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 (国瑞置业有限公司)" and carrying on business in Hong Kong as Guorui Properties Limited)

(Stock Code: 2329)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2014

2014 ANNUAL RESULTS HIGHLIGHTS

- Achieved contracted sales for the year ended December 31, 2014 (the "**Reporting Period**") of RMB6,206.3 million with corresponding gross floor area ("**GFA**") of approximately 476,764 sq.m., representing a year-on-year increase of 22.7% and 24.2%, respectively;
- Revenue for the Reporting Period was RMB5,278.5 million, of which the revenue from property development was RMB4,790.2 million;
- Gross profit for the Reporting Period was RMB2,405.2 million, of which the gross profit from property development was RMB2,162.1 million;
- Net profit for the Reporting Period was RMB1,206.3 million, of which RMB950.7 million was attributable to the equity holders of the Company;
- Basic earnings per share for the Reporting Period were RMB23.42 cents.
- The Board recommended the payment of final dividends of HK6.05 cents per share.

ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2014

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 year ended December 31, 2014, together with the comparative figures for the year ended December 31, 2013. 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. 32).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2014

	NOTES	Year ended December 31, 2014 *RMB'000*	2013 *RMB'000*
Revenue	4	5,278,546	6,835,358
Cost of sales and services		(2,873,368)	(3,130,684)
Gross profit		2,405,178	3,704,674
Other gains and losses		(4,896)	268,672
Other income		12,387	8,426
Gain on fair value change of investment properties		385,956	911,895
Selling expenses		(182,446)	(184,545)
Administrative expenses		(272,319)	(242,269)
Other expenses		(39,027)	(38,527)
Finance costs	5	(238,900)	(572,542)
Share of result of associates		(6,924)	—
Profit before tax		2,059,009	3,855,784
Income tax expenses	6	(852,720)	(1,085,595)
Profit and total comprehensive income for the year		1,206,289	2,770,189
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		950,654	2,233,812
Non-controlling interests		255,635	536,377
		1,206,289	2,770,189
Earnings per share, in Renminbi cents:	7		
Basic		23.42	59.57
Diluted		23.34	59.57

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2014

	NOTES	At December 31, 2014 *RMB'000*	2013 *RMB'000*
Non-current assets			
Investment properties		12,822,450	7,985,500
Property, plant and equipment		142,891	141,131
Intangible assets		3,164	2,383
Interests in associates		189,076	—
Available-for-sale investments		5,000	5,000
Prepaid lease payments		3,120	2,941
Deferred tax assets		100,172	61,761
Restricted bank deposits		7,590	922
		13,273,463	8,199,638
Current assets			
Inventories		78	93
Deposits paid for land acquisition		35,000	314,160
Properties held for/under development		10,092,920	9,967,028
Properties held for sale		2,243,952	1,739,494
Trade and other receivables, deposits and prepayments	9	553,756	389,494
Amounts due from customers for contract work		1,072,586	889,261
Taxation recoverable		18,777	59,003
Amounts due from related parties		—	4,265
Held-for-trading investments		97	80
Restricted bank deposits		1,180,187	60,033
Cash and bank balances		542,557	844,854
		15,739,910	14,267,765
Current liabilities			
Trade and other payables	10	5,044,261	4,679,785
Deposits received from sale of properties		1,688,750	1,648,241
Amounts due to related parties		18,954	297,740
Taxation payable		1,121,261	713,889
Bank and other borrowings - due within one year	11	4,221,260	1,112,136
		12,094,486	8,451,791
Net current assets		3,645,424	5,815,974
Total assets less current liabilities		16,918,887	14,015,612

	NOTES	At December 31, 2014	2013
		RMB'000	*RMB'000*
Non-current liabilities			
Other payables	10	64,826	49,302
Bank and other borrowings - due after one year	11	6,597,350	6,224,424
Deferred tax liabilities		1,720,267	1,645,907
		8,382,443	7,919,633
Net assets		8,536,444	6,095,979
Capital and reserves			
Paid-in/Share capital		3,509	2,967
Reserves		7,012,813	4,785,447
Equity attributable to owners of the Company		7,016,322	4,788,414
Non-controlling interests		1,520,122	1,307,565
Total equity		8,536,444	6,095,979

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, 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. REORGANIZATION AND BASIS OF PRESENTATION

Prior to the reorganization ("Reorganization"), Shantou Garden Group Co., Ltd. ("Garden Group") was a company controlled by Mr. Zhang Zhangsun, which directly or indirectly held controlling interest in all the PRC subsidiaries of the Group, except for Shantou Glory Management Limited ("Glory Management"). Prior to the Glory Management Acquisition (as defined below), Glory Real Estate Development Limited ("Glory HK") (wholly owned by Mr. Zhang Zhangsun) and Shantou Jinming Wujin Material Co., Ltd ("Jinming Wujin") held 45% and 55% equity interest in Glory Management, respectively. On July 1, 2012, Mr. Zhang Zhangsun obtained the controlling interest in Jiming Wujin, and therefore, obtained control over Glory Management (the "Glory Management Acquisition"). On March 10, 2013, Jinming Wujin transferred its 55% equity interest in Glory Management to Glory HK for a consideration of RMB22,000,000.

The Company was incorporated on July 16, 2012 and the initial share was transferred to an entity wholly owned by Mr. Zhang Zhangsun on the same date.

On May 7, 2013, Glory Real Estate (HK) Investment Limited 國瑞地產(香港)投資有限公司 ("Glory Real Estate (HK)"), which was set up by the Company on April 29, 2013, acquired the entire equity interest in Glory Management from Glory HK for a consideration of RMB40,000,000. Following a series of shareholding transfers, Glory Management acquired 100% equity interest in Garden Group for a consideration of RMB48,000,000 on June 29, 2013 (the "Garden Group Acquisition").

Upon completion of the Reorganization, the Company became the holding company of the companies now comprising the Group on June 29, 2013. Mr. Zhang Zhangsun, the controlling shareholder, controlled all the companies now comprising the Group before and after the Reorganization and that control is not transitory. Accordingly, the Group resulting from the Reorganization is regarded as a continuing entity. The Garden Group Acquisition is accounted for by reference to the principles of merger accounting and the financial statements have been prepared as if the Company has always been the holding company of the Group.

Therefore, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years ended December 31, 2013 are prepared as if the current group structure had been in existence throughout the year of 2013 or since their respective dates of incorporation/establishment where it is shorter period.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The consolidated financial statements have been prepared in accordance with International Reporting Standards ("IFRSs") issued by the International Accounting Standards Board. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for the investment properties and certain financial instruments that are measured at fair values at the end of each reporting period.

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

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment entities
Amendments to IAS 32	Offsetting financial assets and financial liabilities
Amendments to IAS 36	Recoverable amount disclosures for non-financial assets
Amendments to IAS 39	Novation of derivatives and continuation of hedge accounting
IFRIC - 21	Levies

The application of the new interpretation and 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.

At the date of this report, the following new standards and amendments to IFRSs have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[2]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to IAS 1	Disclosure Initiative[4]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle[5]
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[4]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[4]
Amendments to IAS 27	Equity Method in Separate Financial Statements[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[4]

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2017

3 Effective for annual periods beginning on or after 1 July 2014

4 Effective for annual periods beginning on or after 1 January 2016

5 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

IFRS 15 Revenue from Contracts with Customers

In July 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Directors anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

One of the key requirements of IFRS 9 that are applicable to the Group includes the impairment of financial assets, of which IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39 Financial Instruments: Recognition and Measurement. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Directors are of the view that the expected credit loss model may result in early and additional provision of credit losses which are not yet incurred for the Group's financial assets measured at amortised costs. However, it is not practicable to provide a reasonable estimate of the effect from using an expected credit loss model in respect of its financial assets until a detailed review has been completed.

Except for the above impact, the Directors do not anticipate that the application of other new and revised IFRSs will have significant impact in the Group's consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

The Group is organized 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 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' remunerations and income tax expenses. 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.

	Property development *RMB'000*	Primary land construction and development services *RMB'000*	Property investment *RMB'000*	Property management and related services *RMB'000*	Total *RMB'000*
Year ended December 31, 2014					
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	4,790,244	175,970	267,622	62,801	5,296,637
Segment profit	1,728,808	1,375	228,021	10,188	1,968,392
Year ended December 31, 2013					
Revenue from external customers	4,519,666	2,023,202	232,041	60,449	6,835,358
Inter-segment revenue	—	—	—	2,841	2,841
Segment revenue	4,519,666	2,023,202	232,041	63,290	6,838,199
Segment profit	1,299,489	1,806,962	184,450	1,307	3,292,208

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

	Year ended December 31, 2014 *RMB'000*	Year ended December 31, 2013 *RMB'000*
Revenue		
Segment revenue	5,296,637	6,838,199
Elimination of inter-segment revenue	(18,091)	(2,841)
Consolidated revenue	5,278,546	6,835,358
Profit		
Segment profit	1,968,392	3,292,208
Other gains and losses	(4,896)	268,672
Other income	12,387	8,426
Other expenses	(39,027)	(38,527)
Share of result of associates	(6,924)	—
Gain on fair value change of investment properties	385,956	911,895
Finance costs	(238,900)	(572,542)
Depreciation	(3,884)	(3,884)
Auditor's remuneration	(3,628)	(150)
Directors' remunerations	(10,467)	(10,314)
Consolidated profit before tax	2,059,009	3,855,784

(c) **Other segment information**

Amounts included in the measurement of segment profit or loss:

	Property development *RMB'000*	Primary land construction and development services *RMB'000*	Property investment *RMB'000*	Property management and related services *RMB'000*	Unallocated amount *RMB'000*	Total *RMB'000*
Year ended December 31, 2014						
Depreciation and amortization	8,465	—	5,216	4,095	3,884	21,660
Release of prepaid lease payment	—	—	81	26	—	107
Year ended December 31, 2013						
Depreciation and amortization	8,616	—	5,896	5,915	3,884	24,311
Release of prepaid lease payment	—	—	279	172	—	451

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

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

	Year ended December 31,	
	2014	**2013**
	RMB'000	*RMB'000*
Sales of properties	4,790,244	4,519,666
Primary land construction and development services (note)	175,970	2,023,202
Rental income	267,622	232,041
Property management and related services	44,710	60,449
	5,278,546	6,835,358

Note: In prior years, the Group carried out primary land construction and development services on a piece of land located in Hademen (the "Hademen Project") and recognized construction revenue based on estimated recoverable costs and expected fee in accordance with relevant rules and regulations issued by the Beijing Municipal People's Government. Upon the completion of the Hademen Project, in January 2013, Beijing Municipal People's Government finalized and approved the total construction fee of RMB2,178,650,000. An amount of RMB1,264,205,000 in relation to the Hademen Project was recognized during the year ended December 31, 2013.

(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 RMB13,160,701,000 (2013: RMB8,131,955,000) at December 31, 2014 are located in the PRC based on geographical location of the assets or the associates' operation, as appropriate.

(f) **Revenue from major customers**

During the year ended December 31, 2013, the revenue of primary land construction and development services, amounting to RMB1,291,816,000 arose from services provided to Beijing Municipal People's Government. No other 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, 2014 and 2013.

5. FINANCE COSTS

	Year ended December 31,	
	2014	**2013**
	RMB'000	*RMB'000*
Interest on bank loans	496,839	368,692
Interest on other loans	273,767	148,305
Interest on the amounts due to the related party	63	—
Fair value loss on initial recognition of amount due to the Party (note)	—	293,927
Other finance cost (note)	7,404	46,030
Total interest expense for financial liabilities	778,073	856,954
Interest expenses:		
– wholly repayable within five years	733,480	823,350
– not wholly repayable within five years	44,593	33,604
Less: Amounts capitalized to properties under development	(539,173)	(284,412)
	238,900	572,542

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 recognized 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. During the year ended December 31, 2014, the Group recognized RMB7,404,000 (2013: RMB46,030,000) as other finance cost based on an effective interest rate of 6% per annum.

6. INCOME TAX EXPENSES

	Year ended December 31,	
	2014	**2013**
	RMB'000	*RMB'000*
Current tax		
PRC enterprise income tax	401,576	695,036
Under provision in prior year	8,117	—
LAT	407,078	157,938
Deferred tax	35,949	232,621
Income tax expenses	852,720	1,085,595

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.

Certain subsidiaries of the Group were subject to the PRC enterprise income tax on a verification collection basis at deemed profit which represent 10% of its revenue for the year ended December 31, 2013, in accordance with authorized tax valuation method (核定徵收) approved by local tax bureau pursuant to the applicable PRC tax regulations (the "deemed profit basis").

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable exemptions and deductions.

In accordance with PRC tax circular (Guoshuihan [2008] 112) effective from January 1, 2008, PRC withholding income tax at the rate of 10% is applicable to dividends to "non-resident" investors who do not have an establishment or business in the PRC. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to the profits earned by the PRC subsidiaries since January 2008 amounting to RMB2,537,552,000 (2013: RMB1,914,485,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

No provision for Hong Kong Profits Tax has been made as the income of the companies comprising the Group neither arises in, nor is derived from Hong Kong during the year.

7. EARNINGS PER SHARE

	Year ended December 31,	
	2014	**2013**
	RMB'000	*RMB'000*
Earnings:		
Profit for the year attributable to the owners of the Company	950,654	2,233,812

	Year ended December 31,	
	2014	**2013**
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,059,354	3,750,000
Effect of dilutive potential ordinary shares:		
– Share options issued by the Company	7,409	—
– Share awards issued by the Company	5,840	—
– Over-allotment share option issued by the Company	24	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,072,627	3,750,000

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.

8. DIVIDENDS

Subsequent to the end of the reporting period, final dividend in respect of the year ended December 31, 2014 of HK6.05 cents per share, totalling HK$226,080,000 (equivalent to RMB209,903,000) has been proposed by the directors of the Company and is subject to approval by the shareholders of the Company at the forthcoming annual general meeting.

On April 30, 2013, Garden Group declared dividends amounting to RMB 2,350,000,000 to its then equity holder, Jinming Wujin.

9. 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.

	At December 31,	
	2014	**2013**
	RMB'000	*RMB'000*
Trade receivables, net of allowance	242,337	169,074
Advances to contractors and suppliers	126,855	107,747
Other receivables from independent third parties (note)	17,261	17,510
Other receivables and prepayment, net of allowance	100,154	44,665
Prepaid lease payment - current portion	107	393
Deposits	67,042	50,105
	553,756	389,494

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:

	At December 31,	
	2014	**2013**
	RMB'000	*RMB'000*
0 to 60 days	162,825	129,255
61 to 180 days	9,123	28,625
181 to 365 days	63,245	1,344
1-2 years	4,742	5,114
Over 2 years	2,402	4,736
	242,337	169,074

Trade receivables with an amount of approximately RMB19,747,000 (2013: RMB15,883,000) as at December 31, 2014, 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.

	At December 31,	
	2014	**2013**
	RMB'000	*RMB'000*
Less than 1 year	12,603	6,033
1-2 years	4,742	5,114
Over 2 years	2,402	4,736
	19,747	15,883

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:

	At December 31, 2014	At December 31, 2013
	RMB'000	*RMB'000*
Balance at the beginning of the year	4,110	4,110
Recognized during the year	—	—
Balance at the end of the year	4,110	4,110

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 recognized.

10. TRADE AND OTHER PAYABLES

	At December 31, 2014	At December 31, 2013
	RMB'000	*RMB'000*
Trade payable	3,732,286	2,331,703
Deposits received	387,213	523,922
Rental received in advance	47,838	42,770
Payable for acquisition of subsidiaries (note a)	464,360	467,011
Other payables to connected person (note b)	196,050	1,120,046
Accrued payroll	33,572	21,713
Business and other tax payable	160,207	173,960
Other payables and accruals	87,561	47,962
	5,109,087	4,729,087
Analyzed for reporting purposes as:		
Non-current (note c)	64,826	49,302
Current	5,044,261	4,679,785
	5,109,087	4,729,087

Notes:

(a) In May 2014, Hainan Glory acquired the entire equity interest in Hainan Junhe for a consideration of RMB1,014,000,000, with part of the consideration amounting to RMB667,140,000 was paid. The amount is unsecured, interest free and repayable on demand.

In October 2013, Original Beijing Glory acquired the entire equity interest in Shaanxi Huawei for a consideration of RMB450,000,000. During the year ended December 31, 2014, part of the consideration amounting to RMB212,500,000 (2013: RMB120,000,000) was paid and aggregated amount paid amounted to RMB332,500,000 (2013: RMB120,000,000) as of December 31, 2014. The amount is unsecured, interest free and repayable on demand.

(b) The amount is related to the cancellation of a sale contract, details are set out in Note 5, which is unsecured and repayable within one year by instalments.

(c) Pursuant to the relevant agreements, rental deposits of approximately RMB64,826,000 (2013: RMB49,302,000) as at December 31, 2014, 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:

	At December 31,	
	2014	**2013**
	RMB'000	*RMB'000*
0 to 60 days	3,304,748	1,055,862
61-365 days	70,803	1,190,485
1-2 years	286,152	72,792
Over 2 years	70,583	12,564
	3,732,286	2,331,703

11. BANK AND OTHER BORROWINGS

	At December 31, 2014	2013
	RMB'000	*RMB'000*
Bank loans, secured	8,376,150	5,153,300
Other loans, secured	2,227,460	2,183,260
Other loans, unsecured	215,000	—
	10,818,610	7,336,560
The borrowings are due to be repaid:		
– Within one year	4,221,260	1,112,136
– More than one year, but not exceeding two years	2,252,160	3,358,364
– More than two years, but not exceeding five years	3,508,100	2,146,060
– More than five years	837,090	720,000
	10,818,610	7,336,560
Less: Amount due within one year shown under current liabilities	(4,221,260)	(1,112,136)
Amount due after one year	6,597,350	6,224,424

The Group's bank and other borrowings are all denominated in RMB.

12. CONTINGENT LIABILITIES

	At December 31, 2014	2013
	RMB'000	*RMB'000*
Guarantees provided by the Group in respect of loan facilities utilized by property buyers	2,665,273	1,634,119

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual results of the Group for the year ended December 31, 2014.

Review of results in 2014

According to the data of the National Bureau of Statistics of the PRC, for 2014, the total amount of investments in real estate development at the national level was RMB9,503.6 billion, representing a nominal growth of 10.5% as compared to last year. Newly constructed housing area was 1,795.92 million sq.m., representing a decrease of 10.7% as compared to last year. Sales area of commodity housing at the national level was 1,206.49 million sq.m., representing a decrease of 7.6% as compared to last year. Total sales revenue of commodity housing at the national level was RMB7,629.2 billion, representing a decrease of 6.3% as compared to last year.

In view of the trend of negative growth in the real estate market in 2014, the PRC central government and local governments have worked together to introduce various measures to stabilize the weak market. In March 2014, the National People's Congress and the Chinese People's Political Consultative Conference proposed the "control by categories" policy (分類調控). Also, the PRC central government continued to re-enforce the "Five Central Policies" (央五條), "directional reduction of the deposit reserve ratio" (定向降准), relaxation of the mortgage loan restriction policies (放鬆限貸) and other "micro-stimulus" (微刺激) to stimulate the mortgage loan demand by purchasers of owner-occupied houses. The local governments have been delegated with more autonomy to provide various bailout policies locally with diversified and in-depth measures since June 2014, followed by progressive cassation of the "house-purchase restriction" (限購) system implemented for the last three years. These lenient macro-control policies should provide positive support for the real estate market.

In 2014, despite the aforesaid market situation, the Group achieved contracted sales of RMB6,206.3 million, representing an increase of 22.7% as compared to last year. Total contracted GFA was 476,764 sq.m., representing an increase of 24.2% as compared to last year. It realized a revenue of RMB5,278.5 million, of which the revenue from property development was RMB4,790.2 million, that from primary land construction and development services was RMB176.0 million and that from property investment was RMB267.6 million and property management and related services was RMB44.7 million..

With respect to land reserves, the Group has always been committed to acquiring quality land parcels at competitive cost. During 2014, the Group acquired two new land parcels in Foshan and Hainan, namely the Foshan • South Levee Bay (佛山 • 南堤灣) and Hainan Yunlong (海南雲龍) with site areas of 90,231 sq.m. and 1,084,162 sq.m., respectively, and the average costs of land acquisition were approximately RMB1,989 per sq.m.. As at December 31, 2014, the total GFA of land reserves owned by the Group was approximately 7,693,986 sq.m., and the average cost of land was approximately RMB1,536.5 per sq.m.

It is worth mentioning that Yongqing county of Langfang is a strategic region in the surrounding areas of Beijing, located at the heart of Bohai Economic Rim and at the center of the Greater Beijing Strategic Economic Rim. Since the PRC central government unveiled the key national strategy of realizing coordinated development among Beijing, Tianjin and Hebei Province, Yongqing county of Langfang, which is located within a short distance from the core areas of Beijing and Tianjin, with numerous advantages such as intact natural ecology and quality land site environment, has gradually become a popular area being targeted by a number of branded property developers. The land reserves of the Group in Yongqing county of Langfang city amount to 1,866,917 sq.m., which is an ecological township project in Yongqing county with Beijing-Taiwan Expressway (京台高速) on its western side and Langba Road (廊霸路) on its eastern side. The project is located in a prime location which is only 15 km away from various industrial and commercial enclaves such as the second international airport under construction in Beijing and adjacent to Yongqing Taiwan Industrial New Town (永清台灣工業新城), Zheshang New Town (浙商新城), Yongqing Fashion City (永清服裝城) and other industrial and commercial exclaves. The Group will continue to assess quality land parcels with a view to acquire more potential land reserves in Langfang.

Outlook in 2015

Looking forward to 2015, as the economy enters a new normal state, there will be a clearer idea on the control measures by the government to the real estate sector. In the medium-to-long term perspective, the control measures will change from a "too tight" state back to a "normal" state. Neither over-suppressive nor over-stimulating measures should be implemented. The government should gradually change from the "one-for-all" (一刀切) control measures as adopted in the past to allowing less administrative controls and more market influences in order to utilize the market forces to adjust and stabilize the housing market. This shift in control measures is a good indication that the relevant regulatory authorities are gradually aiming to establish a policy of long-term market-based control mechanism to encourage a healthy and steady growth in the real estate industry.

In 2015, seizing on the change of macroeconomic policies and market dynamic, the Group will continue to implement efficient project operational and management system, fine-tune the pace of operation and development, adopt flexible marketing policies, accelerate the inventory turnover rate, and consolidate and expand the market shares of all projects in the local markets. The Group will also ensure timely collection of sales receivable and account receivable, timely develop various overseas and domestic financing channels to ensure sustainable and stable development of the Group.

With the furtherance of China's new-style urbanization, urbanization will become an important support for the long-term development of the real estate industry. On March 5, 2015, a government work report presented by Premier Li Keqiang at the National People's Congress and the Chinese People's Political Consultative Conference pointed out that the PRC government will facilitate new breakthroughs in new-style urbanization and increase efforts in reforming squatter areas in large cities and dangerous buildings in the township and rural areas. Meanwhile, reforms of the urban and township squatter areas and urban villages for a population of approximately 100 million persons have been proposed. These should have significant effect on the real estate market in the future, particularly in key cities. The Group plans to focus its attention on the peripheral areas of Tier 1 and Tier 2 key cities and the Pearl River Delta region, to align its business development with the direction of the national urbanization policy and explore on the business model in constructing business zones and new cities by adopting the public and private partnership model (公私合營模式)" to further expand its existing property development business.

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 26, 2015

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended December 31, 2014, the Group's total contracted sales were approximately RMB6,206.3 million, representing an increase of 22.7% as compared to the year ended December 31, 2013. The Group's revenue was RMB5,278.5 million, representing a decrease of 22.8% as compared to the year ended December 31, 2013. This decrease was primarily due to the non-occurrence of one-off government compensation for primary land development projects in 2014, whereas such kind of compensation was received through the Group's Beijing Hademen primary land development project and contributed approximately RMB 1,264.2 million to the Group's revenue in 2013. Revenue from property development was RMB4,790.2 million, representing an increase of 6.0% as compared to the year ended December 31, 2013. For the year ended December 31, 2014, the Group's gross profit was RMB2,405.2 million, net profit was RMB1,206.3 million, of which RMB950.7 million was attributable to the equity holders of the Company.

Contracted Sales

For the year ended December 31, 2014, the contracted sales of the Group amounted to approximately RMB6,206.3 million, representing an increase of 22.7% from RMB5,057.1 million for the year ended December 31, 2013. Total GFA sold was approximately 476,764 sq.m., representing an increase of 24.2% from 383,970 sq.m. for the year ended December 31, 2013. Contracted sales of the Group, by geographical location, from Beijing, Haikou, Wanning, Langfang, Zhengzhou, Shenyang, Foshan and Shantou amounted to approximately RMB1,905.6 million, RMB1,360.7 million, RMB212.0 million, RMB710.6 million, RMB1,049.1 million, RMB963.1 million, RMB3.0 million and RMB2.2 million, respectively, representing 30.7%, 21.9%, 3.4%, 11.4%, 16.9%, 15.5%, 0.1% 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, 2014 and 2013:

	2014 Contracted Sales *(RMB million)*	2013 Contracted Sales *(RMB million)*	2014 GFA Sold *(sq.m.)*	2013 GFA Sold *(sq.m.)*	2014 Contracted ASP *(RMB/sq.m.)*	2013 Contracted ASP *(RMB/sq.m.)*
Beijing						
Beijing Glory City (Phases I and II)	1,826.4	1,186.4	27,297	20,902	66,907.1	56,758.9
Beijing Fugui Garden	38.6	6.7	1,285	500	30,072.6	13,439.3
Eudemonia Palace	40.6	590.2	872	12,992	46,621.0	45,427.3
Haikou						
Haikuotiankong Glory City (Phases I to V)	1,283.2	1,455.8	78,962	94,856	16,250.9	15,348.0
Haidian Island Glory Garden	77.5	213.8	4,808	15,039	16,118.1	14,216.0
Wanning						
Wanning Glory City (Phase I)	212.0	69.4	33,383	12,183	6,349.8	5,695.0
Langfang						
Yongqing Glory City (Phases III to IV)	710.6	279.4	63,687	25,554	11,157.8	10,932.4
Zhengzhou						
Zhengzhou Glory City (Phases I to VII)	1,049.10	965.3	129,383	155,627	8,108.7	6,202.4
Shenyang						
Shenyang Glory City (Phases II to IV)	963.10	244.2	136,455	40,786	7,058.0	5,988.4
Foshan						
Foshan Guohua New Capital (Phase I)	3.0	—	372	—	8,017.6	—
Shantou						
Glory Garden	0.5	7.1	64	943	7,599.8	7,505.0
Yashi Garden	1.7	38.9	196	4,590	8,388.2	8,466.7
Total	6,206.3	5,057.1	476,764	383,970	13,017.5	13,170.5

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, 2014, the Group had completed a total GFA of 3,095,706 sq.m. and had land reserves with a total GFA of 7,693,986 sq.m., comprising (a) a total GFA of 680,229 sq.m. completed but remaining unsold, (b) a total GFA of 2,079,775 sq.m. under development, and (c) a total planned GFA of 4,933,982 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, 2014, the Group had investment properties with a total GFA of 760,230 sq.m. in Beijing Fugui Garden, Beijing Glory City, Shenyang Glory City, Shantou Glory City, Eudemonia Palace, Beijing Glory Center 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, 2014:

			UNDER DEVELOPMENT			HELD FOR FUTURE DEVELOPMENT		
Project	Project Type	Site Area *(sq.m.)*	GFA Under Development *(sq.m.)*	Saleable/ Rentable GFA *(sq.m.)*	GFA Pre-sold *(sq.m.)*	Planned GFA *(sq.m.)*	GFA of Land Use Rights Certificates Not Yet Obtained *(sq.m.)*	Ownership Interest *(%)*
Beijing								
1. Beijing Glory Center	Mixed-use	12,738	140,021	140,021	—	—	—	80.0
Haikou								
1. Haikuotiankong Glory City (Phases III to V)	Mixed-use	54,716	364,535	364,332	19,004	—	—	80.0
2. Glory Riverview Garden	Residential	36,634	21,582	20,498	—	—	—	80.0
3. Haikou West Coast Glory	Residential	34,121	—	—	—	22,531	—	80.0
4. Hainan Yunlong	Mixed-use	1,084,162	—	—	—	1,084,162	—	40.8

Project	Project Type	Site Area	UNDER DEVELOPMENT			HELD FOR FUTURE DEVELOPMENT		
			GFA Under Development	Saleable/ Rentable GFA	GFA Pre-sold	Planned GFA	GFA of Land Use Rights Certificates Not Yet Obtained	Ownership Interest
		(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(%)*
Wanning								
1. Wanning Glory City (Phases I to III)	Residential	214,635	114,250	113,430	13,426	204,057	—	80.0
Langfang								
1. Yongqing Glory City (Phases I (partial) to II, Phase IV (partial), Phase V)	Residential	1,083,859	319,443	317,942	4,431	1,514,106	—	80.0
Zhengzhou								
1. Zhengzhou Glory City (Phase III (partial), Phases VI to VIII)	Mixed-use	132,614	312,792	311,585	65,900	66,873	—	80.0
Shenyang								
1. Shenyang Glory City (Phase III (partial), Phase IV (partial), Phases V to VII)	Mixed-use	480,128	361,398	359,016	96,192	1,000,206	348,625	80.0
Foshan								
1. Foshan Guohua New Capital (Phases I to II)	Residential	120,814	275,033	273,662	372	236,098	—	44.0
2. Foshan • South Levee Bay	Mixed-use	90,231	—	—	—	335,328	335,328	80.0
Xi'an								
Xi'an Glory International Financial Center	Mixed-use	19,162	—	—	—	289,978	—	59.0
Shantou								
1. Shantou Glory City (Phases I to II)	Mixed-use	54,431	170,721	168,821	—	180,643	—	80.0
Total		3,418,245	2,079,775	2,069,307	199,325	4,933,982	683,953	
Total Attributable GFA			1,564,808	1,556,928	159,326	3,376,304	547,162	

The following table sets out a summary of information of the Group's investment properties as at December 31, 2014:

Project	Types of Properties	Total GFA Held for Investment	Leasable GFA	Effective Leased GFA	Total Rental Income	
					2014	2013
		(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(RMB'000)*	*(RMB'000)*
Beijing Glory City	Shopping mall	84,904	46,366	36,166	210,231	179,876
	Offices	9,808	9,808	7,650		
	Car parking spaces	26,324	26,324	18,426		
	Retail outlets	29,128	25,642	21,282		
	Siheyuan	7,219	7,219	1,276		
Beijing Fugui Garden	Shopping mall	26,146	26,146	20,394	32,734	30,967
Shenyang Glory City	Specialized markets	50,841	50,841	50,841	—	1,068
	Retail outlets	58,972	58,972	—	—	—
Shantou Glory City	Specialized markets	62,398	62,398	53,039	24,657	20,130
Eudemonia Palace	Car parking spaces	3,950	3,950	2,844	—	—
Beijing Glory Center*	Offices Shopping Mall Car parking spaces	140,021				
Foshan • South Levee Bay*	Retail outlets Car parking spaces	260,519				
Total		**760,230**	**317,666**	**211,918**	**267,622**	**232,041**

* 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, 2014:

Project	Project Type	Site Area	Completed GFA	GFA Available for Sale or use by us	GFA Available for Sale	GFA Held for Investment	GFA Sold	Other GFA	Ownership Interest
		(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(%)*
Beijing									
1. Beijing Fugui Garden	Mixed-use	87,075	507,857	51,675	4,699	26,146	420,911	9,125	91.0
2. Beijing Glory City (Phases I and II)	Mixed-use	117,473	881,590	106,142	44,501	157,383	599,886	18,180	80.0
3. Eudemonia Palace	Residential	14,464	33,101	3,211	299	3,950	24,632	1,309	80.0
Haikou									
1. Haikuotiankong Glory City (Phases I to III, Phase V)	Mixed-use	86,659	436,925	149,677	99,944	–	275,971	11,276	80.0
2. Haidian Island Glory Garden	Residential	65,643	71,863	17,055	2,202	–	54,808	–	80.0
Wanning									
1. Wanning Glory City (Phase I)	Residential	29,704	47,748	20,575	20,575	–	27,173	–	80.0
Langfang									
1. Yongqing Glory City (Phase I (partial), Phases III)	Residential	229,507	103,635	35,512	33,368	–	67,808	315	80.0
Zhengzhou									
1. Zhengzhou Glory City (Phases I to V)	Mixed-use	351,614	476,756	148,550	94,844	–	315,736	12,470	80.0
Shenyang									
1. Shenyang Glory City (Phases I and II, Phase III (partial), Phase IV (partial))	Mixed-use	147,457	354,085	45,372	17,540	109,813	193,752	1,540	80.0
Shantou									
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	2,461	2,461	–	31,335	–	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	106	106	–	47,172	776	100.0
Total		1,216,109	3,095,706	580,336	320,539	359,690	2,097,083	54,991	
Total Attributable GFA		994,668	2,562,619	470,467	257,461	296,868	1,747,247	45,151	

Land Reserves

The following table sets out a summary of the Group's land reserves by geographic location as at December 31, 2014:

	Completed	Under Development	Future Development	Total Land Reserves	% of Total Land Reserves	Average land cost
	Saleable/ Rentable GFA Remaining Unsold	**GFA Under Development**	**Planned GFA(1)**	**Total GFA**		
	(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(%)*	*(RMB/sq.m.)*
Beijing	236,978	140,021	—	376,999	4.9	8,902.9
Haikou	102,145	386,117	1,106,693	1,594,955	20.7	1,612.3
Wanning	20,575	114,250	204,057	338,882	4.4	351.2
Langfang	33,368	319,443	1,514,106	1,866,917	24.3	366.8
Zhengzhou	94,844	312,792	66,873	474,509	6.2	395.0
Shenyang	127,353	361,398	1,000,206	1,488,957	19.4	1,108.6
Foshan	—	275,033	571,426	846,459	11.0	2,491.0
Xi'an	—	—	289,978	289,978	3.8	1,551.8
Shantou	64,966	170,721	180,643	416,330	5.3	1,666.2
Total	**680,229**	**2,079,775**	**4,933,982**	**7,693,986**	**100**	**1,536.5**

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, 2014:

	Completed	Under Development	Future Development	Total Land Reserves	% of Total Land Reserves
	Saleable/ Rentable GFA Remaining Unsold	GFA Under Development	Planned GFA[1]	Total GFA	
	(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(%)*
Residential	237,273	1,352,431	2,977,300	4,567,004	59.4
Commercial for sale	69,945	227,359	937,052	1,234,355	16.0
Commercial held or intended to be held for investment	359,690	140,021	260,519	760,230	9.9
Hotel	—	—	185,544	185,544	2.4
Car parking spaces	13,321	350,998	442,345	806,664	10.5
Ancillary	—	7,883	63,943	71,826	0.9
Others	—	1,083	67,279	68,363	0.9
Total	**680,229**	**2,079,775**	**4,933,982**	**7,693,986**	**100**

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.

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 2014, 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, 2014, the Group incurred development costs of approximately RMB 1,024.8 million and completed the primary land development of one of the five land parcels in the second quarter of 2013. The Group expects to complete the primary land development of another two land parcels of this project in 2015.

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 transfer the land use rights to the Group after the completion of the requisite government procedures under the relevant local regulation. The Group has completed and submitted a detailed regulatory plan for one of the development projects to the government 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, 2014, the Group incurred aggregate development costs of approximately RMB 60.5 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 preproclamation of approximately 4,419 mu of land. As at December 31, 2014, the Group incurred preliminary development costs of RMB1.2 million for this project to cover preliminary planning, design and surveying expenses.

Financial Review

Revenue

For the year ended December 31, 2014, the Group's revenue was RMB5,278.5 million, representing a decrease of 22.8% from RMB6,835.4 million for the year ended December 31, 2013. This decrease was primarily due to the non-occurrence of one-off government compensation for primary land development projects in 2014, whereas such kind of compensation was received through the Group's Beijing Hademen primary land development project and contributed approximately RMB 1,264.2 million to the Group's revenue in 2013.

Revenue from property development for the year ended December 31, 2014 was RMB4,790.2 million, representing an increase of 6.0% as compared to the year ended December 31, 2013. This increase was primarily due to the changes in project mix and geographic breakdown of properties the Group delivered for the year ended December 31, 2014.

Revenue from primary land construction and development services was RMB176.0 million for the year ended December 31, 2014, as compared to RMB2,023.2 million for the year ended December 31, 2013. This decrease was primarily due to the non-occurrence of one-off government compensation for primary land development projects in 2014, whereas such kind of compensation was received through the Group's Beijing Hademen primary land development project and contributed approximately RMB 1,264.2 million to the Group's revenue in 2013.

Cost of Sales and Services

The Group's cost of sales and services decreased by 8.2% from RMB3,130.7 million in 2013 to RMB2,873.4 million in 2014.

The Group's cost of sales of properties decreased by 7.7% from RMB2,847.2 million in 2013 to RMB2,628.2 million in 2014.

The Group's cost of services of primary land development decreased by 19.2% from RMB216.2 million in 2013 to RMB174.6 million in 2014, primarily due to the reduced amount of compensation from demolition of the Qinian Street project.

Gross Profit

For the year ended December 31, 2014, the Group's gross profit was RMB2,405.2 million, representing a decrease of 35.1% from RMB3,704.7 million for the year ended December 31, 2013. The gross profit margin was 45.6% for the year ended December 31, 2014, as compared to 54.2% for the year ended December 31, 2013.

Gross profit of property development was RMB2,162.1 million for the year ended December 31, 2014, representing an increase of 29.3% from RMB1,672.4 million for the year ended December 31, 2013. The increase in the Group's gross profit of property development was primarily due to the changes in project mix and geographic breakdown of properties the Group delivered for the year ended December 31, 2014. The gross profit margin of property development increased from 37.0% for the year ended December 31, 2013 to 45.1% for the year ended December 31, 2014.

Gross profit of primary land construction and development services was RMB1.4 million for the year ended December 31, 2014, as compared to RMB1,807.0 million for the year ended December 31, 2013. The gross profit margin of primary land construction and development services was 0.8% for the year ended December 31, 2014, as compared to 89.3% for the year ended December 31, 2013. The decrease in gross profit and gross profit margin from primary land construction and development services was primarily due to the non-occurrence of one-off government compensation for primary land development projects in 2014, whereas such kind of compensation was received through the Group's Beijing Hademen primary land development project and contributed approximately RMB 1,264.2 million to the Group's revenue in 2013.

Net Profit Attributable to Equity Holders of the Company

For the year ended December 31, 2014, the net profit attributable to equity holders of the Company was RMB950.7 million, representing a decrease of 57.4% from RMB2,233.8 million for the year ended December 31, 2013. A profit warning announcement of the Company (the "**Profit Warning**") was published on the website of the Stock Exchange on March 13, 2015. As stated in the Profit Warning, the decrease in the net profit attributable to equity holders of the Company was mainly due to (i) the non-occurrence in 2014 of a one-off compensation by the government for completion of the Group's Beijing Hademen primary land development project that contributed approximately RMB1,264.2 million to the Group's revenue in 2013; and (ii) the non-occurrence in 2014 of a fair value gain of approximately RMB527.3 million on the transfer of 12 units of siheyuan (四合院) of the Group from properties held for sale to investment properties in 2013.

Changes in Fair Value of Investment Properties

Changes in fair value of investment properties decreased by 57.7% from RMB911.9 million in 2013 to RMB386.0 million in 2014, primarily due to the change in fair value of RMB527.3 million arising from the transfer of 12 units of siheyuan (四合院) of the Group from properties held for sale to investment properties in 2013.

Other Gains and Losses

Other gains were RMB268.7 million for the year ended December 31, 2013, while other losses were RMB4.9 million for the year ended December 31, 2014. The difference was primarily due to the Group's recognition of a gain of RMB265.7 million in connection with its agreement with Shantou City Land Reserve Center (汕頭市土地儲備中心) in May 2013 to acquire the land use rights of the land parcels for Phase II of Shantou Glory City, while the Group did not recognize such gain in the year ended December 31, 2014.

Other Income

Other income increased by 47.6% from RMB8.4 million for the year ended December 31, 2013 to RMB12.4 million for the year ended December 31, 2014.

Selling and Distribution Expenses

Selling and distribution expenses decreased by 1.1% from RMB184.5 million for the year ended December 31, 2013 to RMB182.4 million for the year ended December 31, 2014.

Administrative Expenses

Administrative expenses increased by 12.4% from RMB242.3 million for the year ended December 31, 2013 to RMB272.3 million for the year ended December 31, 2014, primarily due to an increase in the Group's staff headcount in line with the expansion of the Group's operations and an increase in average salaries and benefits of the Group's staff.

* *For identification purpose only*

Finance Costs

Finance costs decreased by 58.3% from RMB572.5 million for the year ended December 31, 2013 to RMB238.9 million for the year ended December 31, 2014, primarily because the Group recorded fair value loss of RMB293.9 million on payment in relation to the Group's termination in May 2013 of a pre-sale agreement with Hainan Airlines Company Limited for the pre-sale of a high-rise residential building entered into in July 2009.

Income Tax Expenses

Income tax expenses decreased by 21.5% from RMB1,085.6 million for the year ended December 31, 2013 to RMB852.7 million for the year ended December 31, 2014, primarily due to a decrease in profit before taxation. The PRC enterprise income tax and land appreciation tax of the Group for the year ended December 31, 2014 were RMB445.6 million and RMB407.1 million, respectively.

Profit and Total Comprehensive Income for the Period

As a result of the foregoing, the Group's profit and total comprehensive income for the period decreased from RMB2,770.2 million for the year ended December 31, 2013 to RMB1,206.3 million for the year ended December 31, 2014.

Liquidity, Financial and Capital Resources

Cash Position

As at December 31, 2014, the Group's cash, restricted bank deposits and bank balances were approximately RMB1,730.3 million, representing an increase of 91.0%, as compared to RMB905.8 million as at December 31, 2013.

Negative Net Operating Cash Flow

The Group recorded negative net operating cash flow in the amount of RMB630.2 million for the year ended December 31, 2014, as compared to a positive operating cash flow of RMB32.9 million for the year ended December 31, 2013. The Group's negative net cash flow from operating activities was primarily attributable to its land acquisitions for land parcels of Foshan Guohua New Capital and Foshan • South Levee Bay. For details of acquisition of land parcel at Foshan • South Levee Bay, please refer to the section headed "Material Acquisition and Disposals and Significant Investments" in this announcement.

Borrowings

As at December 31, 2014, the Group had outstanding indebtedness of RMB10,818.6 million, consisting of bank borrowings of RMB8,376.2 million and other borrowings which are trust financing arrangements of RMB2,442.4 million.

As at December 31, 2014, the outstanding amount of the Group's borrowings from trust financing arrangements accounted for 22.6% of the balance of the Group's total bank and other borrowings, compared to 29.8% as at December 31, 2013.

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, 2014, the assets pledged to secure certain borrowing granted to the Group amounted to RMB20,696.6 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, 2014, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to RMB2,665.3 million.

Save as disclosed in this announcement, the Group had no other material contingent liabilities as at December 31, 2014.

Material Acquisition and Disposals and Significant Investments

For the year ended December 31, 2014, the Group had completed the material acquisitions for the purpose of reorganization of the Group in preparation for its listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Listing**") and in the ordinary course of business of the Group. Please refer to the Company's prospectus dated June 23, 2014 (the "**Prospectus**") for further details.

On March 5, 2014, Shenzhen Glory Xingye Real Estate Co., Ltd* (深圳國瑞興業房地產有限公司), an indirect subsidiary of the Company, entered into an equity interest transfer agreement to acquire 30% of the equity interest in Shenzhen Dachaoshan Construction Co., Ltd.* (深圳市大潮汕建設有限公司) ("**Shenzhen Dachaoshan**") from independent third parties for a total consideration of RMB12.0 million. Shenzhen Dachaoshan intends to undertake a development project in Shenzhen under the "Urban Resettlement" policy with a total site area of 3.8 million sq.m. and entered into a cooperation agreement on March 12, 2014 with a company controlled by the local self-governing organization with respect to the aforementioned project.

On April 2, 2014, Hainan Glory Real Estate Development Co., Ltd* (海南國瑞房地產開發有限公司) ("**Hainan Glory**"), an indirect subsidiary of the Company, entered into an equity interest transfer and cooperation agreement (the "**Agreement**") with an independent third party to acquire 100% of the equity interest in Hainan Junhe for a total consideration of RMB1,014.0 million in order to acquire the land use rights of certain land parcels in Haikou with a site area of approximately 1.1 million sq.m. The Group is working towards completion of the acquisition pursuant to the Agreement.

On June 16, 2014, Foshan Glory Southern Real Estate Development Co., Ltd.* (佛山市國瑞南方地產開發有限公司), an indirect subsidiary of the Company won the bid to acquire a land parcel in Foshan with site areas of 90,231 sq.m. through listing-for-sale for a total consideration of RMB1,483.2 million. The Group received the relevant confirmation letter on bidding for granting land use rights on June 18, 2014 and subsequently, the Group entered into the land grant contract with the Foshan city government on June 30, 2014. The Group is working towards completion of the acquisition pursuant to the land grant contract.

Save as disclosed in the Prospectus and the abovementioned in this announcement, the Group did not have any material acquisitions and disposals and significant investments during the year ended December 31, 2014.

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 the Prospectus and the abovementioned in this announcement, the Group did not have any future plans for material investments or capital assets as at the date of this announcement.

* *For identification purpose only*

Employees and Remuneration Policies

As at December 31, 2014, the Group had approximately 1,349 employees. For the year ended December 31, 2014, the Group incurred employee costs of approximately RMB226.8 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.

FINAL DIVIDEND

The Board proposed the payment of a final dividend of HK6.05 cents per share, totalling HK226,080,000 (equivalent to RMB209,903,000), for the year ended December 31, 2014 to shareholders whose names appear on the register of members of the Company on June 5, 2015. The proposed final dividend will be paid on or about June 15, 2015 after approval by Shareholders at annual general meeting of the Company.

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 29, 2015 ("**AGM**"), the register of members of the Company will be closed on May 27, 2015 to May 29, 2015, 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 26, 2015.

(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 3, 2015 to June 5, 2015, 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 Tuesday, June 2, 2015.

ANNUAL GENERAL MEETING

The AGM will be held on May 29, 2015 and the Notice of Annual General Meeting will be published and dispatched in the manner as required by the Rules (the "**Listing Rules**") Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

The Company is committed to maintaining high standards of corporate governance with a view to assure the conduct of management of the Company as well as protecting the interests of the Shareholders. The Company has always recognized the importance of the Shareholders' transparency and accountability.

The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. Under the current organization structure of the Company, Mr. Zhang Zhangsun ("**Chairman Zhang**") is the chairman of the Board and the president of the Company. The roles of both chairman and president being performed by the same person deviates from the CG Code. Chairman Zhang has been overseeing the Group's strategic planning, development, operation and management since the Group was founded. The Company believes that the vesting of the roles of chairman and president in Chairman Zhang is beneficial to the business operations of the Group and will not have a negative impact on the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high caliber individuals. The Board currently comprises 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 since its Listing on July 7, 2014 (the "**Listing Date**") up to the date of this announcement. 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 since the Listing Date up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the period from the Listing Date up to the date of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDIT COMMITTEE

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

The Audit Committee has reviewed with the management and the Group's auditors, DTT, 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, 2014.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2014 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, 2014 containing all the information about the Company set out in this announcement of results for the year ended December 31, 2014 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 26, 2015

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.