

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## GUANGDONG LAND HOLDINGS LIMITED

### 粵海置地控股有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 0124)**

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

### HIGHLIGHTS

	For the six months ended 30 June		
	2016 (Unaudited)	2015 (Unaudited)	Change
Revenue, in thousand HK\$	<b>654,997</b>	239	2,740 times
Net profit/(loss) attributable to owners of the Company, in thousand HK\$	<b>( 9,565)</b>	335,254	N/A
Basic earnings/(loss) per share, in HK cent	<b>( 0.6)</b>	19.6	N/A
	As at 30 June 2016 (Unaudited)	As at 31 December 2015 (Audited)	
Current ratio	<b>2.5 times</b>	6.3 times	-60.3%
Gearing ratio <sup>1</sup>	<b>net cash</b>	net cash	-
Total assets, in million HK\$	<b>7,054</b>	5,841	+20.8%
Net asset value per share <sup>2</sup> , in HK\$	<b>2.53</b>	2.59	-2.3%
Number of employees	<b>279</b>	297	-6.1%
<b>Notes:</b>			
1. Gearing ratio = (Interest-bearing debt — cash and cash equivalents) / Net assets			
2. Net asset value per share = Equity attributable to owners of the Company / Number of issued shares			

## UNAUDITED INTERIM RESULTS

The board of directors (the “Board of Directors”) of Guangdong Land Holdings Limited (the “Company”) announces that the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2016 together with comparative figures are as follows. The interim financial information has not been audited, but has been reviewed by the Company’s audit committee and the Company’s auditors, Messrs. Ernst & Young.

### Condensed Consolidated Statement of Profit or Loss For the six months ended 30 June 2016

	<i>Notes</i>	<b>2016</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2015 <b>(Unaudited)</b> <b>HK\$'000</b>
REVENUE	4	<b>654,997</b>	239
Cost of sales		<u><b>( 606,123)</b></u>	<u>-</u>
Gross profit		<b>48,874</b>	239
Other income and gains, net	4	<b>44,053</b>	146,062
Gain on bargain purchase	10	-	233,862
Selling and distribution expenses		<b>( 8,083)</b>	<b>( 1,072)</b>
Administrative expenses		<b>( 40,641)</b>	<b>( 36,012)</b>
Other operating expenses		<b>( 21,876)</b>	<b>( 7,975)</b>
PROFIT BEFORE TAX	5	<b>22,327</b>	335,104
Income tax expense	6	<b>( 29,300)</b>	<b>( 38)</b>
PROFIT/(LOSS) FOR THE PERIOD		<u><b>( 6,973)</b></u>	<u>335,066</u>
Attributable to:			
Owners of the Company		<b>( 9,565)</b>	335,254
Non-controlling interest		<b>2,592</b>	<b>( 188)</b>
		<u><b>( 6,973)</b></u>	<u>335,066</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic		<u><b>( 0.6 HK cent)</b></u>	<u>19.6 HK cents</u>
Diluted		<u><b>( 0.6 HK cent)</b></u>	<u>19.6 HK cents</u>

**Condensed Consolidated Statement of Comprehensive Income**  
**For the six months ended 30 June 2016**

	<b>2016</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2015 <b>(Unaudited)</b> <b>HK\$'000</b>
PROFIT/(LOSS) FOR THE PERIOD	( <b>6,973</b> )	335,066
<b>OTHER COMPREHENSIVE LOSS</b>		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	( <b>93,649</b> )	22
Release of exchange reserve upon settlement of intercompany balances	-	( 48,048)
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>( 93,649)</b>	<b>( 48,026)</b>
<b>TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD</b>	<b>( 100,622)</b>	<b>287,040</b>
Attributable to:		
Owners of the Company	( <b>93,799</b> )	287,213
Non-controlling interest	( <b>6,823</b> )	( 173)
	<b>( 100,622)</b>	<b>287,040</b>

**Condensed Consolidated Balance Sheet**  
**30 June 2016**

	<i>Note</i>	<b>30 Jun 2016</b> (Unaudited) HK\$'000	31 Dec 2015 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>8,768</b>	9,328
Investment properties		<b>1,094,725</b>	27,930
Deferred tax assets		<b>23,024</b>	22,165
Total non-current assets		<b>1,126,517</b>	59,423
<b>CURRENT ASSETS</b>			
Completed properties held for sale		<b>630,438</b>	1,290,357
Properties under development		<b>1,694,312</b>	97,279
Prepayments, deposits and other receivables		<b>45,216</b>	713,571
Restricted bank balances		<b>996,049</b>	470,176
Cash and cash equivalents		<b>2,561,555</b>	3,209,733
Total current assets		<b>5,927,570</b>	5,781,116
<b>CURRENT LIABILITIES</b>			
Trade payables	9	<b>( 1,646,762)</b>	( 74,547)
Other payables, accruals and provisions		<b>( 202,520)</b>	( 339,820)
Receipt in advance		<b>( 316,357)</b>	( 311,373)
Tax payable		<b>( 222,908)</b>	( 186,725)
Total current liabilities		<b>( 2,388,547)</b>	( 912,465)
<b>NET CURRENT ASSETS</b>		<b>3,539,023</b>	4,868,651
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>4,665,540</b>	4,928,074
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		<b>( 156,355)</b>	( 318,267)
Net assets		<b>4,509,185</b>	4,609,807
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Issued capital		<b>171,154</b>	171,154
Reserves		<b>4,166,403</b>	4,260,202
		<b>4,337,557</b>	4,431,356
Non-controlling interest		<b>171,628</b>	178,451
Total equity		<b>4,509,185</b>	4,609,807

*Notes:*

**(1) Corporation Information**

The Company is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at 18th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong. GDH Limited (“GDH”) is the immediate holding company of the Company. In the opinion of the directors, the ultimate holding company of the Company is 廣東粵海控股集團有限公司 (Guangdong Holdings Limited\*), a company established in the People’s Republic of China.

During the period under review, the Group was involved in property development and investment.

**(2) Accounting Policies**

The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2016 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. The accounting policies and basis of preparation adopted in the preparation of the interim financial information are the same as those used in the annual financial statements for the year ended 31 December 2015, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include Hong Kong Accounting Standards (“HKASs”) and Interpretations) as disclosed below.

## (2) Accounting Policies (cont'd)

### Changes in Accounting Policy and Disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current period's unaudited interim financial information.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

The adoption of these new and revised HKFRSs has had no significant financial effect on the unaudited interim financial information.

## (3) Operating Segment Information

For management purpose, the Group is organised into business units based on their products and activities and has two reportable segments as follows:

- (a) the property development and investment segment consists of property development for sale and property investment; and
- (b) the other segment consists of corporate and other income and expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about the resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income is excluded from such measurement.

(3) **Operating Segment Information (cont'd)**

Segment assets exclude deferred tax assets as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities as these liabilities are managed on a group basis.

	<b>Six months ended 30 June (unaudited)</b>					
	Property development and investment		Other		Total	
	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
Segment revenue:						
Sales to external customers	<b>654,997</b>	239	-	-	<b>654,997</b>	239
Segment results	<b>13,992</b>	203,737	<b>( 31,906)</b>	34,521	<b>( 17,914)</b>	238,258
<i>Reconciliation:</i>						
Interest income					<b>40,241</b>	96,846
Profit before tax					<b>22,327</b>	335,104

	Property development and investment		Other		Total	
	As at		As at		As at	
	<b>30 Jun</b> <b>2016</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31 Dec 2015 (Audited) HK\$'000	<b>30 Jun</b> <b>2016</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31 Dec 2015 (Audited) HK\$'000	<b>30 Jun</b> <b>2016</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31 Dec 2015 (Audited) HK\$'000
Segment assets	<b>6,430,060</b>	2,151,462	<b>601,003</b>	3,666,912	<b>7,031,063</b>	5,818,374
<i>Reconciliation:</i>						
Unallocated assets					<b>23,024</b>	22,165
Total assets					<b>7,054,087</b>	5,840,539
Segment liabilities	<b>( 2,375,980)</b>	( 802,610)	<b>( 12,567)</b>	( 109,855)	<b>( 2,388,547)</b>	( 912,465)
<i>Reconciliation:</i>						
Unallocated liabilities					<b>( 156,355)</b>	( 318,267)
Total liabilities					<b>( 2,544,902)</b>	( 1,230,732)

(4) **Revenue, Other Income and Gains**

An analysis of revenue, other income and gains is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>REVENUE</b>		
Sale of properties	<b>654,301</b>	-
Rental income	<b>696</b>	239
	<b>654,997</b>	<b>239</b>
<b>OTHER INCOME</b>		
Gain on sale of scrap materials	-	780
Bank interest income	<b>40,241</b>	76,788
Imputed interest income	-	20,058
Others	<b>229</b>	97
	<b>40,470</b>	<b>97,723</b>
<b>GAINS/(LOSS), NET</b>		
Fair value loss on investment properties	<b>( 273)</b>	( 114)
Gain on disposal of property, plant and equipment	<b>3,856</b>	-
Release of exchange reserve upon settlement of intercompany balance	-	48,048
Foreign exchange gains, net	-	948
Loss on disposal of property, plant and equipment under assets held for sale	-	( 543)
	<b>3,583</b>	<b>48,339</b>
	<b>44,053</b>	<b>146,062</b>

(5) **Profit Before Tax**

This is arrived at after charging/(crediting):

	<b>For the six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Cost of properties sold	<b>606,123</b>	-
Depreciation	<b>736</b>	426
Minimum lease payments under operating lease	<b>1,363</b>	1,364
Foreign exchange differences, net	<b>21,753</b>	( 948)



(6) **Income Tax**

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2015: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the local jurisdictions in which the Group operates.

Land appreciation tax (“LAT”) was provided in accordance with the requirements set forth in the relevant PRC laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation values, with certain allowable deductions.

	<b>For the six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current - Hong Kong	-	-
Current - Elsewhere:		
Charge for the period	<b>62,699</b>	-
Underprovision in prior periods	-	280
LAT in Mainland China	<b>101,290</b>	-
Deferred	<b>( 134,689)</b>	<b>( 242)</b>
Total tax charge for the period	<b>29,300</b>	<b>38</b>

(7) **Earnings/(Loss) Per Share Attributable to Ordinary Equity Holders of the Company**

The calculation of the basic earnings/(loss) per share for the six months ended 30 June 2016 and 2015 are based on:

	<b>For the six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit/(loss) attributable to ordinary equity holders of the Company	<b>( 9,565)</b>	<b>335,254</b>

  

	<b>For the six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Number of shares: Weighted average number of ordinary shares in issue during the period for the purpose of basic earnings per share calculation	<b>1,711,536,850</b>	<b>1,711,536,850</b>

(7) **Earnings/(Loss) Per Share Attributable to Ordinary Equity Holders of the Company (cont'd)**

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2016 and 2015.

(8) **Interim Dividend**

The Board of Directors of the Company resolved not to declare the payment of an interim dividend for the six months ended 30 June 2016 (2015: Nil).

(9) **Trade Payables**

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 Jun 2016</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31 Dec 2015 <b>(Audited)</b> <b>HK\$'000</b>
Within 1 month	<b>1,580,020</b>	53
1 to 2 months	-	-
2 to 3 months	-	88
Over 3 months	<b>66,742</b>	74,406
	<b><u>1,646,762</u></b>	<b><u>74,547</u></b>

The trade payables are non-interest bearing.

(10) **Business Combination**

During the prior period, on 27 April 2015, the Group acquired a 100% interest in Triumphant Success Limited and its subsidiaries ("Triumphant Success Group") from GDH, the immediate holding company of the Company. The acquisition was in line with the Group's core business of property development and investment in the PRC.

The purchase consideration for the acquisition, in form of cash, was RMB403,091,000 (equivalent to approximately HK\$509,674,000) which was fully settled during the prior period.

The Group has elected to measure the non-controlling interests in Triumphant Success Group at the non-controlling interests' proportionate share of Triumphant Success Group's identifiable net assets.

**(10) Business Combination (cont'd)**

The fair value of the identifiable assets and liabilities of Triumphant Success Group as at the date of acquisition were as follows:

	<b>Fair value recognised on acquisition HK\$'000</b>
Property, plant and equipment	276
Properties under development	1,949,721
Prepayments, deposits and other receivables	31,587
Cash and bank balances	5,677
Trade payables	( 112,696)
Other payables and accruals	( 5,623)
Amount due to the ultimate holding company	( 59,597)
Amounts due to fellow subsidiaries	( 138,081)
Interest-bearing bank borrowings	( 228,186)
Deferred tax liabilities	( 513,677)
Shareholder's loan	( 189,851)
	<hr/>
Total identifiable net assets at fair value	739,550
Non-controlling interest	( 185,865)
	<hr/>
	553,685
Gain on bargain purchase recognised in the consolidated statement of profit or loss	( 233,862)
Assignment of shareholder's loan	189,851
	<hr/>
Satisfied by cash	<b>509,674</b>

As at the date of acquisition, the fair value of the other receivables were also their gross contractual amounts of HK\$11,150,000. No other receivables were expected to be uncollectible.

The Group incurred transaction cost of HK\$3,542,000 for this acquisition. These costs have been expensed and were included in other operating expenses in the consolidated statement of profit or loss in the prior period.

## **(11) Contingent Liabilities**

As at 30 June 2016, the Group provided guarantees to certain banks in respect of mortgages granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties held for sales. Pursuant to the terms of the guarantees, upon default in mortgage payments by any of these purchasers, the Group is responsible for repaying the relevant outstanding mortgage principals together with the accrued interest and penalty owed by the defaulting purchasers to the banks, and the Group is entitled but not limited to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of the real estate ownership certificates. As at 30 June 2016, the Group's outstanding guarantees amounted to HK\$911,981,000 (31 December 2015: HK\$535,596,000).

According to the master agreement relating to the disposal of the Group's then brewery business (as disclosed in the circular of the Company dated 9 April 2013) in 2013, the Group had undertaken to bear any losses arising from the disposed brewery subsidiaries for additional obligations in respect of, inter alia, taxes, government levy, staff welfare and uncollectible trade receivables that occurred prior to the date of disposal.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the Group is engaged in property development and investment. The Group currently holds certain completed investment properties and the Buxin Project (a property project under development) in Shenzhen, and the Ruyingju Project (a residential property project) in Panyu, Guangzhou.

According to the information of the National Bureau of Statistics of China, the preliminary figure of the national gross domestic product (“GDP”) for the first half of 2016 has a year-on-year increase of 6.7%, and the disposable income per capita increased by 8.7% as compared with that in the same period last year. This, coupled with the ongoing easing monetary policies in the PRC, contributable to a remarkable increase in the property prices in first-tier cities of the PRC in the first half of 2016. According to the price index of newly built residential properties in 70 large and medium-sized cities in June 2016, the residential price index of Guangzhou City increased by approximately 18.4%, and that of Shenzhen City increased by approximately 42.6% as compared with 2015.

## RESULTS AND FINANCIAL REVIEW

The consolidated revenue of the Group in the period under review was HK\$655 million (2015: HK\$239,000). The significant increase in the consolidated revenue over the same period last year was mainly derived from the sale of properties under the Ruyingju Project. During the period under review, the Group’s unaudited net loss attributable to the owners of the Company was HK\$9.57 million (2015: profit of HK\$335 million).

Reference is made to the Company’s 2015 interim report, where it was disclosed that the Group recorded a combined gain in the aggregate amount of approximately HK\$302 million due to the following three non-operating gain items in the first half of 2015, namely (i) the acquisition of 100% equity interest in Triumphant Success Limited (which indirectly holds an 80% interest in the Ruyingju Project located in Panyu District, Guangzhou, the PRC. Please refer to the details set out in the Company’s circular dated 2 April 2015) resulting in the recognition of a gain on bargain purchase of approximately HK\$234 million; (ii) a foreign exchange gain on the release of exchange reserve of approximately HK\$48.05 million upon settlement of inter-company balances between the Company and its subsidiary; and (iii) the imputed interest income arose from long-term receivables of approximately HK\$20.06 million. The non-operating gain under items (i) and (ii) above were of a one-off nature. Further, as mentioned in the Management Discussion and Analysis in the Company’s 2015 annual report, the above item no. (iii) imputed interest income would not occur in 2016. If the combined effect of the above mentioned non-operating gain items was excluded, the Group’s unaudited net profit attributable to owners of the Company in the first half of 2015 would only have amounted to approximately HK\$33 million. During the first half of 2016, the Group did not record any of the above mentioned non-operating gains.

The material items that affected the results of the Group in the first half of 2016 include a decrease in bank interest income of HK\$36.55 million over the same period last year due to the decrease in the interest rate on deposit of Renminbi (“RMB”) and a depreciation of RMB against HK\$ resulting in the recognition of exchange losses of HK\$21.75 million during the first half of 2016, which were partially offset by the sale of residential units under the Ruyingju Project, which was stable and the average selling price was higher than that of last year. The revenue from such sale of residential units contributed to the consolidated revenue and results of the Group.

In respect of the completion of the transactions related to the disposal of the equity interests in 9 previous subsidiaries that engaged in the production and sale of beer by the Group in 2013, the Group received the remaining amount of the consideration for the disposals of the equity interests pursuant to the terms of the agreements during the period under review.

The board of directors of the Company resolved not to declare the payment of an interim dividend for the six months ended 30 June 2016 (2015: nil).

## **BUSINESS REVIEW**

### **The Buxin Project**

The Buxin Project, in which the Group holds a 100% interest, is an industrial and commercial complex with jewellery as the main theme. In June 2016, a wholly-owned subsidiary of the Group entered into the land use rights transfer agreements with the 深圳市羅湖區城市更新局 (Shenzhen Luohu Renewal Authority\*) for the acquisition of the land use rights to the Buxin Land for purposes of the development of Buxin Project at a total consideration of approximately RMB2,267 million (equivalent to approximately HK\$2,683 million). Buxin Land has a total site area of approximately 66,526 square meters (“sq. m.”) with a total gross floor area included in the calculation of plot ratio of approximately 432,051 sq. m. and it is planned that an underground area of approximately 30,000 sq. m. will be developed for commercial use. Please refer to the circular of the Company dated 22 June 2016 for details.

With the land use rights successfully acquired for the development of the Buxin Project in the first half of 2016, the Group will complete the design and foundation works of the Northwestern land piece under phase I of development as soon as possible and strive to commence construction of the main structure on the Northwestern land piece by the end of 2016. Meanwhile, the Group will continue identifying and visiting potential customers taking into consideration of the market positioning of the Buxin Project with a view to prepare for the introduction of customers when the properties were available.

As at 30 June 2016, the Buxin Project incurred preliminary development costs in the amount of approximately HK\$2,762 million in aggregate (31 December 2015: HK\$97 million), representing a net increase of HK\$2,665 million in the period under review, and such net increase was substantially due to the addition of the costs of land premium for the Buxin Land acquired during the period under review. Approximately HK\$1,694 million and HK\$1,068 million were classified as “Properties under development” under current assets and “Investment properties” under non-current assets, respectively as at 30 June 2016.

### **The Ruyingju Project**

The Ruyingju Project, in which the Group holds an 80% interest, has 917 residential units and 651 parking spaces for sale. For the six months ended 30 June 2016, sale contracts of 269 residential units (2015: nil) in aggregate were entered into under the Ruyingju Project with an aggregate gross floor area of approximately 27,300 sq. m., representing approximately 29.0% of the total saleable area for residential units. The accumulated sale contracts signed under the Ruyingju Project represented an aggregate gross floor area of approximately 82,300 sq. m., representing approximately 87.5% of the total saleable area of the residential units.

For the six months ended 30 June 2016, 293 residential units (2015: nil) were delivered to customers and such revenue was recognised during the period under review. The gross floor area of the residential units delivered was approximately 29,000 sq. m. during the period under review, representing approximately 30.9% of the total saleable area of the residential units. The accumulated gross floor area delivered under the Ruyingju Project was approximately 68,300 sq. m. in aggregate, representing approximately 72.6% of the total saleable area of the residential units.

During the period under review, based on the delivered residential units, the average selling price denoted in RMB increased by approximately 8.0% over 2015. With satisfactory performance in sales, the revenue from such sale of residential units contributed to the consolidated revenue and results of the Group.

The Group acquired its interest in the Ruyingju Project in April 2015. During the first six months of 2015, there was no residential unit delivered under the Ruyingju Project. As a result, there were only operating expenses incurred in the same period last year. In the first half of 2015, the Group recognised a gain on bargain purchase of HK\$234 million from the acquisition of the Ruyingju Project. Most of the gain on the acquisition of Ruyingju Project was recognised as a gain on bargain purchase in the statement of profit or loss in 2015. Since the acquisition price paid was determined with reference to the then market value (but at a discount) of the Ruyingju Project, the carrying value (and cost of sales in the future) of the Ruyingju properties consists of its development costs and the fair value increases as at the completion date of the acquisition.

## KEY OPERATING INFORMATION

### Operating Income, Expenses and Finance Costs

During the period under the review, the Group's bank interest income was HK\$40.24 million (2015: HK\$76.79 million), representing a decrease of 47.6% as compared with the same period last year. Such decrease was mainly due to the effect of decrease in RMB deposit rate. During the period under review, the Group did not have any imputed interest income from other receivables (2015: HK\$20.06 million). During the period under review, a gain on disposal of property, plant and equipment was approximately HK\$3.86 million while loss on disposal of property, plant and equipment under assets held for sale was approximately HK\$0.54 million in the same period last year.

In the first half of 2016, the Group's selling and distribution expenses was HK\$8.08 million (2015: HK\$1.07 million), representing an increase of 655.1% as compared with the same period last year. Such increase was mainly due to minimal selling and distribution expenses recorded in the same period last year as the pre-sale of the Ruyingju residential properties has commenced since the end of May 2015. The Group's administrative expenses in the first half of 2016 was HK\$40.64 (2015: HK\$36.01 million), representing an increase of 12.8% as compared with the same period last year. The increase was mainly due to increase in wages and related expenditures as well as professional fees.

During the period under review, the Group did not have any borrowing from banks, there was no finance cost incurred. In the same period last year, 廣州市番禺粵海房地產有限公司 (Guangzhou Panyu Yuehai Real Estate Company Limited\*), a newly acquired subsidiary of the Company holding the Ruyingju Project, has obtained bank loans. As the interest expenses from the bank loans of HK\$3.02 million incurred from the date of the acquisition to 30 June 2015 have been fully capitalised, the Group recorded no finance cost during the same period last year.



## Key Financial Ratios

	Note	Six months ended 30 June		Change
		2016	2015	
Net profit/(loss) attributable to owners of the Company, in HK\$'000		( 9,565)	335,254	N/A
Return on equity, %	1	( 0.2%)	7.5%	N/A
		2016	2015	
		30 June	31 December	
Net assets, in million HK\$		4,509	4,610	-2.2%

### Note:

1. Return on equity = net profit/(loss) attributable to owners of the Company / average equity attributable to owners of the Company

In the first half of 2015, the Group recorded an aggregate gain of HK\$302 million from the aforementioned three non-operating gain items. The Group did not record such non-operating gain items in the first half of 2016. Coupled with, among others, a decrease in bank interest income and recognition of net foreign exchange losses, the three key financial ratios were lower than the comparative figures.

## Capital Expenditure

The Group's general capital expenditure paid in the first half of 2016 was approximately HK\$0.34 million (2015: HK\$1.86 million), representing a decrease of 81.7% than that in the same period last year.

## FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2016, the equity attributable to owners of the Company was HK\$4.34 billion (31 December 2015: HK\$4.43 billion), representing a decrease of 2.0% over that as at 31 December 2015. Based on the number of ordinary shares in issue as at 30 June 2016, the net asset value per share attributable to owners of the Company at the end of the period was HK\$2.53 (31 December 2015: HK\$2.59 per share), representing a decrease of 2.3% over that as at 31 December 2015.

As at 30 June 2016, the Group had cash and bank balances of HK\$3.56 billion (31 December 2015: HK\$3.68 billion), representing a decrease of 3.26% over that at the end of last year. The aforementioned amount included restricted bank balances of HK\$996 million (31 December 2015: HK\$470 million) principally associated with an amount received from the sales but yet delivered residential units under the Ruyingju Project. Of the Group's cash and bank balances as at 30 June 2016, 87.3% was in RMB, 12.6% was in USD and 0.1% was in HKD.

As most of the transactions from the Group's daily operations in the PRC are denominated in Renminbi, currency exposure from these transactions is low. During the period under review, the Group did not perform any currency hedge in respect of the said transactions. The consolidated financial statements of the Group are presented in Hong Kong dollar, and changes in exchange rate of HKD against RMB generated exchange differences upon currency revaluation. In respect of the RMB deposit retained in Hong Kong, such exchange differences were recognised in the statement of profit or loss when incurred. With the development of the Group's Buxin Project located in Shenzhen, the PRC, capital injection to the Buxin Project has been and will be made by the Group as and when appropriate. The impact of such exchange differences arising on changes in exchange rate of HKD against RMB on the consolidated statement of profit or loss of the Group will be diminishing. For the six months ended 30 June 2016, the Group injected an amount of RMB2,500 million (equivalent to approximately HK\$2,970 million) into its PRC subsidiary in charge of the development of the Buxin Project.

As at 30 June 2016, the Group did not have any outstanding bank loan. Given the Group's existing cash and bank balances, the Group will have sufficient financial resources to finance its existing continuing operations in the current year. The Group will review its funding needs according to progress of business development from time to time so as to ensure that adequate financial resources will be available to support its business development.

#### **ASSET PLEDGED AND CONTINGENT LIABILITIES**

None of the assets of the Group was pledged to any creditors as at 30 June 2016. Except for the disclosure in note 11 in this announcement regarding the guarantee made as at 30 June 2016 in relation to the mortgage of the sold property of approximately HK\$912 million (31 December 2015: HK\$536 million) and undertakings made in the master agreement relating to the disposal of the brewery subsidiaries, there was no material contingent liability recorded by the Group as at 30 June 2016.

#### **RISKS AND UNCERTAINTIES**

Given that the Group is engaged in property development and investment in Mainland China, risks and uncertainties of its business are principally associated with property market and property prices in Mainland China, and the Group's revenue in the future will be directly affected by such risks and uncertainties. Property market in Mainland China is affected by a number of factors which include economic conditions, property supply and demand, fiscal and monetary policies and taxation policies of the government. The GDP of Mainland China has maintained a year-on-year growth, though the growth rate has been slowed down gradually. Currently, the property projects of the Group are all located in tier-1 cities with different categories and usage, effectively diversifying operational risks to some extent.

The Buxin Project in Shenzhen has relatively prolonged development period, and the Company may seek external fund to partially finance its development. As such, the financing channels and financing costs will be subject to prevailing market conditions and the Group's financial position. As at 30 June 2016, the Group did not have any outstanding interest-bearing loan.

As property sector has a relatively long product development cycle, the Group's future profit and cash flow will be highly volatile.

## **POLICY AND PERFORMANCE ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE**

The Group has strictly observed rules and regulations promulgated by the government, including regulations on environmental, social and governance. For the demolition works of the land lots of the Buxin Project, demolition sites have strictly observed the laws and regulations of the relevant regions in Mainland China, including but not limited to environmental protection, sewage treatment and noise control. The Group has also commissioned green experts to preserve trees and other vegetation for the purpose of environmental protection. During the year ended 30 June 2016, the Company has complied with relevant laws and regulations in Mainland China and Hong Kong.

In furtherance of on-going fine-tuning the policies on environmental, social and governance, the Group has established communication with stakeholders, such as employees, customers, business partners, investors and governmental authorities, by conducting surveys, group discussions and interviews, allowing the Group to identify important topics for the Group to envisage the changes in operational environment, and consequently achieving the goals of sustainable development and proper risk management.

## **HUMAN RESOURCES**

As at 30 June 2016, the Group had a total number of employees of 279 (31 December 2015: 297). Various basic benefits were provided to the Group's staff with an incentive policy which was designed to remunerate staff by combined references to the Group's operating results as well as the performance of the individual staff member. The Group also offers various training to its employees. Emoluments payable to the Directors of the Company are determined by reference to their job responsibilities and prevailing market conditions.

## **OUTLOOK**

As the economy of the PRC continues to have a medium to high-speed growth rate, coupled with the increasing living standard and urbanization which drives greater demands for properties, the Group believes that it continues to encourage the growth of property development and the real estate sector in the PRC.

Located in Luohu, Shenzhen, the Buxin Project has great development potential, in which the Group will invest with appropriate resources in order to create and release the value of the project.

With satisfactory sales, the Ruyingju Project continues to improving its average selling price, and it is expected that the Ruyingju Project will continue to generate stable revenue and cash flow for the Group in 2016. In addition to developing existing Buxin Project and Ruyingju Project, the Group will also consider and study other opportunities in property development and investment in the PRC, with the main focus in Guangdong Province and other first-tier cities in the PRC.

Under the leadership of the Board, the Group is confident in the prospect of its business development and will actively promote the development of its real estate business in order to create greater returns for its shareholders as we did in the past.

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

### **CORPORATE GOVERNANCE CODE**

The Company has complied with the code provisions and, where appropriate, the applicable recommended best practices set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 30 June 2016.

### **REVIEW OF INTERIM RESULTS**

The Audit Committee of the Company has reviewed the unaudited interim financial information of the Group and the Company's interim report for the six months ended 30 June 2016. In addition, the Company's external auditors, Messrs. Ernst & Young, have also reviewed the aforesaid unaudited interim financial information.

### **PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2016.

By Order of the Board  
**Guangdong Land Holdings Limited**  
**HUANG Xiaofeng**  
*Chairman*

Hong Kong, 25 August 2016

\* *In this announcement, the English names of the PRC entities are translations of their Chinese names, and are included herein for identification purposes only. In the event of any inconsistency, the Chinese names shall prevail.*

*As at the date of this announcement, the Board comprises one non-executive director, namely Mr. HUANG Xiaofeng; three executive directors, namely Ms. ZHAO Chunxiao, Mr. WU Mingchang and Mr. LI Wai Keung; and three independent non-executive directors, namely Mr. Alan Howard SMITH, Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho.*