

Press Release

(For immediate release)

Guorui Properties Announces 2017 Interim Results

Reinforces Core Operations to Lay Solid Foundation for Business Innovation and Breakthroughs

Highlights of 2017 Interim Results :

<i>RMB Million</i>	For the six months ended 30 June		Change
	2017	2016	
Contracted Sales	5,172	6,919	-25.3%
Revenue	2,182	3,656	-40.3%
Gross Profit	996	1,501	-33.7%
Gross Profit Margin	45.6%	41.1%	+4.5 pts
Profit Attributable to Owners of the Company	498	863	-42.3%
Basic EPS (<i>RMB fen</i>)	11.3	19.6	-42.3%

(28 August 2017, Hong Kong) **Guorui Properties Limited** (“Guorui” or the “Group”, stock code: 2329.HK) announced that in the six months ended 30 June 2017 (the “Period”), the Group proactively responded to the new market situation. While focusing on core business expansion, the Group sought breakthroughs in various business sub-segments under the “Real Estate+” development model and strived to develop innovative businesses into its new growth drivers.

The Group’s total contracted sales for the Period were approximately RMB5,172 million, representing a decrease of 25.3% year-on-year. Its revenue was approximately RMB2,182 million, representing a decrease of 40.3% year-on-year. The Group’s gross profit was RMB996 million, representing a decrease of 33.7% year-on-year. The decrease of revenue and gross profit was primarily due to uneven progress of project delivery and settlement during the Period. The Group’s gross profit margin outstripped peers and increased by approximately 4.5 percentage points to 45.6%. The gross profit margin of property development segment increased by 3 percentage points to 43.3% from a year ago. Its net profit was RMB631 million and the profit attributable to owners of the Company was RMB498 million.

Focused on core business expansion and actively developed differentiated projects



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During the Period, China's property market became increasingly fragmented with a number of major cities further tightened their grip on local property markets. The Group proactively responded to the new situation by focusing on the development of core businesses and laying a solid foundation to strengthen its market position. Meanwhile, the Group secured a stable rental income by enhancing the ancillary services of investment properties. In addition, the Group grasped the opportunities arising in some popular sectors including Big Health, Big Medical Care and Big Finance. It sought breakthroughs in various business sub-segments under the “Real Estate+” development model and developing them into its new growth drivers.

During the Period, the Group launched projects to meet the specific requirements of different cities, locations and the features of different clients. It achieved contracted sales of approximately RMB5,172 million with total contracted gross floor area (“GFA”) amounting to 344,100 sq.m.. The projects in Beijing, Langfang, Haikou, Shantou and Foshan, became major contracted sales contributors in the first half of this year. As of 30 June 2017, the Group's locked-in contracted sales amounted to approximately RMB7 billion for booking in the second half of 2017 and future years.

During the Period, the total rental income of the Group was approximately RMB140 million. Rental income is expected to maintain steady growth over the next five years as the Group is set to benefit from the Group's investment properties situated at the prime locations in 5 core cities, including Beijing and Shenzhen. The total planned GFA of the Group's investment properties in these core cities is approximately 808,300 sq.m..

Cultivate the “Pearl River Delta” region and the “Beijing-Tianjin-Hebei” region, expand innovative property projects

During the Period, the Group rode on the Greater Bay Area Policy to put its Pearl River Delta strategy into full play. In coherent with the national policy, it further cultivated core cities in the “Pearl River Delta” region and the “Beijing-Tianjin-Hebei” region and actively expanded land reserves. By the end of the Period, the Group's total land reserves reached approximately 8.20 million sq.m. During the Period, the Group successfully bid for a land plot in Xiqiao Town of Foshan and a land parcel in Beijing Daxing Yinghai Town. Moreover, it formed partnership with peers to jointly win the bid for a premier land parcel in Xitieying of Fengtai District of Beijing's Third Ring Road and Cuihu Science and Technology Zone in July and August 2017, thereby further strengthening its leadership in the regions. Through the partnership with



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superior real estate developers, it reduced operational risk while enhancing its resource advantages.

The Group further consolidated traditional business and resources and expanded innovative businesses. Based on the “Big Estate” business model, it expanded projects featuring culture and tourism, elderly care, healthcare and medical care with an aim to create new vitality for the Group’s innovative business development. The development of Glory’s characteristic towns and hospitals have made substantial progress. Glory Chongming Island Project (國瑞崇明島項目) is a low-density residential and commercial complex featuring sightseeing farm, eco-tourism and parenting entertainment with planned GFA of about 1.03 million sq.m. The project is expected to be launched at the end of 2017.

Seize opportunities arising from market consolidation and improve innovative business model and product structure

China is still in the stage of rapid urbanization. In the second half of this year, it is expected that local governments will implement regulatory policies according to the conditions of specific cities and market segments, with the industry becoming more concentrated. The Group will adhere to the strategy of cultivating targeted regions and seizing the opportunities brought about by accelerating industry consolidation. **Mr. Zhang Zhangsun, Chairman of Guorui**, said, “Facing the new market conditions, Guorui will strive to reinforce our core business and get well prepared for future development. With the launch of high-quality projects such as Beijing Glory Villa, Shenyang Glory City and Hatamen Plaza in the second half of this year and afterwards, our inventory turnover is believed to increase while the cash collection ratio will improve. The Group will continue to develop innovative businesses and enhance our product mix, including the expansion of characteristic towns, healthcare related products. Guorui will always put it top priority to meet customer’s demand. Therefore, we will further enhance our product competitiveness to promote the sustainable development of the Group’s business and the society.”

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About Guorui Properties Limited

Guorui Properties Limited (stock code: 2329.HK) is a leading developer focusing on residential and city center area projects with an annual development capacity reaching over 4.5 million sq.m.. Currently, Guorui has more than 20 different real estate projects in 12 cities with substantial economic growth, including Beijing, Shenzhen, Suzhou, Haikou, Zhengzhou, Langfang, Foshan, Shantou, Xi'an and Shenyang. Proving consistent high-quality products and professional services, Guorui has built the brand awareness of “Guorui” in the mentioned areas.

Guorui Properties was listed on the Main Board of Hong Kong Stock Exchange on 7 July 2014, The Company was named as a constituent stock of the Hang Seng Composite Midcap Index.

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