

Press Release

(For immediate release)

**Guorui Properties Announces 2017 Annual Results
Maintaining Leading Position in the Industry with Gross Profit Margin
of 47% by Entrenching in Major Metropolitan areas**

Highlights of 2017 Annual Results :

<i>RMB Million</i>	For the twelve months ended 31 December		Change
	2017	2016	
Contracted Sales	14,876.7	11,099	+ 34 %
Revenue	6,787.4	8,035	- 15.5%
Gross Profit	3,168.9	3,118	+ 1.6%
Profit Attributable to Owners of the Company	1,749.8	1,563	+ 12.0%
Basic EPS (<i>RMB fen</i>)	39.46	35.38	+ 4.08
Gross Profit Margin	47%	39%	+ 8ppts
Core Net Profit Margin	19%	16%	+ 3ppts

(28 March 2018, Hong Kong) **Guorui Properties Limited** (“Guorui” or the “Group”, stock code: 2329.HK) announced that in the twelve months ended 31 December 2017 (the “Period”), the Group proactively responded to the new market situation, focused on core business expansion and entrenched in major metropolitan areas as well as city agglomerations. The optimized product structure further increased market share and brand value.

Net profit increased by 12%, GP Margin maintained leading position

During the period, the contracted sales of the Group amounted to approximately RMB 14,876.7 million, representing an increase of 34% year-on-year. Operation revenue was RMB 6,787.4 million, representing a decrease of 15.5% year-on-year. The decrease was primarily due to the uneven progress of project delivery and settlement. Benefited from proper business strategies, the Group continued to keep good profit indicator. The gross profit margin increased by 8 percentage points to 46.7%, core net profit margin reached 19.5%, both were leading in the industry. The Group’s gross profit was RMB 3,168.9 million, increased 1.6% year-on-year. Profit attributable to the owner of the Company was RMB 1,749.8 million, increased 12.0% year-on-year.



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The Board proposed to declare a final dividend of 8.07 cents per share. Together with the interim dividend of HKD 7.52 cents per share, the annual dividend was HKD 15.59 cents per share. The Board said that the Group was committed to the improvement in profitability while adopting flexible policies of dividend payouts were taken to reward shareholders for their strong supports.

Grasp incremental market space, contracted sales increased by 34%

In 2017, the government implemented city-specific, reinforced the nature of housing properties for accommodation and deepened policy regulation of property, though the industry differentiation and competition were aggravated, meanwhile, the policy will also bring new opportunities to the market. In accordance with changes in the market, the Group will continue to grasp the incremental market space, focus on “Beijing Tianjin Hebei” region, “Pearl River Delta” region, “Yangtze River Delta” region and economic circle of “One Belt, One Road”, and plan its business in first-and second-tier core cities as well as third- and fourth-tier potential cities, optimize product structure, catering for different levels of market demand and increasing market share.

Meanwhile, the Group adopted flexible strategies to promote rapid growth in sales, with an aim to lay a solid foundation for the future profitability of the Company. During the period, the Group achieved contracted sales of RMB 14,876.7 million, representing an increase of 34% year-on-year. The contracted GFA was 914,877 sq.m. and the contracted average selling price was RMB 16,260.7 /sq.m.. First-tier cities and their surrounding core cities contributed 45.3% in aggregate which Beijing accounted for 32.6%.

Rental income steady growth, commercial projects gradually commence

During the period, the Group put its efforts on investment properties and rental properties, rental income grew steadily. The planned GFA of 9 investment properties owned by the Group in the core areas of 5 major cities were approximately 799,037 sq.m. The operating area of Beijing accounts for approximately 65.3% among the operating area of 495,754 sq.m. The total rental income was RMB 310.3 million, representing an increase of 6%.

In 2018, major commercial projects will put into operation. The offices of Hademen Plaza (哈德門廣場) in Beijing have commenced operation and the ancillary business,



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commercial district in Foshan Glory Shengping Commercial Centre (佛山國瑞升平商業中心) Phase I will put into operation in the second half of 2018. As the investment properties in major cities and core areas gradually commence operation, the Group believes the rental income will achieve a substantial growth.

Multiple land reserves channels, focusing on core city circles

During the period, the Group proactively expanded land reserves and obtained 6 high-quality land parcels with planned GFA of approximately 813,790 sq.m., among which Beijing accounted for 44.4%. As at 31 December 2017, the planned GFA for land reserves was 8,506,372 sq.m. and the average land cost was approximately RMB 4,692.1/sq.m. Among them, first-tier cities and surrounding core cities accounted for 46%. **Mr. Zhang Zhangsun, Chairman of Guorui**, said, “The Group ensured the profitability while continuously enhancing the competitive advantages and benefits of land through participating in government bidding, cooperation and acquisitions so as to seek to increase the quality of land reserves. We believe that sufficient and high-quality land reserves will provide a continuous momentum for the Group's sales and profit in future.”

Expanding potential cities, developing innovative industrial models

Going forward, the development goals of China's economy have shifted from high-speed growth to high-quality growth. The development of real estate companies in the new era proactively adapt to challenges of the new economy development and expand the new space for future development. **Mr. Zhang Zhangsun, Chairman of Guorui**, said, “Under the implementation of policy, new urbanization will develop rapidly and the real estate market in China will still have more room for development in the next decade. As for districts and counties outside the first- and second-tier cities, the Group will explore the collective cooperative development model with the village and participate in the construction of beautiful rural new countryside to help the development of rural rejuvenating industries. Meanwhile, the Group will be in line with the policy of “lease/purchase option” and focus on the first-tier cities to explore and experiment rental housing business. Furthermore, the Group will take the existing regions as the leading factor to expand the potential cities under the national strategy of the Belt and Road initiatives and the Guangdong-Hong Kong-Macao Great Bay Area while developing innovative industrial models such as cultural tourism and cultural innovation and smart new city dedicated to enhancing the growth for the Group.”

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About Guorui Properties Limited

Guorui Properties Limited (stock code: 2329.HK) is a leading developer focusing on boutique residences and city center area projects with an annual development capacity reaching over 5 million sq.m.. Currently, Guorui has more than 30 different real estate projects in 13 cities with substantial economic growth, including Beijing, Shenzhen, Suzhou, Haikou, Zhengzhou, Langfang, Foshan, Shantou, Xi'an and Shenyang. Proving consistent high-quality products and professional services, Guorui has built the brand awareness of “Guorui” in the mentioned areas. Guorui Properties was listed on the Main Board of Hong Kong Stock Exchange on 7 July 2014, The Company was named as a constituent stock of the Hang Seng Composite Midcap Index.

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