



粵海置地控股有限公司
GUANGDONG LAND HOLDINGS LIMITED

(於百慕達註冊成立之有限公司)

(Incorporated in Bermuda with limited liability)

股份代號 Stock Code: 00124



2021 Interim Report
中期報告

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Corporate Information

(As at 30 August 2021)

Board of Directors

Executive Directors

XU Yeqin (*Chairman*)

LI Yonggang (*Managing Director*)

WU Mingchang

ZHU Guang

ZHANG Jun (*Chief Financial Officer*)

Independent Non-Executive Directors

Alan Howard SMITH *JP*

Felix FONG Wo *BBS, JP*

Vincent Marshall LEE Kwan Ho *Deputy of the National People's*

Congress of PRC, BBS, Officer of the Order of the Crown (Belgium)

Audit Committee

Vincent Marshall LEE Kwan Ho *Deputy of the National People's*

Congress of PRC, BBS, Officer of the Order of the Crown (Belgium)

(*Committee Chairman*)

Alan Howard SMITH *JP*

Felix FONG Wo *BBS, JP*

Remuneration Committee

Felix FONG Wo *BBS, JP (Committee Chairman)*

Alan Howard SMITH *JP*

Vincent Marshall LEE Kwan Ho *Deputy of the National People's*

Congress of PRC, BBS, Officer of the Order of the Crown (Belgium)

Nomination Committee

XU Yeqin (*Committee Chairman*)

Alan Howard SMITH *JP*

Felix FONG Wo *BBS, JP*

Vincent Marshall LEE Kwan Ho *Deputy of the National People's*

Congress of PRC, BBS, Officer of the Order of the Crown (Belgium)

Company Secretary

Christine MAK Lai Hung

Auditor

PricewaterhouseCoopers

Certified Public Accountants

Registered Public Interest Entity Auditor

Website Address

<http://www.gdland.com.hk>

Principal Bankers

China Merchants Bank

Shanghai Pudong Development Bank

Bank of China

Registered Office

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Bermuda

Head Office & Principal Place of Business in Hong Kong

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Principal Share Registrar

MUFG Fund Services (Bermuda) Limited

4th floor North

Cedar House

41 Cedar Avenue

Hamilton HM 12

Bermuda

Branch Share Registrar in Hong Kong

Tricor Tengis Limited

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

Share Information

Place of Listing: Main Board of The Stock Exchange of Hong Kong Limited

Stock Code: 00124

Board Lot: 2,000 shares

Financial year end: 31 December

In this interim report, 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.

Highlights

	For the six months ended 30 June		Change
	2021	2020	
Revenue (HK\$'000)	2,283,775	1,898,483	+20.3%
Gross profit (HK\$'000)	1,086,215	875,258	+24.1%
Fair value gains on investment properties (HK\$'000)	79,456	1,894,343	-95.8%
Profit attributable to owners of the Company (HK\$'000)	333,355	1,736,811	-80.8%
Basic earnings per share (HK cents)	19.48	101.48	-80.8%

	As at	As at	Change
	30 June 2021	31 December 2020	
Current ratio	2.4 times	2.3 times	+4.3%
Gearing ratio ¹	132.9%	73.7%	+59.2 ppt
Total assets (HK\$ million)	31,995	20,863	+53.4%
Net asset value per share ² (HK\$)	4.20	3.99	+5.3%
Number of employees	501	401	+24.9%

Notes:

- Gearing ratio = (Interest-bearing loans + Lease liabilities – Cash and cash equivalents) ÷ Net assets
- Net asset value per share = Equity attributable to owners of the Company ÷ Number of issued shares

Management Discussion and Analysis

During the period under review, Guangdong Land Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) was engaged in property development and investment businesses. The Group currently mainly holds the Shenzhen GDH City Project and certain investment properties in Shenzhen City, the Ruyingju Project in Panyu District, Guangzhou City, the Guangzhou Laurel House Project in Yuexiu District, Guangzhou City, the Baohuaxuan Project in Liwan District, Guangzhou City, the Chenyuan Road Project and the Jiangmen Ganhua Project in Pengjiang District, Jiangmen City, the Zhuhai Jinwan Project in Jinwan District, Zhuhai City, the Foshan Laurel House Project in Chancheng District, Foshan City, the Zhongshan GDH City Project in Tsuihang New District, Zhongshan City as well as the Huizhou Dayawan Project in Dayawan District, Huizhou City in the People’s Republic of China (the “PRC” or the “Mainland China”).

According to the information of National Bureau of Statistics of the PRC, the preliminary gross domestic product (“GDP”) for the first half of 2021 showed an overall increase of approximately 12.7% from that of the same period last year while per capita nominal disposable income of national residents recorded a year-on-year growth of approximately 12.6%. According to the stock housing price movements of representative cities nationwide in June 2021 based on the statistics of Worldunion Electronic Valuation System (EVS) platform, as compared to June 2020, the average stock housing price of Shenzhen City, Guangzhou City, Jiangmen City, Zhuhai City, Foshan City and Huizhou City increased year-on-year by approximately 10.0%, 12.3%, 3.2%, 3.8%, 3.2% and 10.0%, respectively while that of Zhongshan City remained basically flat.

In the first half of this year, the world gradually entered the post-COVID-19 (the “Pandemic”) era. Against the backdrop of growing uncertainties of and acute imbalance in the global economic recovery, the economy of the PRC maintained steady recovery. The management of the Company adhered to the general principle of prudent development, closely monitored the recovery of the Pandemic and the market situation and formulated timely countermeasures. It carried out the construction of various projects held by the Group cautiously in accordance with the requirements of “safeguarding quality, ensuring speed and meeting schedule” and established an online sales system platform to increase marketing efforts in a diversified manner and reduce the impact of the Pandemic. With reference to other key peers in the real estate industry, the Group focused on promoting the operation of standardisation system establishment throughout the whole process, conducting in-depth analysis and study of the current market transactions and the mainstream market demand, optimising its product structure based on the core demands of its major customers, and strengthening brand building and brand influence. It was engaged in coordinating internal and external resources and seizing development opportunities in major cities in the Guangdong-Hong Kong-Macao Greater Bay Area (the “Greater Bay Area”) and covered by “Core, Coastal Belt and Zone Initiative” (which fosters the optimised development of the Pearl River Delta Core Area, connects Eastern Guangdong, Western Guangdong and cities within the Pearl River Delta as a coastal economic belt like a beaded bracelet, and establishes the mountainous areas of Northern Guangdong as an ecological development zone). The Group currently enjoys a healthy financial position, the support of a robust controlling shareholder and ample project and financial resources. As recommended by the Board, the payment of the first annual dividend since the business transformation of the Group has been approved at the annual general meeting held on 18 June 2021, in return for the support of the shareholders of the Company.

Management Discussion and Analysis (continued)

Results

During the period under review, the consolidated revenue of the Group amounted to approximately HK\$2,284 million (six months ended 30 June 2020: HK\$1,898 million), representing an increase of approximately 20.3% from the same period last year. The increase in revenue was mainly attributable to the increase in the sale of gross floor area ("GFA") of properties held for sale. During the period under review, the Group recorded a profit attributable to owners of the Company of approximately HK\$333 million (six months ended 30 June 2020: HK\$1,737 million), representing a decrease of approximately 80.8% from the same period last year. During the period under review, profit attributable to owners of the Company before taking into account of the net fair value gains on investment properties and the relevant deferred tax expense was approximately HK\$273 million (six months ended 30 June 2020: HK\$316 million).

The major factors that affected the aforesaid anticipated results of the Group for the six months ended 30 June 2021 include the following:

- (a) during the first half of 2020, the Group recorded fair value gains on investment properties (net of the relevant deferred tax expense) of approximately HK\$1,421 million, which was mainly attributable to the first-time adoption of the fair value model measurement of the investment properties under development built on the Southern Land of the Shenzhen GDH City Project as at 30 June 2020 and the fair value changes of these investment properties under development being recognised in the consolidated statement of profit or loss. After taking into account the relevant deferred tax expense, the Group recorded fair value gains on investment properties of approximately HK\$59.59 million during the period under review, representing a significant decrease from the same period of 2020;
- (b) the Group started to deliver the sold units in the buildings on the Northwestern Land of the Shenzhen GDH City Project to the purchasers since June 2020. During the period under review, the revenue and the profit derived from the sale of such properties increased as compared to the same period in 2020; and
- (c) an increase in the selling and marketing expenses, administrative expenses and net finance cost of approximately HK\$123 million, HK\$65.20 million and HK\$30.21 million, respectively when comparing with the same period in 2020 due to the increase in sales activities and business expansion of the Group.

As at 30 June 2021, the equity attributable to owners of the Company was approximately HK\$7,190 million (31 December 2020: HK\$6,836 million), representing an increase of approximately 5.2% from that as at the end of 2020. Based on the number of shares in issue as at 30 June 2021, the net asset value per share at the period end was approximately HK\$4.20 (31 December 2020: HK\$3.99) per share, representing an increase of approximately 5.3% from that as at the end of 2020.

The board of directors of the Company (the "Board") resolved not to declare the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil). The Board announced on 28 April 2021 that it had approved and adopted the revised dividend policy. At this stage, the Company will adopt a progressive dividend policy to reward the shareholders of the Company.

Management Discussion and Analysis (continued)

Business Review

Completed Properties Held for Sale

Property project	Location	Use	Interest held by the Group	Approximate GFA of project (sq. m.)	Accumulated GFA contracted (sq. m.)	Approximate GFA delivered		The proportion of accumulated GFA delivered to GFA available for sale
						Period under review (sq. m.)	Accumulated (sq. m.)	
Northwestern Land of Shenzhen GDH City	Shenzhen City, the PRC	Business apartment/ Commercial	100%	114,654	81,839	19,874	42,033	36.7%
Guangzhou Laurel House	Guangzhou City, the PRC	Residential	100%	65,636	64,821	9,971	64,167	97.8%
Baohuaxuan	Guangzhou City, the PRC	Residential	100%	3,884	3,884	200	3,884	100.0%
Ruyingju	Guangzhou City, the PRC	Residential	80%	94,617	94,617	193	94,617	100.0%
Ruyingju	Guangzhou City, the PRC	Car-parking spaces	80%	8,052	5,254	267	5,246	65.2%

Management Discussion and Analysis (continued)

Business Review (continued)

Properties Held for Sale under Development and Investment Properties under Development

Property project	Location	Use	Interest held by the Group	Approximate total site area (sq. m.)	Approximate GFA* (sq. m.)	Progress	Expected completion and filing date
Northern Land of Shenzhen GDH City Project	Shenzhen City, the PRC	Commercial/ Offices/Mall	100%	33,802	146,551	Commercial shopping building superstructure and tower superstructure topped out, and renovation works in progress	2nd half of 2022
Southern Land of Shenzhen GDH City Project	Shenzhen City, the PRC	Offices/Mall	100%	16,044	199,500	Construction works of tower superstructure and commercial shopping building structure in progress	2023
Chenyuan Road Project	Jiangmen City, the PRC	Residential/ Commercial service	100%	59,705	164,216	Superstructure of the first and second phases topped out, and superstructure construction works of the remaining properties in progress	2nd half of 2022
Zhuhai Jinwan Project	Zhuhai City, the PRC	Residential/ Commercial	100%	66,090	166,692	Superstructure construction works of the first phase properties in progress, and foundation piling works for other properties underway	2024
Foshan Laurel House Project	Foshan City, the PRC	Residential/ Commercial	100%	43,284	151,493	Superstructure construction works of the first phase properties in progress, and foundation piling works for other properties underway	2023
Zhongshan GDH City Project	Zhongshan City, the PRC	Residential	97.64%	98,811	247,028	Superstructure construction works of the first phase properties in progress, and construction works of foundation slab and piling works for other properties underway	2023
Jiangmen Ganhua Project (Jiangmen Land No. 3 – 5)	Jiangmen City, the PRC	Residential/ Commercial	51%	174,538	396,600	Superstructure of some properties on Land No. 3 topped out, superstructure construction works of other properties in progress, and superstructure construction works of Land No. 4 in progress	2026
Huizhou Dayawan Project	Huizhou City, the PRC	Residential/ Commercial	100%	30,698	92,094	Superstructure construction works, foundation piling works and earthworks in progress	2023

*Note: Including (1) underground commercial area of the Shenzhen GDH City Project with a GFA of 30,000 sq. m.; and (2) common area and area transfer to the government of each project.

Management Discussion and Analysis (continued)

Business Review (continued)

Projects Which Pre-sale Has Commenced

Property project	Location	Use	Interest held by the Group	Approximate GFA included in calculation of plot ratio (sq. m.)	Approximate GFA contracted		The proportion of accumulated GFA contracted to GFA available for sale	Date of pre-sale
					Period under review (sq. m.)	Accumulated (sq. m.)		
Chenyuan Road Project	Jiangmen City, the PRC	Residential/Commercial service	100%	164,216	24,922	24,922	15.2%	January 2021
Jiangmen Ganhua Project (Jiangmen Land No. 3 – 5)	Jiangmen City, the PRC	Residential/Commercial	100%	396,600	15,055	15,055	3.8%	May 2021
Zhuhai Jinwan Project	Zhuhai City, the PRC	Residential/Commercial	100%	166,692	110	110	0.1%	June 2021

During the period under review, the Group's properties recorded the total GFA contracted (including completed properties held for sale and properties held for sale under development) and delivered of approximately 85,000 square metres ("sq. m.") and 31,000 sq. m. respectively.

The Shenzhen GDH City Project

Located in Buxin Area (布心片區), Luohu District, Shenzhen City in the PRC, the Shenzhen GDH City Project is a multi-functional commercial complex with jewelry as the main theme. The project, which is in close proximity to the urban highways and subway stations and adjoins Weiling Park, is surrounded by several municipal parks within a radius of 1.5 kilometres and enjoys convenient transportation and superb landscape resources.

The Shenzhen GDH City Project is developed in two phases. The filing for completion of construction of the first phase was made in June 2020 and the Group has started to deliver properties to the purchasers. The construction of the second phase has been in full swing. As at 30 June 2021, the superstructure of the office tower and the commercial shopping building on the Northern Land development was topped out and renovation works were in progress; and the superstructure of the office tower and the basement structure of the commercial shopping building on the Southern Land were under construction. In respect of the sale of the first phase properties of the Shenzhen GDH City Project, the total GFA of properties contracted for sale amounted to approximately 42,937 sq. m., representing approximately 37.4% of the GFA available for sale during the period under review.

As at 30 June 2021, the accumulated development costs and direct expenses of the Shenzhen GDH City Project amounted to approximately HK\$6,918 million (31 December 2020: HK\$6,174 million), representing a net increase of approximately HK\$744 million during the period under review.

Management Discussion and Analysis (continued)

Business Review (continued)

The Guangzhou Laurel House Project and the Ruyingju Project

During the period under review, the total GFA of residential units of Guangzhou Laurel House Project which had been delivered to customers amounted to approximately 9,971 sq. m. (six months ended 30 June 2020: 9,053 sq. m.), representing an increase of approximately 10.1% as compared to the same period last year. All residential units of the Ruyingju Project had been delivered.

As at 30 June 2021, the occupancy rate of the commercial properties of the Guangzhou Laurel House Project was approximately 92.9%.

The Chenyuan Road Project

The Chenyuan Road Project is located at the southeast to the intersection of Chenyuan Road and Longteng Road and west to Fengxiang Road in Pengjiang District, Jiangmen City, the PRC with a site area of approximately 59,705 sq. m. and a maximum total GFA included in the calculation of the plot ratio of approximately 164,216 sq. m. The proposed types of properties, including residential units, commercial units, and car-parking spaces, will all be for sale. Jiangmen is positioned as the western gateway of the Greater Bay Area, with its value remaining at an underestimated level. Subsequent to improvements in the transportation infrastructure across the eastern and western bays, the future development of such area is expected to prosper. The project is situated in a region with high planning position and enjoys strong market prospects, as well as convenient location as a bonus. Possessing rare landscape resources and sound living amenities, the project embraces the conditions in becoming a regional benchmark project.

The project is being developed in phases. As at 30 June 2021, the superstructure of the first and second phases was topped out, and the superstructure of the remaining properties was under construction. The pre-sale of properties of the first phase development commenced in January 2021, with the project promoted as Jiangmen One Mansion (江門粵海•壹桂府).

The Zhuhai Jinwan Project

The Zhuhai Jinwan Project is located at the west to Jinhui Road and north to Jinhe East Road in Jinwan District, Zhuhai City, the PRC with a site area of approximately 66,090 sq. m. and a maximum total GFA included in the calculation of the plot ratio of approximately 166,692 sq. m. The project is planned for commercial and residential uses. The proposed types of properties, including residential units, commercial units and car-parking spaces, will all be for sale. The high value potentials of the area where the project is located will improve the future development of the project. It is expected that there will be sound living and education amenities in the area. With the significant advantage in terms of location resources, the project enjoys promising market prospects.

The project is being developed in phases. As at 30 June 2021, the superstructure of the first phase properties was under construction, and foundation piling works for the other properties were underway. The filing for completion of construction of the project is expected to be made in 2024. The pre-sale of properties of the first phase development commenced in June 2021, with the project promoted as Zhuhai Laurel House (珠海粵海•拾桂府).

Management Discussion and Analysis (continued)

Business Review (continued)

The Foshan Laurel House Project

The Foshan Laurel House Project is located at west to Wenhua Road, south to Liming 2nd Road, Chancheng District, Foshan City, the PRC with a site area of approximately 43,284 sq. m. and a maximum total GFA included in the calculation of the plot ratio of approximately 151,493 sq. m. The project is planned for residential use compatible with commercial use. In addition, a nursery with area of 4,860 sq. m. is entrusted to be built with the project and gratuitously transferred to the government of Chancheng District, Foshan City upon completion. This sub-district is positioned as a modern, top-notch and strong central of Foshan City, which is a place ideal for living, starting business and fostering innovation. Surrounded by two metro networks, its transportation is much convenient. Together with the well-established education, medical and commercial amenities nearby, the project has the advantages to be forged into an above-twin stations residential community featuring quality lifestyle. With the significant advantage in terms of location resources, the project enjoys promising market prospects.

The project is being developed in phases. As at 30 June 2021, the superstructure of the first phase properties was under construction, and foundation works for the other properties were underway. The pre-sale of properties is expected to commence in the fourth quarter of 2021. The filing for completion of construction of the project is expected to be made in 2023, with the project promoted as Foshan Laurel House (佛山粵海•拾桂府).

The Zhongshan GDH City Project

The Zhongshan GDH City Project is located at the starting area of Tsuihang New District, Zhongshan City, the PRC, with a site area of approximately 98,811 sq. m. and a maximum total GFA included in the calculation of the plot ratio of approximately 247,028 sq. m. The project is planned for town residential use. Sitting in the core centre of the Greater Bay Area, the project is the bridgehead at the west bank of the Pearl River connecting to the Shenzhen Zhongshan Bridge. It therefore undergoes a rapid development and generates increasing market demand. With a superior seaview, the project will enjoy rich environmental landscape resources. Coupled with the plan to perfecting the region by education, medical and commercial facilities, the project is suitable to be developed as a low-density, ecological and quality residential community. With the significant advantage in terms of location, industries and transportation resources, the project enjoys promising market prospects.

The project is being developed in phases. As at 30 June 2021, the superstructure of the first phase properties was under construction, and foundation slab and piling works for the other properties were underway. The pre-sale of properties is expected to commence in the third quarter of 2021. The filing for completion of construction of the project is expected to be made in 2023, with the project promoted as Zhongshan GDH City (中山粵海城).

Management Discussion and Analysis (continued)

Business Review (continued)

Material Acquisitions – Jiangmen Yuehai and Huiyang Yuehai

On 29 October 2020, the Group acquired from the subsidiaries of 廣東粵海控股集團有限公司 (Guangdong Holdings Limited), the ultimate controlling shareholder of the Company: (i) 51% interest in 江門粵海置地有限公司 (Jiangmen Yuehai Land Co., Ltd.) (“Jiangmen Yuehai”) and its shareholder’s loan at a total consideration of approximately RMB954 million (equivalent to approximately HK\$1,086 million); and (ii) 100% interest in 惠陽粵海房產發展有限公司 (Huiyang Yuehai Property Development Co., Ltd.) (“Huiyang Yuehai”) at a consideration of approximately RMB274 million (equivalent to approximately HK\$316 million).

Jiangmen Yuehai mainly holds three adjoining parcels of land located at the east of Ganbei Road, Pengjiang District, Jiangmen City, Guangdong Province, the PRC with a total GFA of approximately 396,600 sq. m. (the “Jiangmen Land No. 3 – 5”). The land has been approved for city and town residential and other commercial and service uses. In addition, there is a parcel of land adjacent to the Jiangmen Land No. 3 – 5 with a GFA of approximately 41,597 sq. m. (the “Jiangmen Land No. 6”), which has been approved for medical and health, and commercial service uses; and subject to the approval of the relevant government authorities in accordance with the policy of “Three Olds” Renovation (「三舊」改造) in relation to, among others, the resettlement of the residents. Jiangmen Yuehai shall be entitled to acquire the relevant land use right in respect of Jiangmen Land No. 6 without paying any land premium. The Jiangmen Ganhua Project is located in a traditional old town district in Jiangmen City with high density population and a convenient transportation network. It is also adjacent to Xi River, connects to the Chaolian Talent Island and is accessible to five parks nearby, providing a quality living environment with an excellent river scenery. The project is being developed in three phases. As at 30 June 2021, the superstructure of some properties on Land No. 3 was topped out; construction works of the superstructure of other properties were in progress; and construction works of the superstructure of other properties on Land No. 4 were in progress. The filing for completion of construction of the project is expected to be made in December 2026. The pre-sale of properties of the first phase development commenced in May 2021, with the project promoted as Jiangmen GDH City (江門粵海城).

Huiyang Yuehai mainly holds the Huizhou Dayawan Project through its wholly-owned subsidiary, 惠州市粵海房地產開發有限公司 (Huizhou City Yuehai Property Development Co., Ltd.). The project is located at Mamiao, Aotou, Dayawan District, Huizhou City, Guangdong Province, the PRC with a GFA of approximately 92,094 sq. m. It is close to Xin’ao Avenue, a trunk road connecting Huiyang District and Dayawan District, and is only seven kilometres away from the Huizhou Highspeed Railway South Station. The project is positioned to be a quality urban residential community with natural slope land garden view. The project is being developed in one phase. As at 30 June 2021, the superstructure construction works, foundation piling works and earthworks were in progress. The pre-sale of properties is expected to commence in March 2022. The filing for completion of construction of the project is expected to be made in 2023, with the project promoted as Huizhou One Mansion (惠州粵海•壹桂府).

The Group’s acquisitions of Jiangmen Yuehai and Huiyang Yuehai constituted a connected transaction and a major transaction of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), and were approved by the shareholders of the Company by way of poll at the special general meeting of the Company held on 15 December 2020. For details of the acquisitions, please refer to the circular of the Company dated 25 November 2020. The acquisition of Jiangmen Yuehai was completed on 13 January 2021. The acquisition of Huiyang Yuehai was completed on 18 January 2021. From the above dates of completion, the assets, liabilities, results and cash flows of these companies are included in the consolidated financial statements of the Company.

Management Discussion and Analysis (continued)

Financial Review

Key Financial Indicators

	Note	Six months ended 30 June		Change
		2021	2020	
Profit attributable to owners of the Company (HK\$'000)		333,355	1,736,811	-80.8%
Return on equity (%)	1	4.8%	31.1%	-26.3 ppt
		30 June 2021	31 December 2020	Change
Net asset value (HK\$ million)		8,080	6,955	+16.2%

Note:

1. Return on equity = Profit attributable to owners of the Company ÷ average equity attributable to owners of the Company

During the first half of 2021, the Group recorded a significant decrease in profit attributable to owners of the Company as compared to the same period last year, which was mainly attributable to the first-time adoption of the fair value model measurement of the investment properties under development built on the Southern Land of the Shenzhen GDH City Project as at 30 June 2020 and the fair value changes of these investment properties under development being recognised in the consolidated statement of profit or loss, resulting in the significant fair value gains on investment properties. For details, please refer to the "Results" section in this Management Discussion and Analysis.

Operating Income, Expenses and Finance Costs

During the first half of 2021, the Group recorded selling and marketing expenses of approximately HK\$200 million (six months ended 30 June 2020: HK\$76.53 million), representing an increase of approximately 161.3% from that for the same period last year. The increase in selling and marketing expenses was mainly due to the increase in related sales activities and sales commissions in relation to the first phase development of the Shenzhen GDH City Project and the Guangzhou Laurel House Project as well as the increase in expenses of the related marketing and sales activities of three new projects which pre-sale commenced during the period. The Group's administrative expenses for the first half of 2021 amounted to approximately HK\$128 million (six months ended 30 June 2020: HK\$62.34 million), representing an increase of approximately 105.3% from that for the same period last year, which was mainly attributable to an increase in wages and related expenditures, an increase in professional fees due to business development and acquisition activities and an increase in the business taxes and surcharges of approximately HK\$27.80 million (six months ended 30 June 2020: HK\$11.29 million) due to an increase in revenue.

During the period under review, the Group borrowed loans to support its business development and recorded finance costs of approximately HK\$320 million (six months ended 30 June 2020: HK\$81.87 million), of which approximately HK\$262 million was capitalised while the remaining portion of approximately HK\$57.42 million was charged to the statement of profit or loss.

Management Discussion and Analysis (continued)

Financial Review (continued)

Capital Expenditure

The amount of capital expenditure paid by the Group during the first half of 2021 was approximately HK\$367 million (six months ended 30 June 2020: HK\$195 million). The capital expenditure for the period was mainly used for the investment properties under development of the Shenzhen GDH City Project.

Financial Resources and Liquidity

As at 30 June 2021, the Group had cash and cash equivalents of approximately HK\$3,637 million (31 December 2020: HK\$2,647 million), representing an increase of approximately 37.4% from that as at the end of last year. The increase in cash and cash equivalents was mainly due to more proceeds from property sales and new bank and other loans during the period under review. The main purpose for such new interest-bearing loans is to satisfy the funding needs for the Group's business development.

Of the Group's cash and bank balances (including restricted bank balances and cash and cash equivalents) as at 30 June 2021, approximately 98.1% was in RMB, approximately 0.4% was in USD and approximately 1.5% was in HKD. Net cash outflows from operating activities for the first half of 2021 amounted to approximately HK\$4,129 million (six months ended 30 June 2020: net cash inflows of HK\$255 million).

As most of the transactions in the Group's daily operations in Mainland China are denominated in RMB, currency exposure from these transactions is low. During the period under review, the Group did not take the initiative to perform currency hedge for such transactions.

As at 30 June 2021, the Group had interest-bearing borrowings from certain banks and related parties of the Company amounting to approximately HK\$14,367 million (31 December 2020: HK\$7,762 million) in aggregate, with a gearing ratio¹ of approximately 132.9% (31 December 2020: 73.7%). According to the relevant loan agreements, approximately HK\$1,737 million of the interest-bearing loans are repayable within one year; approximately HK\$2,775 million are repayable within one to two years; and the remaining approximately HK\$9,855 million are repayable within two to five years. The Group obtained funds for business development through different financing channels and effectively controlled its finance costs. As at 30 June 2021, the weighted average effective interest rate of the Group's bank and other borrowings was 4.50% (31 December 2020: 4.66%) per annum. As at 30 June 2021, the banking facilities available to the Group were approximately RMB2,385 million (equivalent to approximately HK\$2,866 million). The Group reviews its funding needs from time to time according to the existing projects and other new investment businesses and considers obtaining funds through various financing means and channels so as to secure adequate financial resources for business development.

Asset Pledged and Contingent Liabilities

As at 30 June 2021, the Group's certain properties amounting to approximately HK\$9,101 million (31 December 2020: HK\$5,748 million) and the 100% equity interests of 廣東粵海房地產開發有限公司 (Guangdong Yuehai Property Development Co., Ltd.) and 珠海粵海置地有限公司 (Zhuhai Yuehai Land Co., Ltd.) were pledged to secure certain bank loans.

In addition, as at 30 June 2021, the Group provided guarantees of approximately HK\$1,073 million (31 December 2020: HK\$1,087 million) to certain banks in relation to the mortgage loans on properties sold (please refer to note 17 to the interim financial information for details). Save for the above, the Group did not have any other material contingent liabilities as at 30 June 2021.

¹ Gearing ratio = (Interest-bearing loans + Lease liabilities - Cash and cash equivalents) ÷ Net assets

Management Discussion and Analysis (continued)

Risks and Uncertainties

As the Group is engaged in property development and investment businesses in the Mainland China, the risks and uncertainties of its business are principally associated with the property market and property prices in the Mainland China, and the Group's income in the future will be directly affected accordingly. The property market in the Mainland China is affected by a number of factors which include, among others, economic environment, property supply and demand, the PRC government's fiscal and monetary policies, taxation policies and austerity measures on the real estate sector, etc. At present, property projects held by the Group are all located in first-tier cities or the Greater Bay Area and comprise different property types and uses, thereby effectively diversifies the operating risks of the Group.

As property projects have a relatively long development period, the Company may need to seek external funding to partially finance the development of such projects. As such, financing channels and finance costs are subject to the prevailing market conditions, loan interest rates and the financial position of the Group. As at 30 June 2021, the Group had total outstanding interest-bearing loans of approximately HK\$14,367 million (31 December 2020: HK\$7,762 million).

According to the applicable accounting standards, investment properties of the Group were carried at fair value. The fair values of these investment properties are subject to the prices in the property markets in which they are located as at the end of each reporting periods. The fair value changes of such investment properties are recognised in the statement of profit or loss and affect the profit of the Group.

As the property development business has a relatively long product life cycle, the Group's future results and cash flows will be relatively volatile. To reduce the volatility of its revenue and profit, the commercial properties of the Guangzhou Laurel House Project and investment properties under development of the Shenzhen GDH City Project are held by the Group for lease in order to generate stable rental income for the Group in the future.

Management Discussion and Analysis (continued)

Policy and Performance on Environmental, Social and Governance

The Group strictly complies with the 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 ("ESG") takes into consideration the views of various stakeholders, especially for important ESG issues, and is supported by staff members from all levels and departments of the Group. Staff members jointly implement and execute relevant internal policies and promptly respond to the expectations of stakeholders.

To further refine its ESG policies, the Group has been actively communicating with stakeholders such as employees, customers, business partners and suppliers, shareholders and investors, government authorities and regulators through various channels in order to gather comments and suggestions from them. Coupled with the management's expectations on development, the Group identifies and analyses important topics at two dimensions, namely "Significance to our Stakeholders" and "Importance to Guangdong Land's Development", by conducting proactive and comprehensive stakeholder communication from multiple perspectives in various ways, such as face-to-face communication, email correspondence, telephone interviews and on-site visits, with the assistance of an independent third-party professional consultant, thereby allowing the Group to envisage changes in the operating environment and consequently achieving the goals of sustainability and proper risk management.

The Group operates in the real estate industry 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 the relevant authorities' rejection of the applications for construction projects. The Group ensures that all newly constructed buildings comply with the environmental protection and energy conservation requirements set by the central and local governments. It also spares no efforts in contributing to environmental protection by actively collaborating with the main contractors of its development projects.

The Company prepared its 2020 ESG report and published it in May 2021. The report summarises the Group's initiatives and achievements in respect of corporate social responsibility, covering various aspects including corporate governance, environmental protection, care for employees, quality management, care for the community and other aspects in 2020. To redouble its ESG efforts and uphold the corporate philosophy of sustainability, the Group has reviewed its ESG management structure during the period under review. In April 2021, the Company established the ESG Committee with the ESG Working Group under it. Authorised by the Board, the ESG Committee is responsible for determining the ESG management objectives, approaches and implementation paths, monitoring the implementation and effectiveness of the relevant policies and practices adopted, and leading and overseeing the work of the ESG Working Group, with the aim of improving its ESG performance.

Human Resources

As at 30 June 2021, the Group had 501 (31 December 2020: 401) employees. Various basic benefits were provided to the Group's employees. As to the staff incentive policy, it is designed to reward employees by reference to and integrating factors including the Group's operating results and the performance of the individual employees. There was no share option scheme of the Company in operation during the period under review. The Group offers different training courses to its employees.

Management Discussion and Analysis (continued)

Outlook

During the first half of 2021, as the world situation of the Pandemic improved, the global economy gradually recovered, but showed a significant divergence and imbalance. In the face of a complex and volatile external environment, the PRC government has continued to consolidate and expand the achievements in prevention and control of the Pandemic, implemented macro-policies with precision, and promoted the sustained and steady economic recovery. Overall, the economy has been strengthened and improved while maintaining stability. According to the economic data for the first half of 2021 released by the PRC's National Bureau of Statistics, the PRC's GDP grew by about 12.7%, and its per capita nominal disposable income of national residents grew by about 12.6% over the same period last year. In the second quarter, the PRC's GDP grew by 7.9% and 1.3%, respectively over the same period last year and the first quarter of 2021, providing strong impetus for the world economic recovery.

In the first half of 2021, under its position of "housing is for living, not for speculation" (房住不炒), the PRC government has continuously improved its real estate austerity policies and successively issued regulations on the concentration of real estate loans (setting the upper limit of the proportion of real estate loans and the upper limit of the proportion of individual housing loans for five institution categories including seven large Chinese banks, 17 medium-sized Chinese banks, small Chinese banks, non-county rural cooperative institutions, county rural cooperative institutions and rural banks) and the "two concentration" policy for land supply in key cities (namely, centralised release of transfer announcements, limiting the release of residential land transfer announcements to a maximum of three times in 2021, and centralised organisation of transfer activities). In this way, the rapid rise of the real estate market has been controlled, and the growth of commercial housing sales has decelerated. Nevertheless, the growth of real estate development and investment remains resilient. The housing prices in the first-tier cities and the Greater Bay Area are still rising to varying degrees. The "two concentration" policy for land supply in key cities affects the pace of land supply, so the premium rate of land transactions is still high. Looking forward to the second half of the year, the demand of the real estate market will be affected by the austerity policies, and the growth rate of the sales area of commodity premises will continue to fall. The momentum of the real estate development and investment weakened with the growth rate slightly slowing down. The growth of housing price tends to stabilise. The market in the Greater Bay Area will continue to improve, and the demand for home purchase will drive a steady increase in transaction volume. In the long run, the persistently sound fundamentals of the PRC's economy coupled with steady property development and investment will continue to facilitate the stable and healthy growth of the Mainland China's property sector.

The Group's projects such as Shenzhen GDH City, Guangzhou Laurel House, Zhuhai Jinwan Project, Jiangmen Chenyuan Road Project, Jiangmen Ganhua Project, Huizhou Dayawan Project, Foshan Laurel House and Zhongshan GDH City are all located in the central cities of the Greater Bay Area or covered by the "Core, Coastal Belt and Zone Initiative", and will benefit from the strong development momentum of these areas. Through the development, construction and management of projects such as the Shenzhen GDH City and the Guangzhou Laurel House, the Group has strategically entered the markets of major cities in the Greater Bay Area such as Zhuhai, Jiangmen, Huizhou, Foshan and Zhongshan, developed sound cooperative relationships with the local governments, established professional development teams and an operating model for project development, and accumulated experience in acquiring land in a diversified manner. As the sole capital development platform for the property development business of Guangdong Province's largest offshore conglomerate, GDH Limited, the Group will combine its accumulated professional capabilities and industry experience, fully utilise the advantages of its provincial state-owned enterprise background and shareholder resources, and focus on diversified land acquisition and expansion modes, such as bidding, auction and quotation, coordinated development with shareholder resources, external cooperative development and renovation. It will continue to seek opportunities for acquiring quality development projects in the Greater Bay Area and proactively respond to fierce competition in the land acquisition market. Through strengthening standardised construction and management, increasing efficiency and reducing costs, the Group will increase efforts in brand building and enhancement and further enhance its product quality and competitiveness. It will formulate flexible and effective marketing strategies based on the actual market conditions to speed up project sales and destocking and effectively respond to the austerity policies of the real estate market. It will accelerate the establishment and development of operating properties, with a view to growing itself into an "influential property developer in the Greater Bay Area" and paving the way for the stable development of the Company in the long run.

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 property business in order to create greater returns for its shareholders as we did in the past.

Directors' Interests and Short Positions in Securities

As at 30 June 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be: (a) notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (b) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

(i) Interests and short positions in the Company

Name of Director	Capacity/ Nature of interest	Number of ordinary shares held	Long/Short position	Approximate percentage of interests held ^(Note)
Alan Howard SMITH	Personal	317,273	Long position	0.019%
Vincent Marshall LEE Kwan Ho	Corporate	1,000,000	Long position	0.058%

Note: The approximate percentage of interests held was calculated on the basis of 1,711,536,850 ordinary shares of the Company in issue as at 30 June 2021.

(ii) Interests and short positions in Guangdong Investment Limited

Name of Director	Capacity/ Nature of interest	Number of ordinary shares held	Long/Short position	Approximate percentage of interests held ^(Note)
XU Yeqin	Personal	301,200	Long position	0.005%

Note: The approximate percentage of interests held was calculated on the basis of 6,537,821,440 ordinary shares of Guangdong Investment Limited ("GDI") in issue as at 30 June 2021.

Save as disclosed above, as at 30 June 2021, to the knowledge of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (a) notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (b) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Save as disclosed above, at no time during the period was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors or their spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporates.

Substantial Shareholders' Interests

As at 30 June 2021, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity/ Nature of interest	Number of ordinary shares held	Long/Short position	Approximate percentage of interests held ^(Note 1)
廣東粵海控股集團有限公司 (Guangdong Holdings Limited) <i>(Note 2)</i>	Interest in controlled corporation	1,263,494,221	Long position	73.82%
GDH Limited ^(Note 2)	Interest in controlled corporation	1,263,494,221	Long position	73.82%
Guangdong Investment Limited	Beneficial owner	1,263,494,221	Long position	73.82%

Notes:

1. The approximate percentage of interests held was calculated on the basis of 1,711,536,850 ordinary shares of the Company in issue as at 30 June 2021.
2. The attributable interest which 廣東粵海控股集團有限公司 (Guangdong Holdings Limited) ("Guangdong Holdings") has in the Company is held through its wholly-owned subsidiary, namely GDH Limited, and the attributable interest of the latter is held through its subsidiary, GDI.

Save as disclosed above, as at 30 June 2021, so far as is known to any Director or chief executive of the Company, no other person (other than a Director or chief executive of the Company) had, or was taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO.

Corporate Governance and Other Information

Corporate Governance Code

The Company has complied with the code provisions and, where appropriate, adopted the applicable recommended best practices set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2021.

Directors' Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. In response to specific enquiry made, all the Directors confirmed that they have complied with the required standards of dealings as set out in the Model Code during the six months ended 30 June 2021.

Change in Director's Information

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in Director's information during the period under review and up to the date of this report is set out below:

- The emoluments of Mr. ZHANG Jun has been adjusted to RMB724,550 per annum plus a discretionary bonus pegged to performance, with effect from 1 January 2021.

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 2021. In addition, the unaudited condensed consolidated interim financial information has been reviewed by the Company's independent auditor, PricewaterhouseCoopers, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

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 six months ended 30 June 2021.

Corporate Governance and Other Information (continued)

Disclosure under Rule 13.21 of the Listing Rules

Pursuant to a facility letter issued by a bank (the "Bank") and accepted by the Company on 3 February 2021 in relation to a term loan facility (the "Facility") for 360 days in the principal amount of HK\$1,000 million made available by the Bank to the Company, the Bank may by notice to the Company require the Company to fully repay the loan under the Facility within one month if, among others, any one of the following events has occurred:

- (i) the Guangdong Provincial People's Government of the PRC ceases to be the single largest shareholder and holds (direct or indirect) less than 50% interest of Guangdong Holdings; or
- (ii) Guangdong Holdings ceases to be the single largest shareholder and holds (direct or indirect) less than 50% interest of GDI.

In addition, the Company has undertaken to ensure that GDI continues to be the single largest shareholder and holds (direct or indirect) not less than 50% interest of the Company.

The outstanding principal of the Facility as at 30 June 2021 amounted to HK\$1,000 million.

By Order of the Board
XU Yeqin
Chairman

Hong Kong, 30 August 2021

Report on Review of Interim Financial Information



羅兵咸永道

To the board of directors of Guangdong Land Holdings Limited

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 22 to 42, which comprises the interim condensed consolidated balance sheet of Guangdong Land Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2021 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 30 August 2021

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Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2021

	Notes	Unaudited	
		2021	2020
		HK\$'000	HK\$'000
Revenue	5	2,283,775	1,898,483
Cost of sales		(1,197,560)	(1,023,225)
Gross profit		1,086,215	875,258
Other gains/(losses), net	5	8,053	(1,269)
Fair value gains on investment properties	10	79,456	1,894,343
Selling and marketing expenses		(199,575)	(76,531)
Administrative expenses		(127,545)	(62,341)
Operating profit		846,604	2,629,460
Finance income	6	16,860	11,606
Finance costs	6	(57,420)	(21,960)
Finance costs, net		(40,560)	(10,354)
Profit before tax	7	806,044	2,619,106
Income tax expense	8	(486,237)	(878,226)
Profit for the period		319,807	1,740,880
Attributable to:			
Owners of the Company		333,355	1,736,811
Non-controlling interests		(13,548)	4,069
		319,807	1,740,880
Earnings per share			
Basic and diluted	9	HK19.48 cents	HK101.48 cents

The notes on pages 28 to 42 form an integral part of this interim financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Profit for the period	319,807	1,740,880
Other comprehensive income/(loss)		
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	85,790	(109,491)
Total comprehensive income for the period	405,597	1,631,389
Total comprehensive income for the period attributable to:		
Owners of the Company	382,003	1,629,401
Non-controlling interests	23,594	1,988
	405,597	1,631,389

The notes on pages 28 to 42 form an integral part of this interim financial information.

Condensed Consolidated Balance Sheet

As at 30 June 2021

	Notes	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Assets			
Non-current assets			
Property, plant and equipment		37,322	40,726
Construction in progress		55,981	48,692
Right-of-use assets		7,301	10,484
Intangible asset		22,968	23,319
Investment properties	10	6,494,335	5,953,642
Deferred tax assets		489,584	393,045
Total non-current assets		7,107,491	6,469,908
Current assets			
Completed properties held for sale		1,981,044	3,111,389
Properties held for sale under development		17,523,579	5,284,351
Prepayments, land and other deposits and other receivables		638,071	3,198,422
Tax recoverable		232,334	–
Contract assets		102,165	54,645
Restricted bank balances	11	772,749	96,681
Cash and cash equivalents	11	3,637,445	2,647,323
Total current assets		24,887,387	14,392,811
Total assets		31,994,878	20,862,719
Liabilities			
Current liabilities			
Trade and bills payables	12	(222,235)	(101,213)
Other payables, accruals and provisions		(3,067,269)	(1,371,635)
Contract liabilities		(3,512,422)	(2,106,881)
Lease liabilities		(4,821)	(6,542)
Tax payables		(1,806,889)	(1,468,852)
Dividend payables		(26,187)	–
Bank borrowings	13	(1,255,983)	(735,152)
Loan from a fellow subsidiary	19(c)	(481,081)	(475,280)
Total current liabilities		(10,376,887)	(6,265,555)
Net current assets		14,510,500	8,127,256
Total assets less current liabilities		21,617,991	14,597,164

Condensed Consolidated Balance Sheet (continued)

As at 30 June 2021

	Notes	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Non-current liabilities			
Bank and other borrowings	13	(4,545,986)	(1,941,119)
Loans from fellow subsidiaries	19(c)	(5,613,335)	(4,610,216)
Loan from the ultimate holding company	19(c)	(2,093,536)	–
Loans from non-controlling interests	19(c)	(377,365)	–
Lease liabilities		(2,467)	(4,209)
Deferred tax liabilities		(890,277)	(1,071,175)
Other payable		(15,307)	(15,134)
Total non-current liabilities		(13,538,273)	(7,641,853)
Total liabilities		(23,915,160)	(13,907,408)
Net assets		8,079,718	6,955,311
Equity			
Equity attributable to owners of the Company			
Share capital	14	171,154	171,154
Reserves		7,019,125	6,664,629
		7,190,279	6,835,783
Non-controlling interests		889,439	119,528
Total equity		8,079,718	6,955,311

The notes on pages 28 to 42 form an integral part of this interim financial information.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Unaudited										
	Attributable to owners of the Company										
	Share capital	Share premium account*	Capital reserve*	Property revaluation reserve*	Enterprise development funds*	Reserve funds*	Exchange fluctuation reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2020	171,154	1,688,606	13,824	6,984	216	218,085	(146,505)	2,811,485	4,763,849	106,161	4,870,010
Profit for the period	-	-	-	-	-	-	-	1,736,811	1,736,811	4,069	1,740,880
Other comprehensive loss for the period	-	-	-	-	-	-	(107,410)	-	(107,410)	(2,081)	(109,491)
Total comprehensive (loss)/ income for the period	-	-	-	-	-	-	(107,410)	1,736,811	1,629,401	1,988	1,631,389
At 30 June 2020	171,154	1,688,606	13,824	6,984	216	218,085	(253,915)	4,548,296	6,393,250	108,149	6,501,399
At 1 January 2021	171,154	1,688,606	13,824	6,984	216	291,237	243,507	4,420,255	6,835,783	119,528	6,955,311
Profit/(loss) for the period	-	-	-	-	-	-	-	333,355	333,355	(13,548)	319,807
Other comprehensive income for the period	-	-	-	-	-	-	48,648	-	48,648	37,142	85,790
Total comprehensive income for the period	-	-	-	-	-	-	48,648	333,355	382,003	23,594	405,597
Transactions with owners in their capacity as owners:											
Non-controlling interest on an acquisition of subsidiary	-	-	-	-	-	-	-	-	-	746,317	746,317
Transaction with a non-controlling interest (Note)	-	-	(1,320)	-	-	-	-	-	(1,320)	-	(1,320)
Dividends provided	-	-	-	-	-	-	-	(26,187)	(26,187)	-	(26,187)
At 30 June 2021	171,154	1,688,606	12,504	6,984	216	291,237	292,155	4,727,423	7,190,279	889,439	8,079,718

* These reserve accounts represented the consolidated reserves of HK\$7,019,125,000 in the condensed consolidated balance sheet.

Note: The amount arose from the acquisition of additional interest in a subsidiary that does not result in a change of control by the Group.

The notes on pages 28 to 42 form an integral part of this interim financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Note	Unaudited	
		Six months ended 30 June	
		2021	2020
		HK\$'000	HK\$'000
Cash flows from operating activities			
Net cash (used in)/generated from operations	18	(3,245,313)	555,899
Interest received		16,872	11,714
Interest paid		(220,627)	(62,126)
PRC tax paid		(679,837)	(250,323)
Net cash flows (used in)/from operating activities		(4,128,905)	255,164
Cash flows from investing activities			
Purchases of property, plant and equipment		(1,149)	(4,340)
Additions to construction in progress		(6,712)	(33,780)
Additions to investment properties		(359,629)	(157,203)
Additions to intangible asset		–	(9,378)
Acquisitions of subsidiaries		(537,719)	–
Net cash flows used in investing activities		(905,209)	(204,701)
Cash flows from financing activities			
Drawdown of bank and other borrowings		3,089,139	429,815
Increase in loans from fellow subsidiaries		947,236	972,048
Increase in loan from the ultimate holding company		2,087,613	–
Decrease in amount due to a non-controlling interest		(157,407)	(22,092)
Increase in loans from non-controlling interests		23,967	–
Principal elements of lease payments		(3,441)	(4,388)
Net cash flows from financing activities		5,987,107	1,375,383
Net increase in cash and cash equivalents		952,993	1,425,846
Cash and cash equivalents at beginning of period		2,647,323	1,001,458
Effect of foreign exchange rate changes, net		37,129	(33,524)
Cash and cash equivalents at end of period	11	3,637,445	2,393,780

The notes on pages 28 to 42 form an integral part of this interim financial information.

Notes to Condensed Consolidated Interim Financial Information

1 General information

Guangdong Land Holdings Limited (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. 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 (the “PRC”).

During the period, the Company and its subsidiaries (together, the “Group”) were involved in property development and investment businesses.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2021 has been prepared in accordance with the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2020, as described in those annual financial statements, except for the adoption of new amendment to standards effective for the financial year ending 31 December 2021.

(i) *New amendment to standards adopted by the Group*

The Group has adopted the following new amendment to standards which is mandatory for the financial year beginning 1 January 2021.

HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2 (Amendments)
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The Group has assessed the impact of the adoption of this new amendment to standards. It did not have any significant impact on the Group’s results.

Notes to Condensed Consolidated Interim Financial Information (continued)

2 Basis of preparation (continued)

- (ii) *New standard, amendments to standards, guideline and interpretation which are not yet effective for this financial period and have not been early adopted by the Group*

The Group has not early adopted the following new standard, amendments to standards, guideline and interpretation that have been issued but are not yet effective for the period:

		Effective for accounting periods beginning on or after
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
HKFRS 3, HKAS 16 and HKAS 37 (Amendments)	Narrow-scope amendments	1 January 2022
Accounting Guideline 5 (revised)	Merger Accounting for Common Control Combinations	1 January 2022
Annual Improvements Project	Annual Improvements to HKFRSs 2018-2020	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17 (Amendments)	Amendments to HKFRS 17	1 January 2023
HKAS 1 (Amendments)	Classification of liabilities as current or non-current (Amendments)	1 January 2023
HK-Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The Group will adopt the new standard, amendments to standards, guideline and interpretation and the Group is in the process of assessing the impact on the financial statements.

3 Critical accounting estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, incomes and expenses. Actual results may differ from these estimates.

The Directors have considered the existing and potential impact arising from the global COVID-19 pandemic in the preparation of the condensed consolidated interim financial information. The Group has based its assumptions and estimates on circumstances and conditions available when the condensed consolidated interim financial information were prepared. Given the unprecedented macro conditions, actual results could differ significantly from those assumptions and estimates. The Directors will remain alert and cautious on the ongoing development of COVID-19 that may cause further volatility and uncertainty in the global financial market and economy and will take necessary measures to address the impact arising therefrom.

Notes to Condensed Consolidated Interim Financial Information (continued)

3 Critical accounting estimates (continued)

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

4 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 consist 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 resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that finance income and cost are 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 periods, there were no intersegment transactions.

	For the six months ended 30 June 2021		
	Property development and investment HK\$'000	Other HK\$'000	Total HK\$'000
Segment revenue:			
Sales to external customers	2,283,775	–	2,283,775
Segment results	867,138	(20,534)	846,604
Reconciliation:			
Finance income			16,860
Finance costs			(57,420)
Profit before tax			806,044

Notes to Condensed Consolidated Interim Financial Information (continued)

4 Segment information (continued)

	For the six months ended 30 June 2020		
	Property development and investment <i>HK\$'000</i>	Other <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:			
Sales to external customers	1,898,483	–	1,898,483
Segment results	2,651,054	(21,594)	2,629,460
Reconciliation:			
Finance income			11,606
Finance costs			(21,960)
Profit before tax			2,619,106

	At 30 June 2021		
	Property development and investment <i>HK\$'000</i>	Other <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	31,415,437	89,857	31,505,294
Reconciliation:			
Unallocated assets			489,584
Total assets			31,994,878
Segment liabilities	(22,015,722)	(1,009,161)	(23,024,883)
Reconciliation:			
Unallocated liabilities			(890,277)
Total liabilities			(23,915,160)

Notes to Condensed Consolidated Interim Financial Information (continued)

4 Segment information (continued)

	At 31 December 2020		
	Property development and investment HK\$'000	Other HK\$'000	Total HK\$'000
Segment assets	20,417,322	52,352	20,469,674
Reconciliation: Unallocated assets			393,045
Total assets			20,862,719
Segment liabilities	(12,797,805)	(38,428)	(12,836,233)
Reconciliation: Unallocated liabilities			(1,071,175)
Total liabilities			(13,907,408)

5 Revenue and other gains/(losses), net

An analysis of revenue and other gains/(losses), net is as follows:

	For the six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
Revenue		
From contract with customers:		
– Sale of properties recognised at a point in time	2,273,904	1,890,703
From other sources:		
– Rental income	9,871	7,780
	2,283,775	1,898,483
Other gains/(losses), net		
Exchange gains/(losses), net	4,486	(1,612)
Sales deposits forfeiture	1,308	–
Others	2,259	343
	8,053	(1,269)

Notes to Condensed Consolidated Interim Financial Information (continued)

6 Finance income/(costs)

	For the six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
Finance income		
– bank interest income	16,860	11,606
Finance costs		
– interest expenses on bank borrowings	94,055	47,678
– interest expenses on other borrowings	225,340	33,745
– others	486	451
Total finance costs incurred	319,881	81,874
Less: amount capitalised in property development projects	(262,461)	(59,914)
Total finance costs expensed during the period	57,420	21,960

For the six-month period ended 30 June 2021, the capitalised interest rate applied to funds borrowed and used for the development of properties is between 1.99% and 6.50% (for the six months ended 30 June 2020: 4.35% and 4.90%) per annum.

7 Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
Cost of properties sold	1,197,509	1,021,006
Depreciation	9,392	11,537
Exchange (gains)/losses, net	(4,486)	1,612
Commission expenses	97,241	38,475
Staff costs		
– wages and salaries	248,053	50,636
– provident fund contributions	28,687	3,477
– forfeited contributions	–	(23)
	276,740	54,090
Less: amount capitalised under property development projects	(210,565)	(16,040)
Total staff costs expensed during the period	66,175	38,050

Notes to Condensed Consolidated Interim Financial Information (continued)

8 Income tax expense

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 (for the six months ended 30 June 2020: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. The corporate income tax rate of the PRC is 25%.

Land appreciation tax ("LAT") has been 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.

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Current income tax		
– PRC taxation	238,311	175,481
LAT in Mainland China	532,318	456,400
Deferred income tax	(284,392)	246,345
	486,237	878,226

9 Earnings per share attributable to ordinary equity holders of the Company

The calculation of the basic earnings per share amount is based on the earnings for the period attributable to ordinary equity holders of the Company and the number of ordinary shares of 1,711,536,850 (for the six months ended 30 June 2020: 1,711,536,850) in issue during the period.

The Group had no potentially dilutive shares in issue during the six months ended 30 June 2021 and 2020.

Notes to Condensed Consolidated Interim Financial Information (continued)

10 Investment properties

	Completed investment properties at fair value <i>HK\$'000</i> <i>(Note a)</i>	Investment properties under development at fair value <i>HK\$'000</i> <i>(Note a)</i>	Investment properties under development at cost <i>HK\$'000</i>	Total <i>HK\$'000</i>
2021				
At 1 January 2021	472,476	5,481,166	–	5,953,642
Additions	–	383,666	–	383,666
Acquisition of a subsidiary	8,088	–	–	8,088
Fair value (losses)/gains on investment properties	(11,443)	90,899	–	79,456
Exchange differences	5,399	64,084	–	69,483
At 30 June 2021	474,520	6,019,815	–	6,494,335
2020				
At 1 January 2020	481,762	1,456,771	1,002,840	2,941,373
Additions	–	201,812	–	201,812
Transfer from investment properties under development at cost to investment properties under development at fair value <i>(Note b)</i>	–	969,060	(969,060)	–
Transfer to construction in progress	–	–	(33,780)	(33,780)
Fair value (losses)/gains on investment properties	(41,489)	1,935,832	–	1,894,343
Exchange differences	(8,911)	(66,036)	–	(74,947)
At 30 June 2020	431,362	4,497,439	–	4,928,801

As at 30 June 2021, investment properties under development of fair value HK\$4,464,126,000 (31 December 2020: HK\$4,323,483,000) was pledged to banks as securities for bank borrowings granted to a subsidiary of the Company (Note 13).

Notes:

- (a) The Group's completed investment properties and investment properties under development as at 30 June 2021 were revalued by RHL Appraisal Limited, independent professionally qualified valuers, at HK\$6,494,335,000 (31 December 2020: HK\$5,953,642,000).
- (b) After the development plan was substantially finalised whereby the related construction permit was obtained from the government authority in January 2020 and certain major construction contracts were substantially finalised in the second quarter of 2020, the Group has concluded that the fair value of the Southern Land of the GDH City Project of HK\$969,060,000 can be reliably determined and therefore transferred from cost model to fair value model as at 30 June 2020. The corresponding fair value gain of HK\$1,890,413,000 was recognised in the consolidated statement of profit or loss during the period ended 30 June 2020.

Notes to Condensed Consolidated Interim Financial Information (continued)

11 Restricted bank balances and cash and cash equivalents

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Cash and bank balances	4,360,636	2,704,980
Time deposits with original maturity of less than three months when acquired	49,558	39,024
	4,410,194	2,744,004
Less: restricted bank balances (Note)	(772,749)	(96,681)
Cash and cash equivalents	3,637,445	2,647,323

Note: Balance at 30 June 2021 mainly represented pre-sale proceeds from and funds in relation to relocated households of the Group's completed properties held for sale and properties held for sale under development placed at designated bank accounts under supervision pursuant to relevant regulations in the PRC amounting to approximately HK\$772,564,000 (31 December 2020: HK\$96,499,000).

12 Trade and bills payables

Trade payables are non-interest bearing; while bills payables are interest bearing. An aging analysis of the balance as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Not yet due	217,042	29,705
1 to 3 months	946	2,048
Over 3 months	4,247	69,460
	222,235	101,213

Notes to Condensed Consolidated Interim Financial Information (continued)

13 Bank and other borrowings

	30 June 2021 <i>HK\$'000</i>	31 December 2020 <i>HK\$'000</i>
Bank borrowings – secured	4,309,592	2,676,271
Bank and other borrowings – unsecured	1,492,377	–
	5,801,969	2,676,271
Bank and other borrowings repayable as follows:		
Not exceeding 1 year	1,255,983	735,152
More than 1 year but not exceed 2 years	613,581	84,331
More than 2 year but not exceed 5 years	3,560,026	1,672,043
More than 5 years	372,379	184,745
Less: current portion	5,801,969 (1,255,983)	2,676,271 (735,152)
Non-current portion	4,545,986	1,941,119

Bank and other borrowings are secured by the following pledged assets:

	30 June 2021 <i>HK\$'000</i>	31 December 2020 <i>HK\$'000</i>
Investment properties (Note 10)	4,464,126	4,323,483
Completed properties held for sale	–	72,531
Properties held for sale under development	4,636,704	1,351,819
Pledged bank deposit (Note)	–	–
	9,100,830	5,747,833

Note:

Pursuant to the relevant bank loan agreement, the bank borrowing of HK\$883,323,000 (31 December 2020: HK\$879,268,000) is secured by a pledged bank deposit account. As at 30 June 2021, there is nil cash and bank deposit in this designated account (31 December 2020: Nil).

Out of the above secured bank borrowings of HK\$4,309,592,000 (31 December 2020: HK\$2,676,271,000), an aggregated amount of HK\$1,366,423,000 (31 December 2020: an aggregated amount of HK\$712,920,000) is also secured by pledge of equity interests of subsidiaries.

The secured bank borrowings of HK\$4,309,592,000 (31 December 2020: HK\$2,676,271,000) are repayable by instalments. Such secured bank borrowings are interest bearing at floating rates with contractual interest repricing dates ranged within 6 months.

As at 30 June 2021, the weighted average effective interest rate of the Group's bank borrowings is 4.01% (as at 31 December 2020: 4.59%) per annum.

The carrying amounts of bank borrowings approximate their fair values and are denominated in Renminbi.

Notes to Condensed Consolidated Interim Financial Information (continued)

14 Share capital

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Authorised:		
5,000,000,000 ordinary shares of HK\$0.10 each	500,000	500,000
Issued and fully paid:		
1,711,536,850 ordinary shares of HK\$0.10 each	171,154	171,154

15 Asset acquisitions

In January 2021, the Group acquired from Guangdong Holdings Limited, the ultimate holding company of the Company, (i) 51% of Jiangmen Yuehai Land Co., Ltd. ("Jiangmen Yuehai") at a consideration of RMB954 million (of which including RMB306 million to assume 51% of the shareholder loan); and (ii) 100% of Huiyang Yuehai Property Development Co., Ltd. and its subsidiary (together "Huiyang Yuehai") at a consideration of RMB274 million.

Management accounted for the acquisitions as acquisition of assets and liabilities in accordance with the amendments to Hong Kong Financial Reporting Standards 3 (Revised) "Business Combination" which required the cost of acquisition to be allocated to individual identifiable assets and liabilities of the acquired companies on the basis of their relative fair values at the date of acquisition as summarised below:

	Jiangmen Yuehai Carrying value upon completion		Huiyang Yuehai Carrying value upon completion	
	RMB'000	HK\$'000	RMB'000	HK\$'000
Property, plant and equipment	548	657	527	632
Investment properties	–	–	6,749	8,088
Completed properties held for sale	–	–	4,260	5,105
Properties held for sale under development	1,843,839	2,209,657	195,425	234,197
Prepayments, deposits and other receivables	36,650	43,921	736	882
Cash and cash equivalents	61,671	73,907	72,224	86,553
Deferred tax assets	972	1,165	969	1,161
Other payables, accruals and provisions	(72,739)	(87,170)	(7,092)	(8,499)
Loans from shareholders	(600,000)	(719,040)	–	–
Non-controlling interest	(622,761)	(746,317)	–	–
Cash consideration on equity interests	648,180	776,780	273,798	328,119
Cash consideration paid during the period	194,453	233,034	82,139	98,435
Cash consideration payable	453,727	543,746	191,659	229,684
	648,180	776,780	273,798	328,119

Notes to Condensed Consolidated Interim Financial Information (continued)

16 Capital commitments

The Group had the following capital commitments at the end of the reporting period:

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Contracted, but not provided for:		
Property development expenditure	5,283,181	1,660,694

17 Guarantees

As at 30 June 2021, 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 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 2021, the Group's outstanding guarantees amounted to HK\$1,072,857,000 (as at 31 December 2020: HK\$1,087,082,000) in respect of these guarantees.

18 Note to the condensed consolidated statement of cash flows

Reconciliation of profit before tax to net cash (used in)/generated from operations

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Profit before tax	806,044	2,619,106
Adjustments for:		
Amortisation	616	473
Depreciation	9,392	11,537
Exchange (gains)/losses, net	(4,486)	1,612
Finance income	(16,860)	(11,606)
Finance costs	57,420	21,960
Fair value gains on investment properties	(79,456)	(1,894,343)
Operating profit before working capital changes	772,670	748,739
Decrease/(increase) in completed properties held for sale	1,167,764	(1,276,657)
(Increase)/decrease in properties held for sale under development	(9,437,893)	2,049,819
(Increase)/decrease in restricted bank balances	(673,054)	141,343
Increase in trade and bills payables	119,525	340
Increase/(decrease) in contract liabilities	1,377,518	(746,719)
Other changes in working capital	3,428,157	(360,966)
Net cash (used in)/generated from operations	(3,245,313)	555,899

Notes to Condensed Consolidated Interim Financial Information (continued)

19 Related party transactions

- (a) In addition to the related party information and transaction disclosed elsewhere in the condensed consolidated interim financial information, the following is a summary of significant related party transactions entered into the ordinary course of business between the Group and its related parties.

	Notes	For the six months ended 30 June	
		2021 HK\$'000	2020 HK\$'000
Rental expenses paid to a fellow subsidiary	(i)	(3,252)	(1,626)
Consultancy fee paid to a fellow subsidiary	(ii)	(1,203)	(938)
Property management fee paid to fellow subsidiaries	(iii)	(18,621)	(3,685)
Interest expenses paid to fellow subsidiaries	(iv)	(154,352)	(33,745)
Interest expense paid to the ultimate holding company	(v)	(42,695)	–
Entrusted management services fee paid to a fellow subsidiary	(vi)	(2,487)	–

Notes:

- (i) The rental was charged in accordance with the terms of agreements entered into between the Group and the fellow subsidiary.
- (ii) The consultancy fee was charged in accordance with the terms of an agreement entered into between the Group and a fellow subsidiary.
- (iii) The property management fee were charged in accordance with the terms of agreements entered into between the Group and fellow subsidiaries.
- (iv) The interest expenses were charged at effective interest rate of 4.00% – 4.75 % (for the six months ended 2020: 4.35% – 4.75% per annum).
- (v) The interest expense was charged at effective interest rate of 4.75% (for the six months ended 2020: Nil).
- (vi) The entrusted management services fee was charged in accordance with the terms of an agreement entered into between the Group and a fellow subsidiary.
- (b) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
Short term employee benefits	7,430	2,625
Post-employment benefits	962	222
Total compensation paid to key management personnel	8,392	2,847

Notes to Condensed Consolidated Interim Financial Information (continued)

19 Related party transactions (continued)

(c) Outstanding balances with related parties:

	Notes	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Amount due from the ultimate holding company	(i)	841	832
Amounts due from fellow subsidiaries	(i)	5,450	2,830
Amount due to an intermediate holding company	(i)	(375)	(258)
Amounts due to fellow subsidiaries	(i)	(791,977)	(4,663)
Amount due to non-controlling interest	(i)	–	(156,067)
		(792,352)	(160,988)
Short-term loan from a fellow subsidiary	(ii)	(481,081)	(475,280)
Long-term loans from fellow subsidiaries	(ii)	(5,613,335)	(4,610,216)
Long-term loan from the ultimate holding company	(iii)	(2,093,536)	–
Long-term loans from non-controlling interests	(iv)	(377,365)	–
		(9,357,669)	(5,246,484)

Notes:

- (i) The balances included the consideration payables for the acquisitions of Huiyang Yuehai and Jiangmen Yuehai of RMB645,386,000 (equivalent to HK\$775,625,000 as at 30 June 2021) as disclosed in Note 15 are unsecured, interest bearing at interest rate of 4.35% per annum and repayable in January 2022; while the remaining balances are unsecured, interest-free and repayable on demand.
- (ii) The short-term loan from a fellow subsidiary is unsecured, interest bearing at interest rate of 4.35% per annum and repayable within one year.
- The long-term loans from fellow subsidiaries are unsecured, interest bearing at interest rate arranging from 4.00% to 4.75% per annum and repayable within five years.
- (iii) The long-term loan from the ultimate holding company is unsecured, interest bearing at interest rate of 4.75% per annum and repayable within three years.
- (iv) The long-term loan from non-controlling interests are unsecured, interest bearing at interest rate arranging from 4.75% to 6.50% per annum and repayable within three years.

20 Financial risk management and financial instruments

(a) *Financial risk factors*

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and fair value interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2020.

There have been no changes in the risk management policies after the year ended 31 December 2020.

(b) *Fair value estimation*

The Group has no financial assets and liabilities that are measured at fair value at 30 June 2021 and 31 December 2020.

(c) *The Group's valuation processes*

Management has assessed that the fair values of cash and cash equivalents, restricted bank balances, financial assets included in deposits and other receivables, financial liabilities included in trade and other payables, accruals and provisions approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.



粤海置地控股有限公司
GUANGDONG LAND HOLDINGS LIMITED