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## GUANGDONG LAND HOLDINGS LIMITED

### 粵海置地控股有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 0124)**

## ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

### HIGHLIGHTS

	Year ended 31 December		
	2016	2015	Change
Revenue, in thousand HK\$	<b>1,091,941</b>	857,937	+27.3%
Profit attributable to owners of the Company, in thousand HK\$	<b>17,734</b>	174,773	-89.9%
Basic earnings per share, in HK cent	<b>1.04</b>	10.21	-89.8%
	As at 31 December		
	2016	2015	
Current ratio	<b>2.6 times</b>	6.3 times	-58.7%
Gearing ratio <sup>1</sup>	<b>net cash</b>	net cash	-
Total assets, in million HK\$	<b>6,474</b>	5,841	+10.8%
Net asset value per share <sup>2</sup> , in HK\$	<b>2.45</b>	2.59	-5.4%
Number of employees	<b>229</b>	297	-22.9%
Notes:			
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			

## FINANCIAL RESULTS

The board of directors (the “Board”) of Guangdong Land Holdings Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2016 together with comparative figures for 2015 as follows:

### Consolidated Statement of Profit or Loss Year ended 31 December 2016

	<i>Notes</i>	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
REVENUE	5	<b>1,091,941</b>	857,937
Cost of sales		<b>( 901,049)</b>	( 858,054)
Gross profit/(loss)		<b>190,892</b>	( 117)
Other income and gains	5	<b>83,983</b>	258,350
Gain on bargain purchase	11	-	233,862
Selling and distribution expenses		<b>( 13,552)</b>	( 10,141)
Administrative expenses		<b>( 72,729)</b>	( 69,461)
Other operating expenses, net		<b>( 32,578)</b>	( 236,131)
Finance costs		-	-
PROFIT BEFORE TAX	6	<b>156,016</b>	176,362
Income tax expense	7	<b>( 125,690)</b>	( 4,112)
PROFIT FOR THE YEAR		<b>30,326</b>	172,250
Attributable to:			
Owners of the Company		<b>17,734</b>	174,773
Non-controlling interest		<b>12,592</b>	( 2,523)
		<b>30,326</b>	172,250
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic and diluted		<b>1.04 HK cents</b>	10.21 HK cents

**Consolidated Statement of Comprehensive Income**  
**Year ended 31 December 2016**

	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
PROFIT FOR THE YEAR	<b><u>30,326</u></b>	<u>172,250</u>
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	( <b>278,756</b> )	( 38,045 )
Release of exchange fluctuation reserve upon settlement of intercompany balance	-	( 48,048 )
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<b><u>( 278,756 )</u></b>	<u>( 86,093 )</u>
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR	<b><u>( 248,430 )</u></b>	<u>86,157</u>
Attributable to:		
Owners of the Company	( <b>243,549</b> )	93,571
Non-controlling interest	<b><u>( 4,881 )</u></b>	<u>( 7,414 )</u>
	<b><u>( 248,430 )</u></b>	<u>86,157</u>

**Consolidated Balance Sheet**  
**31 December 2016**

	<i>Note</i>	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>8,112</b>	9,328
Investment properties		<b>1,057,327</b>	27,930
Deferred tax assets		<b>70,047</b>	22,165
Total non-current assets		<b><u>1,135,486</u></b>	<u>59,423</u>
<b>CURRENT ASSETS</b>			
Completed properties held for sale		<b>265,386</b>	1,290,357
Properties under development		<b>1,633,600</b>	97,279
Prepayments, deposits and other receivables		<b>26,108</b>	713,571
Available-for-sale financial asset		<b>447,160</b>	-
Restricted bank balances		<b>563,073</b>	470,176
Cash and cash equivalents		<b>2,402,840</b>	3,209,733
Total current assets		<b><u>5,338,167</u></b>	<u>5,781,116</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	10	<b>( 1,528,040)</b>	( 74,547)
Other payables, accruals and provisions		<b>( 155,310)</b>	( 339,820)
Receipts in advance		<b>( 20,245)</b>	( 311,373)
Due to a non-controlling shareholder		<b>( 27,948)</b>	-
Tax payable		<b>( 336,502)</b>	( 186,725)
Total current liabilities		<b><u>( 2,068,045)</u></b>	<u>( 912,465)</u>
<b>NET CURRENT ASSETS</b>		<b><u>3,270,122</u></b>	<u>4,868,651</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b><u>4,405,608</u></b>	<u>4,928,074</u>

**Consolidated Balance Sheet (continued)**  
**31 December 2016**

	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	<b>4,405,608</b>	4,928,074
NON-CURRENT LIABILITIES		
Deferred tax liabilities	<b>( 72,178)</b>	( 318,267)
Net assets	<b><u>4,333,430</u></b>	<u>4,609,807</u>
EQUITY		
<b>Equity attributable to owners of the Company</b>		
Issued capital	<b>171,154</b>	171,154
Reserves	<b>4,016,653</b>	4,260,202
	<b><u>4,187,807</u></b>	<u>4,431,356</u>
Non-controlling interest	<b>145,623</b>	178,451
Total equity	<b><u>4,333,430</u></b>	<u>4,609,807</u>

*Notes:*

**(1) Corporate Information**

Reference is made to the announcement (the “Announcement”) of the Company dated 19 January 2017 in respect of the Transaction (as defined in the Announcement). Terms and expressions defined in the Announcement shall have the same meanings when used herein.

On 19 January 2017, as mentioned in the Announcement, GDH entered into an agreement with GDI under which, subject to the fulfillment (or waiver) of the relevant conditions precedent, GDI would acquire approximately 73.82% interest in the Company, being GDH’s entire holding of the shares of the Company.

On 20 March 2017, the Transaction has been approved by the independent shareholders of GDI at its extraordinary general meeting held on the same date. For details, please refer to the said announcement of GDI. Upon completion of the Transaction, GDI will become the immediate holding company of the Company.

**(2) Basis of Preparation**

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain investment properties and an available-for-sale financial asset, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

### (3) Changes in Accounting Policies and Disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

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>
HKFRS 14	<i>Regulatory Deferral Accounts</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>
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs

Except for the amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011), amendments to HKFRS 11, HKFRS 14, amendments to HKAS 16 and HKAS 41, amendments to HKAS 27 (2011), and amendments included in the *Annual Improvements 2012-2014 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and impact of the amendments are described below:

- (a) Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:
- (i) the materiality requirements in HKAS 1;
  - (ii) that specific line items in the statement of profit or loss and the balance sheet may be disaggregated;
  - (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
  - (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

**(3) Changes in Accounting Policies and Disclosures** (continued)

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the balance sheet and the statement of profit or loss. The amendments have had no significant impact on the Group's financial statements.

- (b) Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

**(4) Operating Segment Information**

For management purposes, 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 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 resource 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.

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.

During the current and prior years, there were no intersegment transactions.



(4) **Operating Segment Information** (continued)

Year ended 31 December	Property development and investment		Other		Total	
	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue:</b>						
Sales to external customers	<b>1,091,941</b>	857,937	-	-	<b>1,091,941</b>	857,937
<b>Segment results</b>	<b>143,684</b>	178,463	( 61,104)	( 174,731)	<b>82,580</b>	3,732
<i>Reconciliation:</i>						
Interest income					<b>73,436</b>	172,630
Profit before tax					<b>156,016</b>	176,362
As at 31 December	Property development and investment		Other		Total	
	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment assets</b>	<b>5,997,460</b>	2,151,462	<b>406,146</b>	3,666,912	<b>6,403,606</b>	5,818,374
<i>Reconciliation:</i>						
Unallocated assets					<b>70,047</b>	22,165
Total assets					<b>6,473,653</b>	5,840,539
<b>Segment liabilities</b>	( 2,041,067)	( 802,610)	( 26,978)	( 109,855)	( 2,068,045)	( 912,465)
<i>Reconciliation:</i>						
Unallocated liabilities					( 72,178)	( 318,267)
Total liabilities					<b>( 2,140,223)</b>	( 1,230,732)
Year ended 31 December	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Other segment information:</b>						
Gain on bargain purchase	-	( 233,862)	-	-	-	( 233,862)
Changes in fair value						
of investment properties	( 1,006)	( 87)	-	-	( 1,006)	( 87)
Depreciation	<b>1,003</b>	703	<b>225</b>	345	<b>1,228</b>	1,048
Impairment of other						
receivables under assets held for sale	-	-	-	740	-	740
Release of exchange fluctuation reserve upon settlement of intercompany balances	-	-	-	( 48,048)	-	( 48,048)
Capital expenditure*	<b>1,088,412</b>	4,297	<b>280</b>	10	<b>1,088,692</b>	4,307

\* Capital expenditure consists of additions to property, plant and equipment and investment properties.

Geographical information

Revenue and non-current assets information is based on the locations of the customers and the locations of the assets. As the Group's major operations are principally located in Mainland China, no further geographical segment information is provided.

(4) **Operating Segment Information** (continued)

Information about major customers

No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's total revenue for each of the years ended 31 December 2016 and 2015.

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

Revenue represents sales of completed properties held for sale and rental income received during the year.

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

	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
<b>REVENUE</b>		
Sales of properties	<b>1,090,261</b>	857,520
Rental income	<b>1,680</b>	417
	<b>1,091,941</b>	<b>857,937</b>
<b>OTHER INCOME</b>		
Gain on sale of scrap materials	-	1,102
Bank interest income	<b>72,828</b>	135,975
Interest income from an available-for-sale financial asset	<b>608</b>	-
Imputed interest income	-	36,655
Others	<b>1,769</b>	31
	<b>75,205</b>	<b>173,763</b>
<b>GAINS</b>		
Changes in fair value of investment properties	<b>1,006</b>	87
Gain on disposal of items of property, plant and equipment	<b>4,822</b>	17,234
Gain on disposal of assets held for sale	-	19,218
Release of exchange fluctuation reserve upon settlement of intercompany balance	-	48,048
Others	<b>2,950</b>	-
	<b>8,778</b>	<b>84,587</b>
	<b>83,983</b>	<b>258,350</b>

## (6) Profit Before Tax

The Group's profit before tax is arrived at after charging:

	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
Cost of properties sold	<b>901,049</b>	858,054
Depreciation	<b>1,228</b>	1,048
Minimum lease payments under operating leases	<b>2,499</b>	2,727
Auditor's remuneration	<b>2,453</b>	2,385
Foreign exchange differences, net <sup>#</sup>	<b>32,306</b>	213,715
Impairment of other receivables under assets held for sale <sup>#</sup>	-	740
Provisions for the disposal transaction of previous brewery subsidiaries <sup>#</sup>	-	18,340
	<b>_____</b>	<b>_____</b>

# Included in "Other operating expenses, net" on the face of the consolidated statement of profit or loss.

## (7) Income Tax

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year (2015: nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Land appreciation tax ("LAT") has been provided in accordance with the requirements set forth in the relevant laws and regulations in the People's Republic of China (the "PRC"). LAT has been provided at ranges of progressive rates of the appreciation values, with certain allowable deductions.

	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
Current - Hong Kong	-	-
Current - Elsewhere	<b>169,342</b>	109,668
LAT in Mainland China	<b>223,753</b>	119,113
Deferred	<b>( 267,405)</b>	( 224,669)
	<b>_____</b>	<b>_____</b>
Total tax charge for the year	<b>125,690</b>	4,112

**(8) Earnings per Share Attributable to Ordinary Equity Holders of the Company**

The calculation of basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company and the number of ordinary shares of 1,711,536,850 (2015: 1,711,536,850) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2016 and 2015.

**(9) Dividend**

The Board did not recommend the payment of a final dividend for the year ended 31 December 2016 (2015: nil).

**(10) 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>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
Within 1 month	<b>483</b>	53
1 to 2 months	-	-
2 to 3 months	-	88
Over 3 months	<b>1,527,557</b>	74,406
	<b><u>1,528,040</u></b>	<u>74,547</u>

The trade payables are non-interest bearing.

**(11) Business Combination**

On 27 April 2015, the Group acquired a 100% interest in Triumphant Success Limited and its subsidiaries (the “Triumphant Success Group”) from GDH Limited, 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 acquisition was a related party transaction and constituted a connected transaction as defined in Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

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 in the prior year.

(11) **Business Combination** (continued)

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

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

	Fair value recognised on acquisition HK\$'000
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 a shareholder's loan	189,851
	<hr/>
Satisfied by cash	<u>509,674</u>

As at the date of acquisition, the fair values 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 costs of HK\$3,542,000 for this acquisition. These costs have been expensed and are included in other operating expenses in the consolidated statement of profit or loss for the year ended 31 December 2015.

**(11) Business Combination** (continued)

An analysis of cash flows in respect of the acquisition is as follows:

	HK\$'000
Cash consideration	( 509,674)
Cash and bank balances acquired	5,677
	<hr/>
Net outflow of cash and cash equivalents included in cash flows from investing activities	( 503,997)
Transaction costs of the acquisition included in cash flows from operating activities	( 3,542)
	<hr/>
	<u>( 507,539)</u>

Since the acquisition, the Triumphant Success Group contributed HK\$857,520,000 to the Group's revenue and incurred a loss of HK\$12,615,000 which was included in the Group's results for the year ended 31 December 2015.

Had the combination taken place at the beginning of the year ended 31 December 2015, the revenue of the Group and the profit of the Group for that year would have been HK\$857,520,000 and HK\$169,394,000, respectively.

**(12) Contingent Liabilities**

As at 31 December 2016, the Group provided guarantees to certain banks in respect of mortgage granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties 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 31 December 2016, the Group's outstanding guarantees amounted to HK\$914,039,000 (2015: HK\$535,596,000) for these guarantees.

According to the master sales agreement relating to the disposal of brewery subsidiaries in 2013, the Group had undertaken to bear any losses arising from the brewery subsidiaries disposed of for additional obligations on, but not limited to, taxes, government levy, staff welfare and uncollectible trade receivables that occurred prior to the date of completion.

# CHAIRMAN'S STATEMENT

## Results

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

In 2016, the Group recorded a revenue of HK\$1,092 million (2015: HK\$858 million), representing an increase of approximately 27.3% from last year. The increase in revenue mainly derived from satisfactory sale of Ruyingju Project in 2016, with an increase in both gross floor area sold and average selling price. The Group recorded a profit attributable to the owners of the Company for the year under review amounting to HK\$17.73 million (2015: HK\$175 million), representing a decrease of approximately 89.9% from last year.

Reference is made to the Company's 2015 annual report, where it was disclosed that the Group recorded a combined gain in an aggregate amount of approximately HK\$319 million due to three non-operating gain items, comprising (i) the acquisition of the 100% equity interest in Triumphant Success Limited and its subsidiaries (which holds an 80% equity interest in the Ruyingju Project located in Panyu, Guangzhou, the PRC), 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 million upon settlement of inter-company balances between the Company and a subsidiary; and (iii) the imputed interest income arising from long-term receivables of approximately HK\$37 million. If the combined effect of the abovementioned three non-operating gain items was excluded, the Group would have recorded a loss attributable to owners of the Company of approximately HK\$144 million for the year ended 31 December 2015. The non-operating gains under items (i) and (ii) above were of a one-off nature. Further, as mentioned in the Management Discussion and Analysis section in the Company's 2015 annual report, the said imputed interest income (i.e. item (iii) above) would not occur in 2016. For the year ended 31 December 2016, the Group did not record the above-mentioned three non-operating gains.

The Board did not recommend the payment of a final dividend for the year ended 31 December 2016 (2015: nil) to save funds for future needs of business development of the Company.

## **Business Review**

The Group holds a 100% interest in the Buxin Project, which is a multi-functional commercial complex with jewellery as the main theme, located in the Buxin Area, Luohu, Shenzhen, the PRC, with a plot ratio-based gross floor area of approximately 432,051 square meters (“sq. m.”) and an additional underground area of 30,000 sq. m. granted for commercial properties. The main construction works of the Northwestern Land within the first phase of the development of the Buxin Project commenced at the end of 2016. During the year under review, the Group continued identifying and visiting potential customers taking into consideration of the market positioning of the Buxin Project with a view to preparing for the introduction of customers when the properties are available.

The Group holds an 80% interest in the Ruyingju Project, which is located in Panyu, Guangzhou, the PRC, with the gross floor area of approximately 127,597 sq. m. The Ruyingju Project has residential units and car-parking spaces available for sale and was completed in November 2015. For the year ended 31 December 2016, the gross floor area of the residential units sold amounted to approximately 45,959 sq. m. (2015: 39,257 sq. m.), representing an increase of approximately 17.1% from last year. As at 31 December 2016, the accumulated gross floor area of units sold represented approximately 90.6% of the total gross floor area of residential units for sale. In respect of delivered units, the average contract selling price in Renminbi increased by approximately 15.6% over that of 2015. The sales performance of the Ruyingju Project was satisfactory, which contributed to the Group's consolidated revenue and results.

During the year under review, the Group had an aggregate gain from the sale of certain property, plant and equipment including staff quarters amounting to HK\$4.82 million (2015: HK\$36.45 million, including the gain on disposal of the assets held for sale).

## **Outlook**

Notwithstanding with the complex global economic environment, the economy of the PRC maintains a steady growth. Coupled with the increasing living standard and urbanization which drives greater demands for properties, the Group believes that it continues to encourage the steady growth of residential property sector and commercial property industry in the PRC.

Located in Luohu, Shenzhen, the Buxin Project has an enormous development potential, and the land pile works of the Northwestern Land within the first phase of the development have been commenced. The Group will invest with appropriate resources in order to create and release the value of the project, and will consider arranging external financing to support the development of the project.



During the year, with satisfactory sales, the average selling price of the Ruyingju Project continues to improve. It is expected that the Ruyingju Project will continuously generate revenue and cash flow for the Group in the coming year. All the remaining residential units of the Ruyingju Project are expected to be sold out in 2017. It is estimated that the Group's revenue for 2017 will be less than that of 2016 due to the small number of available area of residential units for sale under the Ruyingju Project and the Buxin Project is still under development. In addition to developing the 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.

Last but not least, on behalf of the Board, I would like to acknowledge the contribution by the management and its staff during the previous year. 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.

**HUANG Xiaofeng**  
*Chairman*

Hong Kong, 23 March 2017

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group's results for the year ended 31 December 2016 were mainly derived from its business in property development and investment.

According to the information of the National Bureau of Statistics of China, the preliminary figure of the national gross domestic product ("GDP") for 2016 has a year-on-year increase of approximately 6.7%, and the nominal disposable income per capita increased by 8.4% as compared to that of last year. This coupled with the decrease in lending rate by the People's Bank of China in 2015 and a relative high growth rate of money supply, the property prices in the PRC generally recorded a certain increase in 2016. According to the price index of newly built residential properties in 70 large to mid-sized cities in December 2016, the residential price index of Guangzhou had an increase of approximately 24.1% and that of Shenzhen had an increase of approximately 23.5% as compared to the same month of last year.

### Results

The consolidated revenue of the Group for 2016 amounted to HK\$1,092 million (2015: HK\$858 million), representing an increase of approximately 27.3% from last year. The increase in revenue was mainly derived from the satisfactory sale results of the Ruyingju Project in 2016, with an increase in both gross floor area sold and average selling price. During the year under review, the Group's profit attributable to the owners of the Company was HK\$17.73 million (2015: HK\$175 million), representing a decrease of approximately 89.9% from last year.

Reference is made to the Company's 2015 annual report, where it was disclosed that the Group recorded a combined gain in an aggregate amount of approximately HK\$319 million due to three non-operating gain items, comprising (i) the acquisition of the 100% equity interest in Triumphant Success Limited and its subsidiaries, 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 million upon settlement of inter-company balances between the Company and a subsidiary; and (iii) the imputed interest income arising from long-term receivables of approximately HK\$37 million. If the combined effect of the abovementioned three non-operating gain items was excluded, the Group would have recorded a loss attributable to owners of the Company of approximately HK\$144 million for the year ended 31 December 2015. The non-operating gains under items (i) and (ii) above were of a one-off nature. Further, as mentioned in the Management Discussion and Analysis section in the Company's 2015 annual report, the said imputed interest income (i.e. item (iii) above) would not occur in 2016. For the year ended 31 December 2016, the Group did not record the above-mentioned three non-operating gains.

## **Business Review**

### **The Buxin Project**

The Group holds a 100% interest in the Buxin Project, which is a multi-functional commercial complex with jewellery as the main theme, located in Buxin Area, Luohu, Shenzhen, the PRC. In June 2016, the Group entered into land use right transfer agreements with the Shenzhen City Luohu District Urban Renewal Authority with an aggregate consideration of approximately RMB2,267 million (equivalent to approximately HK\$2,683 million). The total site area of such land amounted to approximately 66,526 sq. m., and the gross floor area included in the calculation of plot ratio amounted to approximately 432,051 sq. m. In addition, an underground area of 30,000 sq. m. will be developed for commercial use. Please refer to the circular of the Company dated on 22 June 2016 for details.

The construction permit for the land pile works of the Northwestern Land of the Buxin Project within the first phase of the development was obtained in December 2016, and the construction commenced at the end of 2016. During the year under review, the Group continued identifying and visiting potential customers taking into consideration of the market positioning of the Buxin Project with a view to preparing for the introduction of customers when the properties are available.

As at 31 December 2016, the cumulative development costs and fees of the Buxin Project amounted to approximately HK\$2,666 million (2015: HK\$97 million), representing a net increase of HK\$2,569 million during the period under review. The net increase was mainly attributable to the land premium incurred for the relevant land use rights under the Buxin Project during the year under review. As at 31 December 2016, approximately HK\$1,634 million and HK\$1,032 million were attributable to the “Properties under development” under the current assets and the “Investment properties” under the non-current assets, respectively.

### **The Ruyingju Project**

The Group holds an 80% interest in the Ruyingju Project, which is located in Panyu, Guangzhou, the PRC, with the gross floor area of approximately 127,597 sq. m. The Ruyingju Project including residential units and car-parking spaces was completed in November 2015. For the year ended 31 December 2016, sale contracts of residential units under the Ruyingju Project with an aggregate gross floor area of approximately 30,962 sq. m. were signed (2015: approximately 55,013 sq. m.), representing a decrease of 43.7% from last year. The accumulated gross floor area of sale contracts signed represented approximately 91.4% of the total saleable area of the residential units.

For the year ended 31 December 2016, the Group delivered the residential units with the gross floor area of approximately 45,959 sq. m. (2015: 39,257 sq. m.), representing an increase of 17.1% from last year. The accumulated gross floor area of the units sold represented approximately 90.6% of the total saleable area of the residential units.

During the year under review, in respect of delivered residential units, the average contract selling price in Renminbi increased by approximately 15.6% over that of 2015. The sales performance of the Ruyingju Project was satisfactory, which contributed to the Group's consolidated revenue and results.

The Group acquired the equity interest in the Ruyingju Project in April 2015. As a result, the Group recorded a gain on bargain purchase of HK\$234 million in 2015. Most of the gain on acquisition of the Ruyingju Project was recognised under the gain on bargain purchase in the consolidated statement of profit or loss for 2015. As the acquisition price paid was determined with reference to the then market value of the Ruyingju Project (but at a discount), the carrying value (and future selling cost) of the Ruyingju properties consists of its development costs and the fair value increases as of the completion date of acquisition.

### **Other Business**

In respect of the completion of the transactions related to the disposal of the equity interests in nine previous subsidiaries that engaged in the brewery business in 2013, the Group received the remaining balances of the consideration for the disposal transactions of the equity interests according to the relevant agreement during the year under review.

During the year under review, the Group recorded an aggregate gain of HK\$4.82 million (2015: HK\$36.45 million, including the gain from the sale of assets held for sale) from the sale of certain property, plant and equipment, including staff quarters.

## Financial Review

### Key Financial Ratios

The key financial ratios mainly reflect the Group's results and the annual rate of return on equity during the year under review, and the net assets at the end of the reporting date. Comparative ratios in the last year were provided.

		Year ended 31 December		
	Note	2016	2015	Change
Profit attributable to owners of the Company, in HK\$'000		<b>17,734</b>	174,773	-89.9%
Return on equity, %	1	<b>0.4%</b>	4.0%	-90.0%
		<b>2016</b>	2015	
		<b>31 December</b>	31 December	
Net assets, in million HK\$		<b>4,333</b>	4,610	-6.0%

Note:

1. Return on equity = profit attributable to owners of the Company / average equity attributable to owners of the Company

During the year under review, due to the lack of non-operating income items, the profit attributable to the owners of the Company and the return on equity decreased from last year. If the aggregate effect of the three non-operating income items mentioned in the "Results" of approximately HK\$319 million recorded in 2015 were removed, the Group's two key financial ratios for 2016, being the profit attributable to owners of the Company and return on equity, were better than that of the last year. The Group's business and most of its assets are denominated in Renminbi. The depreciation of Renminbi against Hong Kong dollar in 2016 was the main reason for the decrease in the Group's net assets.

## **Operating Income, Expenses and Finance Costs**

During the year under review, the Group recorded an aggregate interest income from bank and an available-for-sale financial asset of HK\$73.44 million (2015: HK\$136 million), representing a decrease of approximately 46.0% from last year. The decrease in interest income in 2016 was mainly due to the decrease in the Renminbi deposit interest rate and bank deposits of the Group.

The consolidated financial statements of the Group were presented in Hong Kong dollar and the changes in the exchange rate of Hong Kong dollar against the Renminbi would affect foreign exchange differences upon currency revaluation. The foreign exchange differences in respect of the Group's Renminbi deposit placed in Hong Kong were recognised in the statement of profit or loss when incurred. During the year under review, the Group recorded an exchange loss of HK\$32.31 million (2015: HK\$214 million), representing a decrease of approximately 84.9% from last year. In 2016, the amount of net foreign exchange losses recorded decreased significantly year-on-year as the Group injected most of its RMB deposits previously held in Hong Kong into its subsidiary in the PRC which is responsible for the development of the Buxin Project. Following the development of the Group's Buxin Project, the Group will further inject funds into the project. It is expected that the impact of the change in exchange rate of Hong Kong dollar against Renminbi on the Group's consolidated statement of profit or loss will be gradually reduced.

The Group's selling and distribution expenses for 2016 amounted to HK\$13.55 million (2015: HK\$10.14 million), representing an increase of approximately 33.6% from the last year, associated with the sale of the Ruyingju residential properties. The Group's administrative expenses for 2016 amounted to HK\$72.73 million (2015: HK\$69.46 million), representing an increase of approximately 4.7% from the last year. The increase in the administrative expenses was mainly due to the rise in wage costs and related expenses in the year.

During the year under review, the Group did not record any financing costs for borrowing any bank loans. In last year, a subsidiary of the Company had bank loans from banks, the interest on which of HK\$7.73 million was all capitalized. Therefore, the Group did not have any financing cost during the last year.

## **Capital Expenditure**

The Group's general capital expenditure paid in 2016 was approximately HK\$480 million (2015: HK\$4.31 million). The increase was mainly due to the acquisition transactions of land use rights of the Buxin Project.

## **Financial Resources and Liquidity**

As at 31 December 2016, the equity attributable to owners of the Company was HK\$4.19 billion (2015: HK\$4.43 billion), representing a decrease of approximately 5.4% over that in 2015. Based on the number of shares in issue as at 31 December 2016, the net asset value per share of the Company at the end of the year was HK\$2.45 (2015: HK\$2.59) per share, representing a decrease of approximately 5.4% over that in 2015.

As at 31 December 2016, the Group had cash and bank balances of HK\$2.97 billion (2015: HK\$3.68 billion), representing a year-on-year decrease of approximately 19.3%. The aforementioned amount included restricted bank balances of HK\$563 million (2015: HK\$470 million) principally associated with an amount received from the sales but yet delivery of the Ruyingju Project. Of the Group's cash and bank balances as at 31 December 2016, 94.0% was in RMB, 5.9% was in USD and 0.1% in HKD. Net cash flows used in operating activities for the year were HK\$278 million (2015: Net cash flows generated from operating activities of HK\$532 million).

As most of the transactions from the Group's PRC daily operations are denominated in Renminbi, currency exposure from these transactions is low. During the year under review, the Group did not perform currency hedge for such transactions.

As at 31 December 2016, the Group did not have any outstanding bank loan. Given the construction works of the Northwestern Land of the Buxin Project within the first phase of the development will be in full swing in 2017, 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.

None of the assets of the Group was pledged to any creditors at the end of 2016. Except for the disclosure in note 12 to the announcement regarding the guarantee made in relation to the mortgage of the sold property of approximately HK\$914 million (2015: HK\$536 million) at the end of 2016 and undertakings made in the master sales agreement relating to the disposal of brewery subsidiaries, there was no material contingent liability recorded as at the end of 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, inter alia, economic environment, property supply and demand, fiscal and monetary and taxation policies of the PRC government and austerity measures of real estate sector, etc. 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.

The Buxin Project in Shenzhen has a 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 the prevailing market conditions, loan interest rate level and the Group's financial position. As at 31 December 2016, the Group did not have any outstanding interest-bearing loan.

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

## **Relationship with customers and suppliers**

For the interest of every customer, the Group provided trainings to its sales staff members on a regular basis. The Group also provided its customers adequate information about its products and responds to any issue and question raised by customers or potential customers regarding the products offered with an aim to further build up customers' confidence in the products of the Company.

The property business of the Group involves suppliers and constructors for design and construction of properties. Tender procedure for selecting appropriate suppliers of major projects of the Group is conducted under general principle of "openness, fairness and impartiality". In addition, the Group has observed and emphasised industrial safety and has established effective communication channel with its major suppliers to ensure construction processes are in compliance with relevant local laws and regulations.



## **Policy and Performance on Environmental Protection**

The Group strictly complies with the laws and regulations enacted by the Mainland China and Hong Kong Governments, including those in relation to environmental protection, social and governance. The Company's internal management for environmental, social and governance integrates the views of various stakeholders and is supported by staff members from all levels and departments of the Company, especially for the important areas in relation to environmental, social and governance. Staff members jointly implement and execute relevant internal policies and promptly respond to the expectations of stakeholders.

In furtherance of on-going fine-tuning on the environmental, social and governance policies, the Group actively communicated with stakeholders in the last year. Through surveys, group discussions and interviews with employees, customers, business partners, investors and governmental authorities, the Group identified important topics to envisage the changes in operational environment, and consequently achieving the goals of sustainable development and proper risk management.

The Group participates in the real estate business and it is very important to strictly comply with environmental laws and regulations on construction works. Any failure to observe the relevant environmental laws and regulations may result in rejection of the applications for construction projects by the relevant authorities. The Group has strictly abided by the relevant environmental laws and regulations at the construction site of each project, including but not limited to environmental protection, sewage treatment and environmental noise control, and engaged the professional greening company to transplant the trees near the site, sparing no efforts to contribute to the environmental protection. In addition to environmental protection, the Group also participated in the “Spring Thunder Hope Student Assistance Activities” (希望春雷助學活動) and poverty alleviation activities of Dongbei Village to shoulder the social responsibility during the year.

The Company is currently in the process of preparing the environmental, social and governance reports for the year ended 31 December 2016. The information contained in this announcement is based solely on the Company's environmental, social and governance policies and performance and internal management information. As at the date of this announcement, the environmental, social and governance information of the Group for the year ended 31 December 2016 has not yet been finalised and may subject to necessary adjustments. Such information, which may differ from the information contained in this announcement, is expected to be published in June 2017.

## **Human Resources**

The Group had 229 (2015: 297) employees as at the end of 2016. The total employee remuneration and provident fund contributions (excluding Directors' remuneration) in 2016 was HK\$68.65 million (2015: HK\$55.92 million). The Group carried out a staff redundancy plan continuously during 2016 and, as a result, the total number of employees of the Group gradually dropped to 229 at the end of 2016.

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. There was no share option scheme of the Company in operation during the year. The Group 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.

## **CORPORATE GOVERNANCE CODE**

The Group recognizes the importance of achieving the highest standard of corporate governance consistent with the needs and requirements of its businesses and the best interest of all of its stakeholders and is fully committed to doing so. It is also with these objectives in mind that the Group has applied the principles of the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules.

In the opinion of the Directors of the Company, the Company was in compliance with the applicable code provisions in the CG Code for the year ended 31 December 2016 and, where appropriate, the applicable recommended best practices of the CG Code.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed and no transfer of shares will be effected during the period from Tuesday, 6 June 2017 to Friday, 9 June 2017, both days inclusive, for determining the shareholders' eligibility to attend and vote at the Annual General Meeting of the Company to be held on Friday, 9 June 2017.

In order to qualify for attending and voting at the forthcoming Annual General Meeting of the Company to be held on Friday, 9 June 2017, unregistered holders of shares of the Company should ensure that all transfers documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 5 June 2017.

## **REVIEW OF ANNUAL RESULTS**

The annual results of the Group for the year ended 31 December 2016 have been reviewed by the Audit Committee of the Company.

## **REVIEW OF PRELIMINARY ANNOUNCEMENT**

The figures in respect of the Group's consolidated balance sheet, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2016 as set out in the preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements and Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Company's auditor on the preliminary announcement.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2016.

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

Hong Kong, 23 March 2017

*As at the date of this announcement, the Board comprises one Non-Executive Director, namely Mr. HUANG Xiaofeng; four Executive Directors, namely Ms. ZHAO Chunxiao, Mr. LI Wai Keung, Mr. WU Mingchang and Mr. ZENG Yi; and three Independent Non-Executive Directors, namely Mr. Alan Howard SMITH, Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho.*