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**GLORY 国瑞**

**GUORUI PROPERTIES LIMITED**

**國瑞置業有限公司**

*(Incorporated in the Cayman Islands with limited liability  
under the name of “Glory Land Company Limited (國瑞置業有限公司)”  
and carrying on business in Hong Kong as “Guorui Properties Limited”)  
(Stock Code: 2329)*

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**2021 ANNUAL RESULTS HIGHLIGHTS**

- Achieved contracted sales for the year ended December 31, 2021 (the “**Reporting Period**”) of RMB12,404.3 million with corresponding gross floor area (“**GFA**”) of approximately 746,003 sq.m.;
- Revenue for the Reporting Period was RMB9,898.4 million, representing a year-on-year increase of 71.6%;
- Revenue from property development was RMB9,185.8 million, representing a year-on-year increase of 83.1%;
- Gross profit for the Reporting Period was RMB1,247.2 million;
- Profit for the year increased by 157.9% year-on-year to RMB344.5 million, of which RMB228.3 million was attributable to the owners of the Company;
- Total comprehensive income for the year increased by 147.3% year-on-year to RMB328.4 million, of which RMB213.6 million was attributable to the owners of the Company;
- Basic earnings per share was RMB5.14 cents (the year ended December 31, 2020: RMB2.22 cents).

## ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2020. 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 (“**IASB**”) 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, 2021

		Year ended December 31,	
		2021	2020
	Notes	RMB’000	RMB’000
<b>Revenue</b>	4		
Contract with customers		9,452,795	5,256,033
Rental income		445,606	512,863
		<u>9,898,401</u>	<u>5,768,896</u>
<b>Total revenue</b>		<b>9,898,401</b>	<b>5,768,896</b>
Cost of sales and services		(8,651,166)	(4,788,575)
		<u>1,247,235</u>	<u>980,321</u>
Gross profit		1,247,235	980,321
Other gains and losses, net		361,840	65,695
Other income		154,520	197,157
Change in fair value of investment properties		115,699	315,038
Impairment losses under expected credit loss model, net of reversal		(112,233)	(40,394)
Distribution and selling expenses		(263,920)	(273,474)
Administrative expenses		(403,604)	(467,743)
Other expenses		(17,177)	(6,759)
Share of results of joint ventures		131,339	1,603
Share of results of associates		35,046	(6,705)
Finance costs		(371,878)	(248,018)
		<u>876,867</u>	<u>516,721</u>
Profit before income tax		876,867	516,721
Income tax expense	5	(532,352)	(383,076)
		<u>344,515</u>	<u>133,645</u>
Profit for the year		<b>344,515</b>	<b>133,645</b>

		<b>Year ended December 31,</b>	
		<b>2021</b>	<b>2020</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Other comprehensive (expense) income</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value loss on equity instruments at fair value through other comprehensive income (“FVTOCI”)		<b>(17,819)</b>	(1,100)
Income tax relating to items that will not be reclassified to profit or loss		<b>1,668</b>	275
		<hr/>	<hr/>
Other comprehensive expense, net of tax		<b>(16,151)</b>	(825)
		<hr/>	<hr/>
Total comprehensive income for the year		<b>328,364</b>	132,820
		<hr/>	<hr/>
Profit for the year attributable to:			
Owners of the Company		<b>228,333</b>	98,740
Non-controlling interests		<b>116,182</b>	34,905
		<hr/>	<hr/>
		<b>344,515</b>	133,645
		<hr/>	<hr/>
Total comprehensive income for the year attributable to:			
Owners of the Company		<b>213,636</b>	97,989
Non-controlling interests		<b>114,728</b>	34,831
		<hr/>	<hr/>
		<b>328,364</b>	132,820
		<hr/>	<hr/>
Earnings per share attributable to the owners of the Company			
– Basic (RMB cents)	6	<b>5.14</b>	2.22
		<hr/>	<hr/>
– Diluted (RMB cents)		<b>5.14</b>	2.22
		<hr/>	<hr/>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2021

		As at December 31,	
		2021	2020
	Note	RMB'000	RMB'000
<b>Non-current assets</b>			
Investment properties		20,430,500	20,375,500
Property, plant and equipment		2,268,730	2,146,902
Right-of-use assets		262,522	270,581
Other non-current assets		1,373,571	1,302,897
Interests in joint ventures		159,413	28,074
Interests in associates		14,571	–
Equity instruments at FVTOCI		13,481	31,300
Deferred tax assets		367,421	321,149
Restricted bank deposits		12,062	3,592
Value added tax and tax recoverable		1,031,070	1,229,807
		<u>25,933,341</u>	<u>25,709,802</u>
<b>Current assets</b>			
Inventories		1,415	1,106
Deposits paid for acquisition of land		97,250	400,889
Properties under development for sale		21,976,751	28,157,258
Properties held for sale		4,174,623	3,972,620
Trade and other receivables, deposits and prepayments	8	1,926,918	2,085,715
Contract assets		1,798,868	1,646,159
Contract costs		59,535	101,026
Value added tax and tax recoverable		787,674	832,285
Amounts due from related parties		2,410,702	2,556,867
Restricted bank deposits		462,731	307,606
Bank balances and cash		460,225	1,584,950
		<u>34,156,692</u>	<u>41,646,481</u>
Assets classified as held for sale		983,248	158,940
		<u>35,139,940</u>	<u>41,805,421</u>

		<b>As at December 31,</b>	
		<b>2021</b>	<b>2020</b>
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Current liabilities</b>			
Trade and other payables	9	<b>5,088,577</b>	4,982,510
Contract liabilities		<b>9,101,673</b>	12,662,331
Amounts due to related parties		<b>3,876,942</b>	5,815,404
Tax payable		<b>2,969,343</b>	2,597,866
Lease liabilities		<b>812</b>	1,734
Bank, trust and other borrowings – due within one year		<b>5,084,974</b>	3,786,075
Corporate bonds		–	510,829
Senior notes		<b>2,541,048</b>	3,755,745
		<b>28,663,369</b>	34,112,494
Liabilities associated with assets classified as held for sale		<b>972,608</b>	–
		<b>29,635,977</b>	34,112,494
<b>Net current assets</b>		<b>5,503,963</b>	7,692,927
<b>Total assets less current liabilities</b>		<b>31,437,304</b>	33,402,729
<b>Non-current liabilities</b>			
Rental deposits received	9	<b>84,026</b>	135,942
Lease liabilities		–	1,475
Bank, trust and other borrowings – due after one year		<b>13,319,016</b>	15,465,905
Deferred tax liabilities		<b>2,599,280</b>	2,690,880
		<b>16,002,322</b>	18,294,202
<b>Net assets</b>		<b>15,434,982</b>	15,108,527
<b>Capital and reserves</b>			
Share capital		<b>3,520</b>	3,520
Reserves		<b>12,703,134</b>	12,489,498
Equity attributable to owners of the Company		<b>12,706,654</b>	12,493,018
Non-controlling interests		<b>2,728,328</b>	2,615,509
<b>Total equity</b>		<b>15,434,982</b>	15,108,527

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Guorui Properties Limited (the “**Company**”) was incorporated in the Cayman Islands under the name of “Glory Land Company Limited (國瑞置業有限公司)” as an exempted company with limited liability under the Company Laws (2012 Revision) of the Cayman Islands on July 16, 2012 which carries on business in Hong Kong as “Guorui Properties Limited”. Its parent and ultimate holding company is Alltogether Land Company Limited (通和置業有限公司) (“**Alltogether Land**”), a company incorporated in the British Virgin Islands. Mr. Zhang Zhangsun, who holds 100% equity interests of Alltogether Land, is the ultimate beneficial owner of the Company. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is located at East Block, Hademen Plaza, 8-1#Chongwenmenwai Street, Dongcheng District, Beijing, the People’s Republic of China (“**PRC**”).

The Company’s shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the business of property development, provision of primary land construction and development services, property investment, and provision of property management and related services.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

### 2. APPLICATION OF NEW AND AMENDMENTS TO IFRSs

#### **Amendment to IFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendment to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after January 1, 2021 for the preparation of the consolidated financial statements:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2
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In addition, the Group has early applied the Amendments to IFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021*.

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

## **New and amendments to IFRSs in issue but not yet effective**

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

Amendments to IFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
IFRS 17	Insurance Contracts and the related amendments <sup>2</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use <sup>1</sup>
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>1</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020 <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after January 1, 2022

<sup>2</sup> Effective for annual periods beginning on or after January 1, 2023

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

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

### **3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**

#### **Basis of preparation of consolidated financial statements**

The consolidated financial statements have been prepared in accordance with IFRSs, which collectively includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) 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.

#### **Going concern**

As at December 31, 2021, the Group’s bank, trust and other borrowings with the aggregate carrying amount of approximately RMB5,084,974,000 was due within one year, while its cash and cash equivalents amounted to only approximately RMB460,225,000 and restricted bank deposits for construction of pre-sale properties and for mortgage loans granted to customers amounted to approximately RMB393,980,000, which can be used for payments for project costs when approval from related government authority is obtained. Despite the Group has net current assets of approximately RMB5,503,963,000 as at December 31, 2021, the current assets of the Group include properties under development for sale of approximately RMB21,976,751,000 of which approximately RMB6,445,990,000 are not expected to be realised within 12 months from the end of the reporting period.

In addition, based on the business model, the Group relied to a great extent on proceeds received from properties pre-sale to finance its development and construction of real estate projects.

These conditions indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The consolidated financial statements have been prepared on the assumptions that the Group will continue to operate as a going concern notwithstanding the conditions prevailing as at December 31, 2021 and subsequently thereto up to the date of this announcement. In order to improve the Group's financial position, immediate liquidity and cash flows, and otherwise to sustain the Group as a going concern, the Directors have adopted several measures together with other measures in progress at the date of this announcement, including but not limited to, the followings:

- (i) for borrowings which will be maturing before December 31, 2022, the Group will actively negotiate with the banks before they fall due to secure their renewals so as to ensure that the necessary funds to meet the Group's working capital and financial requirements in the future will continue to be met. The Directors do not expect to experience significant difficulties in renewing most of these bank borrowings upon their maturities and there is no indication that these bank lenders will not renew the existing bank borrowings upon the Group's request. The Directors have evaluated the relevant facts available to them and are of the opinion that the Group would be able to renew such borrowings upon maturity. Up to the date of this announcement, the 2021 Senior Notes with principal amount of US\$315,159,000 was exchanged to the 2022 Senior Notes (as defined below) as detailed in note 10;
- (ii) the Group would sell part of its investment properties in order to improve the Group's financial position, liquidity and cash flows; and
- (iii) the Group applies cost control measures in cost of sales and administrative expenses.

Taking into account the above consideration and measures, the Directors are satisfied that the Group will be able to meet its financial obligations when they fall due. Accordingly, the Directors are of the opinion that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Should the Group be unable to continue as going concern, adjustments would have to be made to the consolidated financial statements to write down the carrying amounts of assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, and to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in the consolidated financial statements.

#### 4. REVENUE

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

	For the year ended December 31, 2021				
	Property development <i>RMB'000</i>	Primary land construction and development services <i>RMB'000</i>	Property investment <i>RMB'000</i>	Property management and related services <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Timing of revenue recognition</b>					
A point in time	9,185,750	–	–	–	9,185,750
Over time	–	229,081	–	37,964	267,045
Revenue from contracts with customers	9,185,750	229,081	–	37,964	9,452,795
Rental income	–	–	445,606	–	445,606
<b>Total revenue</b>	<b>9,185,750</b>	<b>229,081</b>	<b>445,606</b>	<b>37,964</b>	<b>9,898,401</b>
<b>Geographical market</b>					
Mainland China	9,185,750	229,081	445,606	37,964	9,898,401
	For the year ended December 31, 2020				
	Property development <i>RMB'000</i>	Primary land construction and development services <i>RMB'000</i>	Property investment <i>RMB'000</i>	Property management and related services <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Timing of revenue recognition</b>					
A point in time	5,016,793	–	–	–	5,016,793
Over time	–	214,182	–	25,058	239,240
Revenue from contracts with customers	5,016,793	214,182	–	25,058	5,256,033
Rental income	–	–	512,863	–	512,863
<b>Total revenue</b>	<b>5,016,793</b>	<b>214,182</b>	<b>512,863</b>	<b>25,058</b>	<b>5,768,896</b>
<b>Geographical market</b>					
Mainland China	5,016,793	214,182	512,863	25,058	5,768,896

## 5. INCOME TAX EXPENSE

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Current tax		
– PRC enterprise income tax	355,375	270,363
– Land appreciation tax (“LAT”)	334,617	243,780
Under provision in respect of prior years	–	50
	<u>689,992</u>	<u>514,193</u>
Deferred tax	(157,640)	(131,117)
	<u>532,352</u>	<u>383,076</u>

Pursuant to the PRC Enterprise Income Tax Law promulgated on March 16, 2007, the PRC enterprise income tax for both domestic and foreign-invested enterprises has been unified at the income tax rate of 25% effective from January 1, 2008 onwards.

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

## 6. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data.

	Year ended December 31,	
	2021	2020
	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>228,333</u>	<u>98,740</u>
	<u>4,444,418</u>	<u>4,444,418</u>
Number of shares:		
Number of ordinary shares for the purpose of basic earnings per share	4,444,418	4,444,418
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	–	–
	<u>4,444,418</u>	<u>4,444,418</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>4,444,418</u>	<u>4,444,418</u>

The computation of diluted earnings per share does not assume the exercise of the Company’s options because the exercise price of those options was higher than the average market price for shares for the year ended December 31, 2020.

## 7. DIVIDENDS

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Dividends for ordinary shareholders of the Company recognized as distribution during the year:		
2020 Final dividend of Nil		
(2020: 2019 Final dividend of HK3.76 cents) per share	–	150,000

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

Pursuant to the lease agreements, lease payment is required to be settled in advance with no credit period being granted to the tenants. In respect of sales of properties, a credit period of six months to two years may be granted to specific customers on a case-by-case basis.

	At December 31,	
	2021	2020
	RMB'000	RMB'000
Trade receivables, gross		
– contracts with customers ( <i>note (i)</i> )	364,437	364,953
– lease receivables	222,134	246,645
	586,571	611,598
Less: Allowance for credit losses	(84,283)	(4,812)
Trade receivables, net	502,288	606,786
Advances to contractors and suppliers	572,238	650,415
Performance guarantee deposit paid	14,940	17,260
Other receivables and prepayments	798,699	796,279
Deposits	96,646	60,306
	1,482,523	1,524,260
Less: Allowance for credit losses	(57,893)	(45,331)
Other receivables	1,424,630	1,478,929
Total trade and other receivables	1,926,918	2,085,715

*Notes:*

- (i) As at 31 December 2021 and 2020, trade receivables from contract with customers mainly comprise trade receivable from property development.

The following is an aging analysis of trade receivables, net of allowance for credit losses, presented based on the date of recognition of revenue at the end of the reporting period:

	At December 31,	
	2021 RMB'000	2020 RMB'000
0 to 60 days	50,146	89,240
61 to 180 days	32,068	53,934
181 to 365 days	91,925	57,851
1 to 2 years	78,900	316,469
Over 2 years	333,532	94,104
Less: Allowance for credit losses	(84,283)	(4,812)
	<u>502,288</u>	<u>606,786</u>

As at December 31, 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately RMB227,240,000 (2020: RMB284,715,000) which are past due as at the reporting date. The balances which has been past due over 90 days is not considered as default since the Directors considered such balances could be recovered based on repayment history, the financial conditions and the current credit worthiness of each customer.

## 9. TRADE AND OTHER PAYABLES

	At December 31,	
	2021 RMB'000	2020 RMB'000
Trade payables	2,205,163	2,853,478
Deposits received	246,571	366,717
Rental received in advance	100,969	74,909
Refund liabilities	325,838	235,341
Accrued payroll	40,486	23,357
Value added tax and other tax payables	919,667	439,288
Other payables and accruals	1,198,409	985,862
Dividends	135,500	139,500
	<u>5,172,603</u>	<u>5,118,452</u>
Analysed for reporting purposes as:		
Non-current ( <i>note</i> )	84,026	135,942
Current	5,088,577	4,982,510
	<u>5,172,603</u>	<u>5,118,452</u>

*Note:* Pursuant to the relevant agreements, rental deposits received as at December 31, 2021 are to be settled after twelve months from the end of the reporting period and are therefore classified as non-current liabilities.

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

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

	<b>At December 31,</b>	
	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
0 to 60 days	<b>816,626</b>	1,098,459
61 to 365 days	<b>417,148</b>	441,170
1 to 2 years	<b>203,015</b>	389,066
Over 2 years	<b>768,374</b>	924,783
	<b><u>2,205,163</u></b>	<u>2,853,478</u>

#### **10. EVENT AFTER THE REPORTING PERIOD**

On February 23, 2022, the Company completed the exchange offering of US\$315,159,000 of the 2021 Senior Notes with US\$334,790,000 of new issue of senior notes due on August 23, 2024 (the “**2022 Senior Notes**”) which bearing interest at 14.25% per annum. The 2022 Senior Notes may be redeemed in the following circumstances:

- (1) At any time prior to May 25, 2024, the Company may at its option redeem the 2022 Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the redeemed 2022 Senior Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date.
- (2) At any time on or after May 25, 2024, the Company may at its option redeem the 2022 Senior Notes, in whole but not in part, at a redemption price equal to 106.63% of the principal amount of the redeemed 2022 Senior Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date.
- (3) Under the mandatory redemption clause, the Company shall redeem the 2022 Senior Notes in aggregate principal amount equal to at least (i) US\$9,600,000 by April 25, 2022; (ii) an additional 7.5% of the principal amount of the 2022 Senior Notes by November 30, 2022; (iii) an additional 10% of the principal amount of the 2022 Senior Notes by August 31, 2023; (iv) an additional 15% of the principal amount of the 2022 Senior Notes by November 30, 2023 and (v) an additional 15% of the principal amount of the 2022 Senior Notes by May 31, 2024, in each case, at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the redemption date.

After the completion of the exchange offering, an aggregate principal amount of US\$8,586,000 of the 2021 Senior Notes remain outstanding.

## **CHAIRMAN’S STATEMENT**

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual results of the Group for the twelve months ended December 31, 2021.

### **ANNUAL RESULTS AND REVIEW FOR 2021**

#### **Annual Results**

In 2021, we achieved revenue of RMB9,898.4 million, among which, the revenue from property development was RMB9,185.8 million. For the twelve months ended December 31, 2021, the gross profit of the Group amounted to RMB1,247.2 million and net profit was RMB344.5 million.

#### **Market Review**

Looking back in 2021, the real estate market showed a trend of cooling down. In the first half of the year, key regions maintained their market sentiment at the end of 2020. Despite the tightening regulatory policies, the real estate market popularity remained high. After entering the second half of the year, as regulatory controls imposed on the real estate market strengthened, the market sentiment cooled down rapidly. At the end of the year, with frequent release of favorable signals from the policy side, market confidence recovered.

In terms of industry policy, the keynotes of “houses are for living in and not for speculative investment” remains unchanged. In light of the steady development of real estate industry in the PRC, policies began to release a signal of slowdown at the end of the third quarter of 2021, principally involving the rectification of the excessive implementation of previous policies. From late September to November 2021, based on the relaxation of financial regulatory agencies, including the PBOC and China Banking and Insurance Regulatory Commission, local governments and the Ministry of Housing and Urban-Rural Development strengthened the supervision of pre-sale funds to ensure delivery. The third-quarter regular meeting of the PBOC set the tone of “two upholding”, and the Politburo meeting mentioned promoting a virtuous circle of the real estate industry for the first time. On October 15, 2021, Zou Lan, Director of Financial Market Department of the PBOC, pointed out that at the end of September 2021, the PBOC and the China Banking and Insurance Regulatory Commission had “guided major banks to accurately grasp and implement the prudent management system for real estate finance and maintain stable and orderly issue of real estate credit”. Since September, the PBOC’s statement on real estate finance has tended to ease, and thus the financing environment of real estate companies would also usher in marginal improvement. Since the third quarter, there were key cities to begin to loose policies to maintain the stability of the local real estate market, and many cities introduced real estate easing policies to maintain the healthy development of the local real estate market.

## **Property Development**

In 2021, facing the macro environment featured by sustained regulatory policies and strict capital supervision, the Group was committed to promoting its high-quality development by achieving a balance among the sales, investment and financing – three main drivers. During the Reporting Period, the contracted sales were approximately RMB12,404.3 million; the contracted GFA sold was 746,003 sq.m.

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

## **Investment Properties**

During the Reporting Period, the total rental income of the Group was RMB445.6 million. Rental income is expected to maintain steady growth over the next 2 to 5 years, which is mainly benefited from the Group’s 9 investment properties situated at the prime locations of 5 core cities including Beijing and Shenzhen.

## **Capital Structure**

In 2021, under the pressure from “Three Red Lines”, the financing environment further contracted. Through comprehensive utilization of the diversified advantages of domestic and overseas financing channels, the Group has made full use of various financial means to continuously optimize fund management, reduce financing costs, optimize debt structure and effectively control exchange rate risks. At the same time, it made efforts to further strengthen the risk control function, improve the financial risk monitoring system, and properly give risk warning and carry out risk prevention.

As at December 31, 2021, the Group’s total interest-bearing liabilities decreased to RMB20,945.0 million, representing a decrease by 10.9% as compared to December 31, 2020.

## **OUTLOOK FOR 2022**

Looking forward to 2022, the real estate policies will be made with consistent adherence to the positioning of “houses are for living in and not for speculative investment”, to improve the housing market and security system, and accelerate the establishment of housing system featuring a strong high-end market and a solid entry-level market, with focus on solving the housing problems of new citizens and disadvantaged groups. Moderately control will be exercised on the deleveraging in the real estate industry, and personal mortgage loans are expected to continue to be eased, in a way that supports resident to purchase housing for self-occupation and housing improvement. These efforts aim at promoting a virtuous circle of the industry. In general, the financing environment for real estate enterprises has improved significantly. Due to the implementation of the policy of “stabilizing the land premium, house price and market expectations” policies based on the actual situations of cities, it is expected that maintaining market stability and relief of enterprises will be necessary means.

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

Under the complicated market environment, Guorui Properties will continue to improve its efficiency, carry out steady and sustainable development. It will make efforts to create differentiated products in a truthful and practical manner, so as to empower the creation of a better life in cities.

## **ACKNOWLEDGEMENT**

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

**Zhang Zhongsun**  
*Chairman*

Beijing, the PRC

March 31, 2022

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

During the Reporting Period, the Group's revenue was RMB9,898.4 million. Revenue from property development was RMB9,185.8 million. The gross profit was RMB1,247.2 million and net profit for the year was RMB344.5 million.

### Contracted Sales

During the Reporting Period, the contracted sales of the Group amounted to RMB12,404.3 million. The total contracted GFA was 746,003 sq.m. and the contracted ASP was RMB16,627.7 per sq.m.

The following table sets out the Group's contracted sales by region for the years ended December 31, 2021 and 2020:

City	2021	Percentage of Total Contracted Sales (%)	2020	Percentage of Total Contracted Sales (%)
	Contracted Sales (RMB million)		Contracted Sales (RMB million)	
Beijing	7,469.6	60.2	8,945.4	48.3
Haikou	275.0	2.2	417.1	2.3
Wanning	380.3	3.1	135.8	0.6
Langfang	532.4	4.3	600.3	3.2
Zhengzhou	18.5	0.1	95.2	0.5
Shenyang	507.5	4.1	349.2	1.9
Foshan	1,527.0	12.3	3,019.2	16.3
Shantou	99.9	0.8	371.9	2.0
Suzhou	470.2	3.8	1,301.6	7.0
Chongming Island	230.5	1.9	271.8	1.5
Xi'an	821.9	6.6	664.6	3.6
Guizhou	10.5	0.1	88.2	0.5
Wuxi	61.0	0.5	247.7	1.3
Chongqing	–	–	408.4	2.2
Shijiazhuang	–	–	217.9	1.2
Jiangmen	–	–	493.1	2.7
Tianjin	–	–	251.5	1.4
Sanya	–	–	431.6	2.3
Handan	–	–	221.8	1.2
<b>Total</b>	<b>12,404.3</b>	<b>100.0</b>	<b>18,532.3</b>	<b>100.0</b>

*Note:* Eight collaboration projects exited in November 2020. If the sales of these 8 projects were excluded, the sales for 2020 would be RMB15,020.3 million.

## 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.

The Group selectively retained the ownership of most of self-developed commercial properties with strategic value to generate stable and sustainable income. As of December 31, 2021, the Group had 9 investment properties in core locations in five cities including Beijing, Shenzhen, Shenyang, Shantou and Foshan.

## Land Reserves

The following table sets out a summary of the Group's land reserves by geographic location as at December 31, 2021:

	<u>Completed</u>	<u>Under</u> <u>Development</u>	<u>Future</u> <u>Development</u>	<u>Total Land</u> <u>Reserves</u>	<u>Of Total Land</u> <u>Reserves</u>
	<b>Saleable/ Rentable GFA Remaining Unsold</b> <i>(sq.m.)</i>	<b>GFA Under Development</b> <i>(sq.m.)</i>	<b>Planned GFA</b> <i>(sq.m.)</i>	<b>Total GFA</b> <i>(sq.m.)</i>	<i>(%)</i>
Beijing	886,903	220,354	–	1,107,257	14.2
Haikou	32,231	140,640	646,972	819,843	10.5
Wanning	823	–	–	823	–
Langfang	56,713	287,546	1,019,188	1,363,447	17.4
Zhengzhou	1,006	30,535	–	31,541	0.4
Shenyang	116,770	325,598	73,342	515,710	6.6
Foshan	173,811	472,462	–	646,273	8.3
Xi'an	–	289,978	–	289,978	3.7
Shantou	64,272	440,918	38,749	543,939	7.0
Shenzhen	–	42,763	274,213	316,976	4.1
Suzhou	85,983	76,783	–	162,766	2.1
Chongming Island	60,538	14,158	766,685	841,381	10.8
Wuxi	33,328	7,227	–	40,555	0.5
Tongren	63,102	175,362	895,291	1,133,755	14.4
<b>Total</b>	<b>1,575,480</b>	<b>2,524,324</b>	<b>3,714,440</b>	<b>7,814,244<sup>(1)(2)</sup></b>	<b>100.0</b>
<b>Total Attributable GFA</b>	<b>972,188</b>	<b>2,146,000</b>	<b>2,976,380</b>	<b>6,094,568</b>	

Note:

(1) Includes 895,291 sq.m. of planned GFA in respect of which the Group had received the confirmation letter on bidding for granting land use rights but had not yet obtained relevant land use rights certificates.

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

## ***Primary Land Development and Projects Developed under the “Urban Redevelopment” Policy***

Apart from engaging in property development projects, the Group also actively undertakes primary land development projects as a strategic business in order to access potentially available land reserves. During the Reporting Period, the Group undertook primary land development, urban renewal and projects under the “Urban Redevelopment” policy in places including Beijing and Shenzhen.

### ***Urban Redevelopment Project in Beijing***

Since September 2007, the Group has undertaken a primary land development project in Beijing, namely the West Qinian Street Project, which is located in the west side of Qinian Street and less than one kilometer from Tian’anmen Square with a planned GFA of approximately 474,304 sq.m., comprising five land parcels. As at December 31, 2021, the demolition and relocation of the Land No. 4 and the Land No. 5 have been completed and preparation for launch to the market is in the process.

### ***Urban Redevelopment Project in Shenzhen***

In the first half of 2014, Shenzhen Dachaoshan Construction Co., Ltd.\* (深圳市大潮汕建設有限公司), a subsidiary of the Group, entered into an urban renewal cooperation agreement with Shenzhen Longgang Xikeng Co., Ltd.\* (深圳市龍崗區西坑股份合作公司) to carry out the urban renewal project of the Xikeng community. The planned GFA of the project was about 3 million sq.m. The Group has completed the survey for the land ownership, residential population and building information in the Xikeng community, industry research, the urban renewal planning research program and consultation. The Phase I Project with a site area of 530,000 sq.m. and a planned GFA of approximately 1.4 million sq.m. had been approved by the Longgan District Government Leadership Group (龍崗區政府領導小組會) on December 14, 2018 and had completed the planning announcement in respect of the inclusion into the “2018 Longgan District Urban Renewal Plan – the Ninth Plan” (《二零一八龍崗區城市更新計劃第九批計劃》) on December 30, 2018. A further approval has been obtained from relevant governmental authorities on the project at the end of February 2020. The special planning report documents for the first renewal unit were completed on May 30, 2020. In March 2021, the National Development and Reform Commission approved the construction plan for Metro Line 16 (Dayun-Xikeng Section) (Phase II). Xikeng Station of Metro Line 16 (Phase II) is located within the scope of the first renewal unit. The special plan has been adjusted by the Group in consideration of Xikeng Station and is being submitted to the review authority for review. Meanwhile, in consideration of the demolition work arrangement of the government for the metro, the Group has fully started the demolition negotiation for the first renewal unit. Subsequent thereto, the establishment of other projects will be commenced.

## **Financial Review**

### ***Revenue***

For the Reporting Period, the Group's revenue increased from RMB5,768.9 million for the year ended December 31, 2020 to RMB9,898.4 million in 2021, representing a year-on-year increase of 71.6%. The increase of revenue was mainly due to the recognition of revenue from previous years' contracted sales during the Reporting Period.

Revenue from property development for the Reporting Period increased from RMB5,016.8 million for the year ended December 31, 2020 to RMB9,185.8 million in 2021, mainly due to the strong execution and recognition of revenue from major projects in Beijing, Foshan, Suzhou and etc.

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

The Group's cost of sales and services increased from RMB4,788.6 million in 2020 to RMB8,651.2 million in 2021. Such increase was in line with the increase of revenue recognised during the Reporting Period.

### ***Gross Profit***

For the Reporting Period, the Group's gross profit increased from RMB980.3 million for the year ended December 31, 2020 to RMB1,247.2 million for the year ended December 31, 2021, as a result of the above-mentioned factors.

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

Change in fair value of investment properties decreased from RMB315.0 million in 2020 to RMB115.7 million in 2021. Such decrease was mainly due to the facts that the operations of the commercial properties held by the Group had also been affected by the pandemic to a certain extent, and the Group granted rental concessions to tenants during the pandemic, causing the lower gains on change in fair value in the current period.

### ***Other Gains and Losses, Net***

Other gains and losses, net were RMB361.8 million for the Reporting Period, while other gains and losses, net were RMB65.7 million for the year ended December 31, 2020. Such increase was mainly due to the gain from disposal of Wanning Guorui Real Estate Development Co., Ltd.\* (萬寧國瑞房地產開發有限公司) recognised during 2021.

### ***Other Income***

Other income decreased from RMB197.2 million for the year ended December 31, 2020 to RMB154.5 million for the Reporting Period, which was mainly due to the decreased interest income from amounts due from related parties for the current year.

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

Distribution and selling expenses decreased from RMB273.5 million for the year ended December 31, 2020 to RMB263.9 million for the Reporting Period. The decrease was mainly due to the reduced distribution and selling expenses as a result of the Group's continued effort to promote its online sales platform.

### ***Administrative Expenses***

Administrative expenses decreased from RMB467.7 million for the year ended December 31, 2020 to RMB403.6 million for the Reporting Period. Such decrease was primarily due to the improvement of the operating quality of the Group through the adjustment and optimization of the organizational structure during the Reporting Period, thereby reducing administrative expenses.

### ***Finance Costs***

Finance costs increased from RMB248.0 million for the year ended December 31, 2020 to RMB371.9 million for the Reporting Period. Such increase was primarily attributable to the reduced capitalisation of interest due to less qualifying assets.

### ***Income Tax Expense***

Income tax expense increased from RMB383.1 million for the year ended December 31, 2020 to RMB532.4 million for the Reporting Period, primarily due to the increase of profit before income tax. The PRC enterprise income tax and LAT of the Group for the Reporting Period were RMB355.4 million and RMB334.6 million, respectively.

### ***Profit for the Year***

Profit for the year increased from RMB133.6 million for the year ended December 31, 2020 to RMB344.5 million for the Reporting Period. Such increase was mainly driven by the increase of revenue and profit recognised from property development.

### ***Total Comprehensive Income***

As a result of the above-mentioned factors, the Group's total comprehensive income increased from RMB132.8 million for the year ended December 31, 2020 to RMB328.4 million for the Reporting Period.

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

### ***Cash Position***

As at December 31, 2021, the Group's cash, restricted bank deposits and bank balances decreased from RMB1,896.1 million as at December 31, 2020 to approximately RMB935.0 million.

### ***Borrowings***

As at December 31, 2021, the Group had outstanding borrowings of RMB20,945.0 million, consisting of bank, trust and other borrowings of RMB18,404.0 million and senior notes of RMB2,541.0 million. As at December 31, 2021, the Group's total interest-bearing liabilities decreased by 10.9% as compared to December 31, 2020.

### ***Charge over Assets***

Some of the Group's borrowings are secured by properties 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, 2021, the assets pledged to secure certain borrowing granted to the Group amounted to RMB32,814.9 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, 2021, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to RMB5,753.5 million. Save as disclosed in this announcement, the Group had no other material contingent liabilities as at December 31, 2021.

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

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in Renminbi. As at December 31, 2021, the aggregate nominal value of the Company's senior notes amounted to US\$378.6 million. As a result of the issuance of such U.S. dollar senior notes, the Group would be subject to foreign currency risk arising from the exchange of Renminbi against U.S. dollars.

In addition, Renminbi is not freely convertible into foreign currencies and the conversion of Renminbi into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC government. The Group does not have a foreign currency hedging policy. However, the Directors will monitor the Group's foreign exchange risk closely and may, depending on the circumstances and trend of foreign currency, consider adopting suitable foreign currency hedging policy in the future.

## *Disposal*

On September 4, 2021, the Group had through its indirectly non-wholly-owned subsidiary of the Company, Hainan Guorui Real Estate Development Co., Ltd.\* (海南國瑞房地產開發有限公司) (“**Hainan Guorui**”) entered into an equity transfer agreement (“**Equity Transfer Agreement**”) with an independent third party, Hainan Shuangfeng Real Estate Co., Ltd.\* (海南雙楓置業有限公司) (“**Shuangfeng**”) in relation to the disposal of the entire equity interest (i.e. effective equity interest of 80% held by the Group) in Wanning Guorui Real Estate Development Co., Ltd.\* (萬寧國瑞房地產開發有限公司) (“**Wanning Guorui**”), a non-wholly-owned subsidiary of the Group, and repaying the shareholder loan provided by Hainan Guorui to Wanning Guorui, at a total consideration of RMB338,660,000 (the “**Wanning Guorui Disposal**”).

Wanning Guorui is principally engaged in property development and composed of third-and-fourth-tier projects. The Directors considered that the Wanning Guorui Disposal will be beneficial for the Group to better utilize its strengths and resources to focus on development and construction of its first-and-second-tier projects, as well as to lower the Group’s debt ratio to improve liquidity and ensure the steady overall development of the Group.

The consideration for the Wanning Guorui Disposal would be settled in cash in four instalments: (i) RMB172,717,000 would be paid to Hainan Guorui within three business days from the transfer date of 51% equity interest in Wanning Guorui to Shuangfeng together with relevant licences, official seal, financial records and all relevant documents of Wanning Guorui; (ii) RMB67,732,000 would be paid to Hainan Guorui before September, 24, 2021, after which Hainan Guorui would transfer 40% equity interest in Wanning Guorui to Shuangfeng within three business days; (iii) a further RMB67,732,000 would be paid by Shuangfeng to Hainan Guorui before September 27, 2021; and (iv) within 90 days from the transfer of 91% equity interest in Wanning Guorui, the remaining consideration of RMB30,460,000 (to be adjusted after the assets evaluation procedures) would be paid to Hainan Guorui and the remaining 9% equity interest shall be transferred to Shuangfeng on the condition that both parties completed the asset evaluation procedures.

Mr. Zhang Zhangsun and Beijing Glory Real Estate (Holding) Co., Ltd.\* (北京國瑞興業房地產控股有限公司, a subsidiary of the Company) shall provide guarantees in favour of Hainan Guorui in respect of its obligations under the Equity Transfer Agreement. Hainan Shuangda Group Limited\* (海南雙大集團有限公司), the parent company of Shuangfeng and its ultimate controllers, Ms. Wu Dianling and Mr. Zhang Zhaohui shall provide guarantees in favour of Shuangfeng in respect of its obligations under the Equity Transfer Agreement.

On September 7, 2021, Hainan Guorui transferred 51% equity interest in Wanning Guorui to Shuangfeng together with relevant licences, official seal, financial records and all relevant documents of Wanning Guorui. On the same day, the director of Wanning Guorui, who is also the legal representative, was employed by Shuangfeng. In the opinion of the Directors, the Group ceased to have exposure or rights to variable returns from the 49% equity interest in Wanning Guorui on the same date. Thus, the Wanning Guorui Disposal was deemed to be completed on September 7, 2021.

As at December 31, 2021 and the date of this announcement, Hainan Guorui has in aggregate transferred 91% equity interest in Wanning Guorui to Shuangfeng, and the stage payments under paragraphs (i) to (iii) set out above have been settled. The Company will facilitate the satisfaction of the terms and conditions of the Equity Transfer Agreement relating to the transfer of the remaining 9% equity interest and the final payment will be paid by Shuangfeng to Hainan Guorui as soon as practicable.

Further details of the Wanning Guorui Disposal are disclosed in the announcement of the Company dated December 13, 2021 and the circular of the Company dated March 1, 2022.

### ***Future Plans for Material Investments or Capital Assets***

The Group will continue to invest in its property development projects and acquire suitable land parcels in selected cities, if it thinks fit. It is expected that internal resources and bank borrowings will be sufficient to meet the necessary funding requirements. Save as disclosed in this announcement, the Group did not have any future plans for material investments or capital assets as at the date of this announcement.

### ***Employees and Remuneration Policies***

As at December 31, 2021, the Group had approximately 582 employees. For the Reporting Period, the Group incurred employee costs of approximately RMB238.2 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.

## **THE EXCHANGE OFFER AND PARTIAL REDEMPTION OF 2019 SENIOR NOTES**

On January 25, 2021, the Company completed the exchange offering of US\$300,600,000 of the Company's US\$455,000,000 senior notes issued in 2019 (the "2019 Senior Notes") with US\$323,745,000 of new issue of senior notes due January 25, 2024 (the "2021 Senior Notes") which bearing interest at 14.25% per annum. After the completion of the exchange offering, the remaining aggregate principal amount of US\$154,400,000 of the 2019 Senior Notes and an aggregate principal amount of US\$323,745,000 of the 2021 Senior Notes remain outstanding.

As at March 1, 2021, certain holders, whom have not accepted the exchange offer, of the 2019 Senior Notes exercised their redemption options. Therefore, the Company redeemed part of the 2019 Senior Notes, at a price of US\$159,591,000 equal to the aggregate principal amount of US\$149,500,000 plus accrued interest to the date of redemption. Upon the completion of the redemption and as at December 31, 2021, the remaining outstanding principal amount of the 2019 Senior Notes were US\$4,900,000.

Further details of the exchange offer and partial redemption of the 2019 Senior Notes are disclosed in the announcements of the Company dated January 12, 2021, January 18, 2021, January 21, 2021, January 25, 2021, January 26, 2021 and March 1, 2021.

## **SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD**

On February 23, 2022, the Company completed the exchange offering of US\$315,159,000 of the 2021 Senior Notes with US\$334,790,000 of new issue of senior notes due on August 23, 2024 (the “**2022 Senior Notes**”) which bearing interest at 14.25% per annum.

After the completion of the exchange offering, an aggregate principal amount of US\$8,586,000 of the 2021 Senior Notes remain outstanding.

Further details of the exchange offer are disclosed in the announcements of the Company dated February 11, 2022, February 17, 2022, February 21, 2022 and February 28, 2022.

## **FINAL DIVIDEND**

The Board did not recommend any payment of final dividend for the year ended December 31, 2021.

## **ANNUAL GENERAL MEETING**

The annual general meeting (“**AGM**”) of the Company will be held on Wednesday, June 1, 2022. A notice convening the AGM will be published and despatched to the Shareholders in the manner required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming AGM to be held on Wednesday, June 1, 2022, the register of members of the Company will be closed from Saturday, May 28, 2022 to Wednesday, June 1, 2022, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents shall be lodged for registration with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, May 27, 2022.

## **CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION**

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

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. Under the current organization structure of the Company, Mr. Zhang Zhangsun (“**Chairman Zhang**”) is the chairman of the Board and the president of the Company. The roles of both chairman and president being performed by the same person deviates from the CG Code. Chairman Zhang has been overseeing the Group’s strategic planning, development, operation and management since the Group was founded. The Company believes that the vesting of the roles of chairman and president in Chairman Zhang is beneficial to the business operations of the Group and will not have a negative impact on the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high caliber individuals. The Board currently comprises five executive Directors and three independent non-executive Directors, and therefore has fairly strong independence in its composition. Save as disclosed herein, the Company has complied with the code provisions as set out in the CG Code for the Reporting Period. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

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

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

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

For the Reporting Period, save as disclosed in this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

#### **SUFFICIENCY OF PUBLIC FLOAT**

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

#### **AUDIT COMMITTEE**

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 (which has been renumbered as paragraph D.3 since January 1, 2022) 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, the accounting principles and policies adopted by the Group, as well as laws and regulations, and discussed, among other things, internal control and financial reporting matters of the Group, including review of the annual results for the year ended December 31, 2021.

## **SCOPE OF WORK OF MOORE STEPHENS CPA LIMITED**

The figures in respect of the Group's consolidated statement of financial position as at December 31, 2021 and consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2021 as set out in the preliminary announcement of the Group have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore Stephens CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Moore Stephens CPA Limited on the preliminary announcement.

## **EXTRACT OF INDEPENDENT AUDITOR'S REPORT**

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended December 31, 2021.

### **Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Material uncertainty related to going concern**

We draw attention to note 3 to the consolidated financial statements, which indicates that as at December 31, 2021, the Group reported the current portion of bank, trust and other borrowings of approximately RMB5,084,974,000 was due within one year. Along with the current situation as set forth in note 3 to the consolidated financial statements, these conditions indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021 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, 2021 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*

Beijing, the PRC, March 31, 2022

*As at the date of this announcement, the board of directors of the Company comprises Mr. Zhang Zhangsun, Ms. Ruan Wenjuan, Ms. Dong Xueer, Mr. Hao Zhenhe and Mr. Sun Xiaodong 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.*