrease in relevant staff costs incurred by the group of equity incentives to the staff.

### ***Finance Costs***

Finance costs decreased by 10.1% from RMB141.1 million for the year ended December 31, 2015 to RMB126.8 million for the Reporting Period, primarily due to part of borrowings were settled.

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

Income tax expenses increased by 14.2% from RMB1,116.1 million for the year ended December 31, 2015 to RMB1,274.7 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 RMB732.4 million and RMB542.3 million, respectively.

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

As a result of the foregoing, the Group's profit and total comprehensive income increased from RMB1,583.5 million for the year ended December 31, 2015 to RMB1,955.7 million for the Reporting Period.

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

### ***Cash Position***

As at December 31, 2016, the Group's cash, restricted bank deposits and bank balances were approximately RMB1,520.9 million, representing a decrease of 26.7%, as compared to RMB2,075.8 million as at December 31, 2015.

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

The Group recorded negative net operating cash flow in the amount of RMB1,425.3 million for the Reporting Period, as compared to a negative operating cash flow of RMB1,879.2 million for the year ended December 31, 2015. The Group's negative net cash flow from operating activities was primarily attributable to the increase of expenditure for land acquisition.

### ***Borrowings***

As at December 31, 2016, the Group had outstanding borrowings of RMB15,907.9 million, consisting of bank borrowings of RMB15,607.9 million and other borrowings which are trust financing arrangements of RMB300.0 million.

As at December 31, 2016, the outstanding amount of the Group's borrowings from trust financing arrangements accounted for 1.9% of the balance of the Group's total bank and other borrowings, compared to 17.2% as at December 31, 2015.



### ***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, 2016, the assets pledged to secure certain borrowing granted to the Group amounted to RMB29,097.8 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, 2016, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to RMB6,609.0 million.

Save as disclosed in this announcement, the Group had no other material contingent liabilities as at December 31, 2016.

### ***Foreign Exchange Risk***

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in Renminbi. In March 2017, the Company successfully issued US\$300,000,000 7.00% senior notes due 2020 listed on the Hong Kong Stock Exchange. As a result of the issuance of such senior notes, the Group became exposed to foreign currency risk arising from the exposure 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 monitor the Group's foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting significant foreign currency hedging policy in the future.

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

1. Reference is made to the Company's announcement dated January 8, 2016 in connection with the connected transaction of acquisition of Guorui Hospital (the "**CT Announcement**") and unless otherwise stated, capitalized terms used in this paragraph have the same meanings as defined in the CT Announcement. On January 8, 2016, Garden Group, an indirect wholly-owned subsidiary of the Company, and Shantou Wujin entered into the Equity and Shareholder's Loan Transfer Agreements, pursuant to which (i) Shantou Wujin agreed to sell, and Garden Group agreed to acquire, 100% equity interest in Guorui Hospital and (ii) Garden Group agreed to assume the

Shareholder's Loan owed by Guorui Hospital to Shantou Wujin for a total consideration of RMB306,000,000. After completion of the Transaction, Garden Group has hold 100% equity interest in Guorui Hospital and Guorui Hospital has become an indirect wholly-owned subsidiary of the Company.

2. Pursuant to a state-owned land use right grant contract dated May 17, 2016 between an indirect subsidiary of the Company, Beijing Glory Xinye Real Estate Holding Limited\* (北京國瑞興業房地產控股有限公司) (“New Beijing Glory”), and the Bureau of Land and Resources of Suzhou City, New Beijing Glory acquired the land use right of a parcel of land in Mudu Town (木瀆鎮) of Wuzhong District (吳中區) in Suzhou City (蘇州市) measuring a total of 74,195.9 square meters for a total consideration of approximately RMB4.011 billion. The Group has obtained the construction land planning permit and the land use right certificates to such parcel of land in July and November, 2016 respectively. The Group plans to develop residential housing on such parcel of land.
3. As disclosed in the Company's interim report 2016 published on August 29, 2016, the Group entered into an agreement dated July 20, 2016 for an acquisition of a further 45% equity interest in one of the Group's then associates, Shenzhen Dachaoshan, from certain of the shareholders, for a total cash consideration of RMB534,597,000. Upon completion, the Group's equity interest in Shenzhen Dachaoshan has increased from 30% to 75%, and thereafter, Shenzhen Dachaoshan has become a subsidiary of the Group.
4. As disclosed in the Company's annual report 2015 published on April 26, 2016, the Group entered into an equity interest transfer and cooperation agreement dated June 7, 2015 (the “**Agreement**”) with an independent third party (the “**Vendor**”) to acquire 87.5% equity interest in Shenzhen Wanji for a cash consideration of RMB500,000,000 and an assignment of debts of RMB200,000,000. Shenzhen Wanji held two properties in a piece of land in Shenzhen, PRC. As at December 31, 2015, legal title of 75% equity interest of Shenzhen Wanji had been transferred to the Group. On May 30, 2016, the Group renegotiated and entered into an agreement with the Vendor, whereby the Group agreed not to proceed with the transfer of the legal title of the remaining 12.5% equity interest of Shenzhen Wanji and as a result, the Group is no longer required to pay the outstanding consideration of RMB100,000,000 to the Vendor under the Agreement. On August 18, 2016, the Group entered into an agreement with another independent third party, which is also a shareholder of the Shenzhen Wanji, for the acquisition of 5% equity interest in Shenzhen Wanji for a total cash consideration of RMB50,000,000. Upon completion of the transaction, the Group's equity interest in Shenzhen Wanji has increased from 75% to 80%.

5. On September 19, 2016, Beijing Glory Real Estate (Holding) Co., Ltd\* (北京國瑞興業房地產控股有限公司) entered into an agreement with the independent third parties Ms. Yao Xiaoli (姚曉麗)、Mr. Yao Shuobin (姚朔斌) and Mr. Yao Wenchen (姚文琛) (collectively referred as the “**Vendors**”) with respect to the acquisition of 100% equity interest in Qidong Yujiangwan and its wholly-owned subsidiary Yao Ji (Nantong) Industrial Co., Ltd\* (姚記(南通) 实业有限公司) from the Vendors for a total cash consideration of RMB1,877,170,000 in order to acquire the land use right of certain land parcels in Qidong City, Jiangsu Province with a site area of approximately 1,211,544 sq.m.. The total consideration will be paid by instalments. Before the end of the Reporting Period, the Group has already paid 60% of the total consideration and respective 60% equity interest of Qidong Yujiangwan was transferred to the Group. The remaining 30% and 10% of the total consideration will be paid and respective equity interest will be transferred accordingly before March 31, 2017 and October 1, 2017 respectively. As the Group is obliged to settle the outstanding consideration payable and the Group is exposed to any risk or entitled to any rewards relating to 100% equity interest as equity holder of Qidong Yujiangwan, the acquisition is considered as a single acquisition or a linked transaction. The Group accounts for Qidong Yujiangwan at 100% effective interest from the date of acquisition.

The Company plans to develop residential housing on such land parcels. The Company takes the view that the transaction involving the acquisition of land for development which will be entirely disposed of is treated as a transaction of a revenue nature and carried out as one of the principal activities in the ordinary and usual course of business of the Company, which is exempt from the requirements of Chapter 14 of the Listing Rules pursuant to Rule 14.04(1)(g) of the Listing Rules.

6. On December 31, 2016, New Beijing Glory disposed of the entire 100% equity interest in Beijing Glory Property Services Co., Ltd.\* (北京國瑞物業服務有限公司) (“**Glory Services**”) to Shenzhen Glory Industrial Development Co., Ltd. \* (深圳國瑞興業發展有限公司) (“Shenzhen Glory Industrial”) for the consideration of RMB 5,000,000 (the “**Disposal**”). Immediately before the Disposal, Glory Services was a wholly-owned subsidiary of New Beijing Glory, which is a subsidiary of the Company and indirectly owned as to 80% by the Company; and Shenzhen Glory Industrial was an indirect wholly-owned subsidiary of Shantou Glory Investment Co., Ltd.\* (汕頭市國瑞置業投資有限公司) (“**Shantou Glory Investment**”), which was wholly-owned by Chairman Zhang. Further details of the Disposal were disclosed in the announcement of the Company dated January 3, 2017.

Save as disclosed in this announcement, the Group did not have any other material acquisition and disposal and significant investment 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, 2016, the Group had approximately 1,040 employees. For the Reporting Period, the Group incurred employee costs of approximately RMB352.9 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, 2016, the Company had used approximately HK\$150 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**

In 21 March 2017, the Company successfully issued US\$300,000,000 7.00% senior notes due 2020 listed on the Hong Kong Stock Exchange. Further details of the issue of senior notes were disclosed in the announcements of the Company dated March 8, 2017, March 14, 2017 and March 21, 2017.

On March 21, 2017, Foshan Glory Xingye Real Estate Co., Ltd. (佛山市國瑞興業地產有限公司), an indirect subsidiary of the Company, won the bid to acquire a land parcel in Xiqiao Town (西樵鎮) of Nanhai District (南海區) in Foshan (佛山市) measuring a total of approximately 63,951.5 sq.m. through listing-for-sale for a total consideration of RMB 1,673.5 million. As of the date of this announcement, the Company has received the relevant confirmation letter on bidding for granting land use rights but has not yet signed the relevant land use rights grant contract. The Company plans to develop residential housing on such parcel of land.

Save as disclosed in this announcement, there is no material post balance sheet event undertaken by the Company or by the Group after December 31, 2016.

## **FINAL DIVIDEND**

The Board proposed the payment of a final dividend of HK6.04 cents per share, totalling HK\$267,994,000 (equivalent to RMB240,000,000), for the Reporting Period to Shareholders whose names appear on the register of members of the Company on June 5, 2017. The proposed final dividend will be paid on or about June 15, 2017 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 26, 2017 and the Notice of AGM will be published and dispatched in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

## **CLOSURE OF REGISTER OF MEMBERS**

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

- (a) For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting to be held on May 26, 2017 (“**AGM**”), the register of members of the Company will be closed on May 22, 2017 to May 26, 2017, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on May 19, 2017.
- (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, 2017 to June 5, 2017, 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 June 1, 2017.

## **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, 2016.

## **PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2016 ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website ([www.glorypty.com](http://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, 2016 containing all the information about the Company set out in this announcement of results for the year ended December 31, 2016 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 27, 2017

*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.*