



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: 0124

Interim Report 中期報告

2014

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Corporate Information

(As at 28 August 2014)

Board of Directors

Non-Executive Directors

HUANG Xiaofeng (*Chairman*)

HUANG Zhenhai

LUO Fanyu

Executive Directors

YE Xuquan (*Chief Executive Officer*)

LI Wai Keung

Independent Non-Executive Directors

Alan Howard SMITH *JP*

Felix FONG Wo *BBS, JP*

Vincent Marshall LEE Kwan Ho *Officer of the Order of the Crown (Belgium)*

Audit Committee

Vincent Marshall LEE Kwan Ho *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 *Officer of the Order of the Crown (Belgium)*

Nomination Committee

HUANG Xiaofeng (*Committee Chairman*)

Alan Howard SMITH *JP*

Felix FONG Wo *BBS, JP*

Vincent Marshall LEE Kwan Ho *Officer of the Order of the Crown (Belgium)*

Company Secretary

Vanessa WONG Kin Yan

Auditors

Ernst & Young

Website Address

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

Principal Bankers

The Hongkong and Shanghai Banking
Corporation Limited

China Merchants Bank

Shanghai Pudong Development Bank
Bank of China

Registered Office

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Head Office & Principal Place of Business in Hong Kong

18th Floor, Guangdong Investment Tower

148 Connaught Road Central, Hong Kong

Telephone: (852) 2165 6262

Facsimile: (852) 2815 2020

Principal Share Registrar

MUFG Fund Services (Bermuda) Limited

The Belvedere Building

69 Pitts Bay Road

Pembroke HM 08

Bermuda

Branch Share Registrar in Hong Kong

Tricor Tengis Limited

Level 22, 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: 0124

Board Lot: 2,000 shares

Financial year end: 31st December

Highlights

	For the six months ended 30 June		Change
	2014 (Unaudited)	2013 (Unaudited)	
Revenue, in thousand HK\$	1,612	803,591	-99.8%
Profit/(loss) for the period, in thousand HK\$	71,906	(93,973)	N/A
Basic earnings/(loss) per share, in HK cent	4.2	(5.5)	N/A

	As at 30 June 2014 (Unaudited)	As at 31 December 2013 (Audited)	Change
	Current ratio	11.5 times	
Gearing ratio ¹	net cash	net cash	—
Total assets, in million HK\$	4,679	5,483	-14.7%
Net asset value per share, in HK\$	2.53	2.49	+1.6%
Period-end number of employees	254	546	-53.5%

Note:

1 Gearing ratio = (Interest-bearing debt – cash and cash equivalents)/Net assets

Report on Review of Interim Financial Information



**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 5 to 22 which comprises the condensed consolidated balance sheet of Guangdong Land Holdings Limited as at 30 June 2014 and the related condensed consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and explanatory information. 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" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants.

The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made 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 is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
22/F CITIC Tower, 1 Tim Mei Avenue
Central, Hong Kong

28 August 2014

Unaudited Interim Financial Information

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2014

	Notes	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
REVENUE	4	1,612	803,591
Cost of sales		–	(697,909)
Gross profit		1,612	105,682
Other income and gains, net	4	125,640	24,752
Selling and distribution expenses		–	(121,021)
Administrative expenses		(45,703)	(82,710)
Other expenses		(9,643)	(13,923)
Finance costs	5	–	(1,657)
PROFIT/(LOSS) BEFORE TAX	6	71,906	(88,877)
Income tax expense	7	–	(5,096)
PROFIT/(LOSS) FOR THE PERIOD		71,906	(93,973)
EARNINGS/(LOSS) PER SHARE	8		
Basic		4.2 HK cents	(5.5) HK cents
Diluted		N/A	N/A

Unaudited Interim Financial Information (continued)

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2014

	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
PROFIT/(LOSS) FOR THE PERIOD	71,906	(93,973)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(5,255)	50,637
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(5,255)	50,637
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	66,651	(43,336)

Unaudited Interim Financial Information (continued)

Condensed Consolidated Balance Sheet

30 June 2014

	<i>Notes</i>	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		7,637	7,205
Investment properties		29,391	29,673
Other receivables	<i>9</i>	621,821	608,830
Total non-current assets		658,849	645,708
CURRENT ASSETS			
Properties under development		21,567	19,812
Prepayments, deposits and other receivables	<i>9</i>	900,257	1,539,073
Restricted bank balances	<i>10</i>	190	695,191
Cash and cash equivalents	<i>10</i>	3,060,353	2,409,213
Assets held for sale		3,982,367	4,663,289
		38,180	174,218
Total current assets		4,020,547	4,837,507
CURRENT LIABILITIES			
Other payables and accruals		(348,291)	(1,218,771)
Due to the immediate holding company	<i>15(b)</i>	(10)	–
Total current liabilities		(348,301)	(1,218,771)
NET CURRENT ASSETS		3,672,246	3,618,736
TOTAL ASSETS LESS CURRENT LIABILITIES		4,331,095	4,264,444

Unaudited Interim Financial Information (continued)

Condensed Consolidated Balance Sheet (continued)

30 June 2014

	<i>Notes</i>	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
<hr/>			
TOTAL ASSETS LESS CURRENT LIABILITIES		4,331,095	4,264,444
<hr/>			
NON-CURRENT LIABILITIES			
Deferred tax liabilities		(5,860)	(5,860)
<hr/>			
Net assets		4,325,235	4,258,584
<hr/>			
EQUITY			
Issued capital	11	171,154	171,154
Reserves	12	4,154,081	4,087,430
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Total equity		4,325,235	4,258,584
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Unaudited Interim Financial Information (continued)

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

	Note	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Total equity at 1 January		4,258,584	2,951,776
Profit/(loss) for the period		71,906	(93,973)
Other comprehensive income/(loss) for the period	12	(5,255)	50,637
Total comprehensive income/(loss)		66,651	(43,336)
Total equity at 30 June		4,325,235	2,908,440

Unaudited Interim Financial Information (continued)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
NET CASH FLOWS FROM OPERATING ACTIVITIES	6,567	197,019
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment	(902)	(33,562)
Increase/(decrease) in deposits received	(695,001)	671,199
Decrease/(increase) in restricted bank balances	695,001	(671,199)
Decrease in consideration receivable for the Disposal Transaction	670,592	—
Cash flows from/(used in) other investing activities, net	4	(12,303)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	669,694	(45,865)
NET CASH FLOWS FROM FINANCING ACTIVITIES	—	62,765
NET INCREASE IN CASH AND CASH EQUIVALENTS	676,261	213,919
Cash and cash equivalents at beginning of period	2,409,213	187,042
Effect of foreign exchange rate changes, net	(25,121)	4,975
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,060,353	405,936
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	47,832	376,924
Non-pledged time deposits maturing within 3 months	3,012,521	29,012
Cash and cash equivalents as stated in the condensed consolidated balance sheet and condensed consolidated statement of cash flows	3,060,353	405,936

Unaudited Interim Financial Information (continued)

Notes to Condensed Consolidated Interim Financial Information

30 June 2014

1. Corporate 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. GDH Limited (“GDH”) is the immediate holding company of the Company. In the opinion of the directors, the ultimate holding company of the Company is Guangdong Holdings Limited (廣東粵海控股有限公司), a company established in the People’s Republic of China (the “PRC”).

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

In the prior period, the Group was principally involved in the production, distribution and sales of beer. On 5 February 2013, the Company entered into an agreement with China Resources Snow Breweries Limited (“CRSB”) for the disposal of the entire equity capital of each of Kingway Brewery (China) Co., Ltd., Kingway Brewery Group (Chengdu) Co., Ltd., Kingway Brewery (Dongguan) Co., Ltd., Kingway Brewery (Foshan) Co., Ltd., Kingway Brewery (Shan Tou) Co., Ltd., Kingway Brewery (Tianjin) Co., Ltd., Kingway Brewery (Xian) Co., Ltd., Shenzhen Kingway Brewing Co., Ltd. and Guangdong Kingway Sales Limited (all being wholly-owned subsidiaries of the Group and collectively referred to as the “Sale Companies”), for an aggregate sale consideration of RMB4,800.5 million subject to adjustment, and without taking into account the cash and bank balances of the Sale Companies as at 30 September 2012; the related shareholders’ loans at an aggregate amount of US\$33 million; and certain payable balances of the Sale Companies due to Shenzhen Kingway Brewery Co., Ltd. (“SZB”), a subsidiary of the Group, at an aggregate amount of RMB373.2 million. The above transaction (the “Disposal Transaction”) constituted a very substantial disposal for the Company under Chapter 14 of the Listing Rules. Details of the disposal were set out in the Company’s circular dated 9 April 2013. Approval of shareholders at the special general meeting held on 9 May 2013 was obtained and the Disposal Transaction was completed on 12 September 2013 (“the Disposal Date”). Upon completion of the Disposal Transaction, the Group ceased the remaining beer operation conducted under SZB and ceased the beer operation.

2.1 Accounting Policies

The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2014 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. The accounting policies and basis of preparation adopted in the preparation of the interim financial information are the same as those used in the annual financial statements for the year ended 31 December 2013, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include Hong Kong Accounting Standards (“HKASs”) and Interpretations) as disclosed in note 2.2 to the condensed consolidated interim financial information.

Unaudited Interim Financial Information (continued)

Notes to Condensed Consolidated Interim Financial Information (continued)

30 June 2014

2.2 Changes in Accounting Policy and Disclosures

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

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>
HKAS 36 Amendments	Amendments to HKAS 36 <i>Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>

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

3. Operating Segment Information

The Group is principally engaged in property development and investment. Prior to the completion of the Disposal Transaction, the Group was engaged in the production, distribution and sale of beer in Mainland China, Hong Kong and overseas. As a result of the Disposal Transaction, the composition of the Group's business segments has changed.

In the current period, the Group's principal business segment is corporate and others segment which comprises corporate income and expenses and property development and investment. In the prior period, the Group's principal business segment was production, distribution and sale of beer. Accordingly, no separate analysis of operating segment information is presented for the current and prior periods.

4. Revenue, Other Income and Gains

For the six months ended 30 June 2014, revenue, which is also the Group's turnover, represents gross rental income received and receivable from its investment properties.

For the six months ended 30 June 2013, revenue represented the net invoiced value of goods sold, after trade discounts, allowances for returns, value-added tax and consumption tax, and after elimination of all significant intra-group transactions.

Unaudited Interim Financial Information (continued)

Notes to Condensed Consolidated Interim Financial Information (continued)

30 June 2014

4. Revenue, Other Income and Gains (continued)

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

	For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Revenue		
Invoiced value of goods sold (net of trade discounts, allowances for returns and value-added tax)	–	927,189
Beer consumption tax and other taxes	–	(123,598)
Gross rental income	1,612	–
	1,612	803,591
Other income		
Income on sale of scrap materials	1,360	16,955
Government grant	–	83
Bank interest income	70,377	1,149
Imputed interest income	18,845	–
Gross rental income	–	3,301
Others	(341)	(271)
	90,241	21,217
Gains/(loss), net		
Foreign exchange loss, net	(36,661)	(370)
Gain on disposal of property, plant and equipment under assets held for sale	72,060	–
Gain on disposal of property, plant and equipment and prepaid land lease payment, net	–	3,905
	35,399	3,535
	125,640	24,752

Unaudited Interim Financial Information (continued)

Notes to Condensed Consolidated Interim Financial Information (continued)

30 June 2014

5. Finance Costs

Finance costs in the prior period represented interest on bank loans wholly repayable within one year.

6. Profit/(Loss) Before Tax

This is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold	–	699,217
Write-back of provision for inventories	–	(1,237)
Depreciation	306	80,398
Recognition of prepaid land lease payments	–	3,274
Amortisation of reusable packaging materials	–	2,612
Gain on disposal of property, plant and equipment under assets held for sale	(72,060)	–
Gain on disposal of property, plant and equipment and prepaid land lease payment, net	–	(3,905)
Gross and net rental income	(1,612)	(3,301)

Unaudited Interim Financial Information (continued)

Notes to Condensed Consolidated Interim Financial Information (continued)

30 June 2014

7. Income Tax

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Group:		
Current – Hong Kong	–	492
Current – Mainland China:		
Charge for the period	–	4,516
Underprovision in prior periods	–	371
Deferred	–	(283)
Total tax charge for the period	–	5,096

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2013: 16.5% on the estimated assessable profits). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the local jurisdictions in which the Group operates.

Unaudited Interim Financial Information (continued)

Notes to Condensed Consolidated Interim Financial Information (continued)

30 June 2014

8. Earnings/(Loss) per Share

The calculation of the basic earnings/(loss) per share for the six months ended 30 June 2014 and 2013 is based on:

	For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Profit/(loss) for the period	71,906	(93,973)

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Number of shares:		
Weighted average number of ordinary shares in issue during the period for the purpose of basic earnings/(loss) per share calculation	1,711,536,850	1,711,536,850

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2014 and 2013.

9. Prepayments, Deposits and Other Receivables

Included in the balance was HK\$1,459,077,000, being the outstanding consideration receivable from the Disposal Transaction. The amount is due at various intervals with the final amount of approximately RMB538.4 million due 24 months after the Overall Completion Date, as defined in the master sales agreement.

In addition to certain adjustments to the considerations stipulated in the master sales agreement, the Group had undertaken to bear any losses arising from the Sale Companies for additional obligations on, but not limited to, taxes, government levy, staff welfare and uncollectible trade receivables that occurred prior to the Disposal Date.

Unaudited Interim Financial Information (continued)

Notes to Condensed Consolidated Interim Financial Information (continued)

30 June 2014

10. Cash and Bank Balances

	<i>Note</i>	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Cash and bank balances		47,832	1,840,732
Time deposits		3,012,711	1,263,672
		3,060,543	3,104,404
Less: Restricted time deposit	<i>(i)</i>	(190)	(695,191)
Cash and cash equivalents		3,060,353	2,409,213

Note:

- (i) In connection with the Disposal Transaction, a cash deposit was made by the CRSB to a designated bank account which is jointly operated by the Company and CRSB for specific use, in particular, for settlement of the disposal consideration. During the current period, HK\$695,191,000 was released, of which HK\$614,362,000 was the partial settlement of the consideration. The balance at 30 June 2014 of HK\$190,000 was bank interest derived during the current period.

11. Share Capital

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Authorised:		
2,000,000,000 (31 December 2013: 2,000,000,000) ordinary shares of HK\$0.10 each	200,000	200,000
Issued and fully paid:		
1,711,536,850 (31 December 2013: 1,711,536,850) ordinary shares of HK\$0.10 each	171,154	171,154

Unaudited Interim Financial Information (continued)

Notes to Condensed Consolidated Interim Financial Information (continued)

30 June 2014

12. Reserves

	Share premium account HK\$'000	Capital reserve HK\$'000	Property revaluation reserve HK\$'000	Enterprise development funds [#] HK\$'000	Reserve funds [#] HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2013	1,688,606	13,824	13,312	216	78,866	645,744	340,054	2,780,622
Loss for the period	-	-	-	-	-	-	(93,973)	(93,973)
Other comprehensive income	-	-	-	-	-	50,637	-	50,637
Total comprehensive income/(loss)	-	-	-	-	-	50,637	(93,973)	(43,336)
At 30 June 2013 (Unaudited)	1,688,606	13,824	13,312	216	78,866	696,381	246,081	2,737,286
At 1 January 2014	1,688,606	13,824	6,984	216	48,298	237,123	2,092,379	4,087,430
Profit for the period	-	-	-	-	-	-	71,906	71,906
Other comprehensive loss	-	-	-	-	-	(5,255)	-	(5,255)
Total comprehensive income/(loss)	-	-	-	-	-	(5,255)	71,906	66,651
At 30 June 2014 (Unaudited)	1,688,606	13,824	6,984	216	48,298	231,868	2,164,285	4,154,081

[#] Pursuant to the relevant laws and regulations a portion of the profits of the Group's subsidiaries which is registered in the PRC has been transferred to the enterprise development funds and the reserve funds which are restricted as to use and are not available for distribution. When the balance of such reserves reaches 50% of respective subsidiaries' paid-up capital, any further appropriation is optional. The amounts transferred from the retained profits are determined by the board of directors of these subsidiaries.

Unaudited Interim Financial Information (continued)

Notes to Condensed Consolidated Interim Financial Information (continued)

30 June 2014

13. Operating Lease Arrangements

(a) *As lessor*

The Group leases certain of its investment properties under operating lease arrangements, with leases negotiated for terms of one year (31 December 2013: one year). The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 30 June 2014, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Within one year	951	1,192

(b) *As lessee*

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years (31 December 2013: one to three years).

At 30 June 2014, the Group had total future minimum lease payments under non-cancellable operating leases, in respect of land and buildings, falling due as follows:

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Within one year	3,096	3,216
In the second to fifth years, inclusive	3,963	5,224
	7,059	8,440

Unaudited Interim Financial Information (continued)

Notes to Condensed Consolidated Interim Financial Information (continued)

30 June 2014

14. Commitments

In addition to the operating lease commitments detailed in note 13(b), the Group had the following commitments at the end of the reporting period:

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Capital commitments for the Group's property under development and property, plant and equipment:		
Contracted, but not provided for	6,775	11,302

15. Significant Related Party Transactions

(a) In addition to the transactions and balances detailed elsewhere in these financial statements,

(i) Rental expenses

	For the six months ended 30 June 2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Rental expenses paid to fellow subsidiaries	1,585	350

The rental was based on normal commercial terms agreed between the relevant parties.

At the end of the reporting period, the Group had total future minimum lease commitments to its fellow subsidiary of HK\$6,681,000 (31 December 2013: HK\$8,827,000) for a lease arrangement ending on 30 November 2016.

Unaudited Interim Financial Information (continued)

Notes to Condensed Consolidated Interim Financial Information (continued)

30 June 2014

15. Significant Related Party Transactions (continued)

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, (continued)

(ii) Purchases of malt

In the prior period, the Group purchased malt from certain fellow subsidiaries of the Company, including Guangzhou Malting Co., Ltd., which is an 87.4% (2013: 87.4%) owned subsidiary of GDH, and from Guangzhou Malting Co., Ltd., Ningbo Malting Co., Ltd., Supertime (Baoying) Malting Co., Ltd., and Yongchang Supertime Beer Materials Co., Ltd., which are wholly-owned subsidiaries of GDH. The transactions were entered into based on normal commercial terms agreed between the relevant parties.

The aggregate amounts of malt purchases by the Group from the fellow subsidiaries were as follows:

	For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Guangzhou Malting Co., Ltd.	–	45,654
Ningbo Malting Co., Ltd.	–	8,063
Supertime (Baoying) Malting Co., Ltd.	–	14,986
Yongchang Supertime Beer Materials co., Ltd.	–	5,145

(b) Outstanding balance with a related party

The amount due to the immediate holding company is unsecured, interest-free and has no fixed terms of repayment.

Unaudited Interim Financial Information (continued)

Notes to Condensed Consolidated Interim Financial Information (continued)

30 June 2014

15. Significant Related Party Transactions (continued)

(c) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Short term employee benefits	1,307	1,301
Post-employment benefits	200	309
Total compensation paid to key management personnel	1,507	1,610

16. Financial Instruments – Fair Value

The Group's financial assets include deposits and other receivables, restricted bank balances and cash and cash equivalents and the Group's financial liabilities are other payables and accruals and amounts due to the immediate holding company. As at 30 June 2014 and 31 December 2013, the carrying amounts of the Group's financial instruments approximated to their fair values.

The fair values of the financial assets and financial liabilities are included at the amounts at which the instruments could be exchanged in current transactions between willing parties, other than in forced or liquidation sales.

17. Approval of Condensed Consolidated Interim Financial Information

These condensed consolidated interim financial information were approved and authorised for issue by the board of directors on 28 August 2014.

Management Discussion and Analysis

Results and Key Operating Data

Since the completion of the disposal of the entire equity interests in 9 previous subsidiaries that engaged in the production and sale of beer in September 2013, the Group has changed to focus on the businesses of property development and investment. The Group holds certain investment properties that generate rental income, as well as the Buxin Project which is under development, all of which are located in Shenzhen.

The Group's results for the six months ended 30 June 2014 was derived from the businesses of property development and investment, whereas the results for the corresponding period of last year was derived from the sold businesses of production, distribution and sale of beer.

In the first half of 2014, the Group recorded consolidated revenue of HK\$1.61 million derived from the rental income from investment properties (2013: consolidated revenue of HK\$804 million derived from the sale of beer), representing a decrease of 99.8% from the corresponding period of last year. During the period under review, the unaudited consolidated profit of the Group was HK\$71.91 million (2013: consolidated loss of HK\$93.97 million).

The board of directors of the Company resolved not to declare the payment of an interim dividend for the six months ended 30 June 2014 (2013: Nil).

Business and Financial Review

In the first half of 2013, the Group recorded a consolidated loss of HK\$93.97 million from the business operation of production, distribution and sale of beer, which has been discontinued since September 2013. During the period under review, the Group did not incur loss generated from that business.

During the period under review, the Group implemented an employee quarters allocation plan as approved by local government and disposed of the staff quarters to the eligible employees who meet certain prerequisites and criteria in accordance with the required procedures and approved prices stipulated by the relevant department of the local government. The disposal contributed a gain of approximately HK\$72.06 million to the Group. The disposal process of certain staff quarters has not completed as of 30 June 2014.

Due to the receipt of consideration for the disposal of the 9 previous subsidiaries, the Group recorded a significant increase in the consolidated cash and bank balances from the corresponding period of last year. Bank interest income for the first half of 2014 was HK\$70.38 million (2013: HK\$1.15 million), representing an increase of approximately 60 times from the corresponding period of last year. Imputed interest income arising from changes in fair value of long-term other receivables was HK\$18.85 million for the first half of 2014 (2013: nil).

Management Discussion and Analysis (continued)

Almost all the fund held by the Group were denominated in Renminbi. As a result of the fact that Renminbi suffered a slight depreciation against Hong Kong dollar during the first half of 2014, the Group recorded a foreign exchange loss in its financial statement which is presented in Hong Kong dollar. For the six months ended 30 June 2014, the Group recorded a net foreign exchange loss of HK\$36.66 million (2013: HK\$0.37 million), representing a significant increase from the corresponding period of last year.

During the period under review, the Group did not record any sale and distribution expenses (2013: HK\$121 million). The Group's administrative expenses for the first half of the year was HK\$45.70 million (2013: HK\$82.71 million), representing a decrease of 44.7% over the same period last year. The decrease in administrative expenses was mainly attributable to the decrease in general administrative expenditures arising from the streamline of corporate structure after the disposal of 9 previous subsidiaries by the Group. The Group had no bank loan during the period under review and therefore did not incur finance costs (2013: HK\$1.66 million).

The Buxin Project

During the period under review, the Group worked very closely with the relevant urban renewal authorities to fine tune the urban renewal unit planning proposal, with the aim to facilitating the urban renewal authorities in its reviewing process and to thereby shortening the time needed for the official approval on the urban renewal unit planning proposal to be issued. At the same time, the Group is carrying out the preliminary works for Buxin Project, which mainly include the preliminary planning and design of the project, arrangement and disposal of the existing plant and machinery on the land for development, and tendering for designer and consultant for the project.

With the aim of securing a higher plot ratio for development of the land and other favourable construction indices for the Buxin Project, the Group estimates that the approval procedures for the urban renewal unit planning proposal will complete in the first half of 2015, based on the information currently available and the latest communications with the relevant governmental authorities. The Group anticipates that the construction work will commence in around the second half of 2015 and the pre-sale process will commence in around 2017. The above estimation is based on the information currently available and the Group will update the schedule of the project as appropriate in accordance with the progress of various tasks for the Buxin Project.

Capital Expenditure

The Group's general capital expenditure, on a cash basis, for the period under review was HK\$0.90 million (2013: HK\$41.65 million). In addition, preliminary expenditures related to the Buxin Project was HK\$1.95 million.

Management Discussion and Analysis (continued)

Financial Resources and Liquidity

As at 30 June 2014, the Group had cash and bank balances of HK\$3.06 billion (including restricted bank balances of HK\$0.19 million), almost all of which were denominated in Renminbi. During the period under review, net cash flows from operating activities recorded was HK\$6.57 million. The Group was in a sound financial position and possessed sufficient financial resources to finance its existing operation. As at 30 June 2014, none of the assets of the Group was pledged to any creditors and there was no material contingent liability recorded.

Human Resources

As at 30 June 2014, the Group had a total of 254 (31 December 2013: 546) employees. Reasonable remuneration packages based on business performance, market practices and market conditions are offered to employees of the Group. In addition, discretionary bonuses are also granted based on the results of the Group and the performance of individual employees.

Outlook

Against a background of the relatively high speed of growth in the PRC economy and the rising living standards of its people and coupled with urbanisation, the Company believes that there will be an increasing demand for properties which will in turn drive the growth of property development, including the development of commercial real estates.

The Group will concentrate on developing the Buxin Project with the objectives to achieve and attract premium, international, differentiating, congregating and centralising positioning and clientele, complete the disposal of the legacy beer production equipment of the Shenzhen Plant 1 and plant demolition. Apart from the development of the Buxin Project on hand, the Group will also consider and examine other opportunities of property development and investment in the Mainland China.

Last but not least, the Board of the Company recognises the efforts made by the management and our staff during the period under review. The Company is confident in its business prospects in the future under the leadership of the Board, and will proactively drive the development of its real estate business with the objective to creating better return to its shareholders.

Directors' Interests and Short Positions in Securities

As at 30 June 2014, 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 (i) 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); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) 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 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), were as follows:

I. Shares

(i) The Company

Name of director	Capacity/ nature of interests	Number of shares held	Long/Short position	Approximate percentage of interests held <i>(Note 2)</i>
HUANG Xiaofeng	Family <i>(Note 1)</i>	3,880,000	Long position	0.227%
LUO Fanyu	Personal	86,444	Long position	0.005%
Alan Howard SMITH	Personal	317,273	Long position	0.019%

Notes:

- The interest in the shares is held jointly by Mr. Huang Xiaofeng and his spouse.
- The approximate percentage of interests held was calculated on the basis of 1,711,536,850 shares of the Company in issue as at 30 June 2014.

(ii) Guangdong Investment Limited

Name of director	Capacity/ nature of interests	Number of shares held	Long/Short position	Approximate percentage of interests held <i>(Note)</i>
HUANG Xiaofeng	Personal	780,000	Long position	0.012%

Note: The approximate percentage of interests held was calculated on the basis of 6,240,282,571 ordinary shares of Guangdong Investment Limited in issue as at 30 June 2014.

Directors' Interests and Short Positions in Securities (continued)

I. Shares (continued)

(iii) Guangdong Tannery Limited

Name of director	Capacity/ nature of interests	Number of shares held	Long/Short position	Approximate percentage of interests held (Note)
LUO Fanyu	Personal	70,000	Long position	0.013%

Note: The approximate percentage of interests held was calculated on the basis of 538,019,000 ordinary shares of Guangdong Tannery Limited in issue as at 30 June 2014.

(iv) Guangnan (Holdings) Limited

Name of director	Capacity/ nature of interests	Number of shares held	Long/Short position	Approximate percentage of interests held (Note)
LIANG Jiang [△]	Personal	1,210,000	Long position	0.133%

[△] Mr. Liang Jiang resigned as an executive director of the Company with effect from 16 July 2014.

Note: The approximate percentage of interests held was calculated on the basis of 907,293,285 ordinary shares of Guangnan (Holdings) Limited in issue as at 30 June 2014.

Directors' Interests and Short Positions in Securities (continued)

II. Options

(i) Guangdong Investment Limited

Name of director	Date of grant of share options (dd.mm.yyyy)	Number of share options					Total consideration paid for share options granted HK\$	Exercise price of share options* HK\$ (per share)	Price of ordinary share at date immediately before date of grant** HK\$ (per share)	Price of ordinary share at date immediately before the exercise date** HK\$ (per share)	Long/Short position
		At date of grant	At 1 January 2014	Granted during the period	Exercised during the period	Cancelled/Lapsed during the period					
HUANG Xiaofeng	24.10.2008	5,700,000	5,700,000	-	(900,000)	(4,800,000)	0	1.88	1.73	7.36	Long position
	22.01.2013	2,693,000	2,693,000	-	-	-	2,693,000	6.20	6.30	-	Long position
HUANG Zhenhai	22.01.2013	2,315,000	2,315,000	-	-	-	2,315,000	6.20	6.30	-	Long position
LI Wai Keung	24.10.2008	3,350,000	1,015,000	-	-	(1,015,000)	0	1.88	1.73	-	Long position
	22.01.2013	2,243,000	2,243,000	-	-	-	2,243,000	6.20	6.30	-	Long position

Notes to the above share options granted pursuant to the share option scheme adopted by Guangdong Investment Limited on 24 October 2008:

- The option period of all the share options is five years and six months from the date of grant.
- Any share option is only exercisable during the option period after it has become vested.
- The normal vesting scale of the share options is as follows:

Date	Percentage vesting
The date two years after the date of grant	40%
The date three years after the date of grant	30%
The date four years after the date of grant	10%
The date five years after the date of grant	20%

- The vesting of the share options is further subject to the achievement of such performance targets as determined by the board of directors of Guangdong Investment Limited upon grant and stated in the offer of grant.
- The leaver vesting scale of the share options that would apply in the event of the grantee ceasing to be an eligible person under certain special circumstances (less the percentage which has already vested under the normal vesting scale or lapsed) is as follows:

Date on which event occurs	Percentage vesting
Before the date which is four months after the date of grant	0%
On or after the date which is four months after but before the date which is one year after the date of grant	10%
On or after the date which is one year after but before the date which is two years after the date of grant	25%
On or after the date which is two years after but before the date which is three years after the date of grant	40%
On or after the date which is three years after but before the date which is four years after the date of grant	70%
On or after the date which is four years after the date of grant	80%
	The remaining 20% also vests upon passing the overall performance appraisal for those four years

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the share capital of Guangdong Investment Limited.

** The price of the ordinary shares of Guangdong Investment Limited disclosed as "at date immediately before date of grant" of the share options is the closing price on the Hong Kong Stock Exchange on the business day prior to which the share options were granted.

The price of the ordinary shares of Guangdong Investment Limited disclosed as "at date immediately before the exercise date" of the share options is the weighted average of the Hong Kong Stock Exchange closing prices immediately before the dates on which the share options were exercised by each of the directors of Guangdong Investment Limited or all other participants as an aggregate whole.

Directors' Interests and Short Positions in Securities (continued)

II. Options (continued)

(ii) Guangnan (Holdings) Limited

Share option scheme adopted on 29 December 2008

Name of director	Date of grant of share options (dd.mm.yyyy)	Number of share options					At 30 June 2014	Total consideration paid for share options granted HK\$	Exercise price of share options* HK\$ (per share)	Price of ordinary share at date immediately before date of grant** HK\$ (per share)	Price of ordinary share at date immediately before the exercise date** HK\$ (per share)	Long/ Short position
		At date of grant	At 1 January 2014	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period						
LIANG Jiang [△]	05.07.2010	3,100,000	930,000	—	—	—	930,000	—	1.45	1.44	—	Long position

[△] Mr. Liang Jiang resigned as an executive director of the Company with effect from 16 July 2014.

Notes to the above share options granted pursuant to the share option scheme adopted by Guangnan (Holdings) Limited on 29 December 2008:

- The option period of all the share options is five years and six months from the date of grant.
- Any share option is only exercisable during the option period after it has become vested.
- The normal vesting scale of the share options is as follows:

Date	Percentage vesting
The date two years after the date of grant	40%
The date three years after the date of grant	30%
The date four years after the date of grant	10%
The date five years after the date of grant	20%

- The vesting of the share options is further subject to the achievement of such performance targets as determined by the board of directors of Guangnan (Holdings) Limited upon grant and stated in the offer of grant.
- The leaver vesting scale of the share options that would apply in the event of the grantee ceasing to be an eligible person under certain special circumstances (less the percentage which has already vested under the normal vesting scale or lapsed) is as follows:

Date on which event occurs	Percentage vesting
On or before the date which is four months after the date of grant	0%
After the date which is four months after but before the date which is one year after the date of grant	10%
On or after the date which is one year after but before the date which is two years after the date of grant	25%
On or after the date which is two years after but before the date which is three years after the date of grant	40%
On or after the date which is three years after but before the date which is four years after the date of grant	70%
On or after the date which is four years after the date of grant	80%
	The remaining 20% also vests upon passing the overall performance appraisal for those four years

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the share capital of Guangnan (Holdings) Limited.

** The price of the ordinary shares of Guangnan (Holdings) Limited disclosed as "at date immediately before date of grant" of the share options is the closing price on the Hong Kong Stock Exchange on the business day prior to which the share options were granted.

The price of the ordinary shares of Guangnan (Holdings) Limited disclosed as "at date immediately before the exercise date" of the share options is the weighted average of the Hong Kong Stock Exchange closing prices immediately before the dates on which the share options were exercised by each of the directors of Guangnan (Holdings) Limited or all other participants as an aggregate whole.

Directors' Interests and Short Positions in Securities (continued)

II. Options (continued)

(ii) Guangnan (Holdings) Limited (continued)

Share option scheme adopted on 11 June 2004

Name of director	Date of grant of share options ^d (dd.mm.yyyy)	Number of share options				At 30 June 2014	Total consideration paid for share options granted HK\$	Exercise period of share options (both days inclusive) ^{##} (dd.mm.yyyy)	Exercise price of share options [*] HK\$ (per share)	Price of ordinary share at date immediately before date of grant ^{**} HK\$ (per share)	Price of ordinary share at date immediately before the exercise date ^{**} HK\$ (per share)	Long/Short position
		At 1 January 2014	Granted during the period	Exercised during the period	Cancelled/Lapsed during the period							
LIANG Jiang [△]	09.03.2006	2,000,000	—	—	—	2,000,000	1	09.06.2006 to 08.03.2016	1.66	1.61	—	Long position

[△] Mr. Liang Jiang resigned as an executive director of the Company with effect from 16 July 2014.

Notes to the above share options granted pursuant to the share option scheme adopted by Guangnan (Holdings) Limited on 11 June 2004:

[#] The vesting period of the share options is from the date of grant until the commencement of the exercise period or the grantee's completion of half year's full time service with Guangnan (Holdings) Limited or its subsidiaries, whichever is the later.

^{##} If the last day of any of the exercise periods is not a business day in Hong Kong, the exercise period shall end at the close of business on the last business day preceding that day.

^{*} The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the share capital of Guangnan (Holdings) Limited.

^{**} The price of the ordinary shares of Guangnan (Holdings) Limited disclosed as "at date immediately before date of grant" of the share options is the closing price on the Hong Kong Stock Exchange on the business day prior to which the share options were granted.

The price of the ordinary shares of Guangnan (Holdings) Limited disclosed as "at date immediately before the exercise date" of the share options is the weighted average of the Hong Kong Stock Exchange closing prices immediately before the dates on which the share options were exercised by each of the directors of Guangnan (Holdings) Limited or all other participants as an aggregate whole.

Save as disclosed above, as at 30 June 2014, 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 and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (i) 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); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) 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 under review was the Company or its holding companies, or any of its subsidiaries or its associated corporations, a party to any arrangements to enable the directors of the Company 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 2014, 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	Number of securities held	Type of securities	Long/Short position	Approximate percentage of the Company's issued capital
廣東粵海控股有限公司 (Guangdong Holdings Limited) <i>(Note 1)</i>	1,263,494,221	Shares	Long position	73.82%
GDH Limited ("GDH") <i>(Note 1)</i>	1,263,494,221	Shares	Long position	73.82%
Genesis Fund Managers, LLP <i>(Note 2)</i>	133,640,219	Shares	Long position	7.83%

Notes: (1) The attributable interest which 廣東粵海控股有限公司 (Guangdong Holdings Limited) has in the Company is held through its wholly-owned subsidiary, namely GDH.

(2) The shares held by Genesis Fund Managers, LLP were held in the capacity of investment manager.

Save as disclosed above, as at 30 June 2014, 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 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.

Corporate Governance and Other Information

Corporate Governance Code

The Company has complied with the code provisions and, where appropriate, the applicable recommended best practices set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2014.

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. Having made specific enquiry to all the directors of the Company, all directors confirmed that they had complied with the required standards of dealings as set out in the Model Code throughout the six months ended 30 June 2014.

Changes in Directors' Information

Changes in directors' information in respect of the period between the publication dates of the 2013 annual report and this report, which are required to be disclosed pursuant to the requirement of Rule 13.51B(1) of the Listing Rules are set out below:

Mr. Alan Howard Smith resigned as an independent non-executive director of XVL Capital Limited (a company listed on the Hong Kong Stock Exchange) with effect from 27 May 2014 and ceased as a trustee of the Hospital Authority Provident Fund Scheme with effect from 14 August 2014.

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 2014. In addition, the Company's external auditors, Ernst & Young, have also reviewed the aforesaid unaudited interim financial information.

Purchase, Sale and Redemption of Listed Securities

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's securities listed on the Hong Kong Stock Exchange during the six months ended 30 June 2014.

By Order of the Board
HUANG Xiaofeng
Chairman

Hong Kong, 28 August 2014



粤海置地控股有限公司
Guangdong Land Holdings Limited