



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
2020 中期報告



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Corporate Information

(As at 24 August 2020)

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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Hamilton HM 11

Bermuda

Head Office & Principal Place of Business in Hong Kong

18th Floor

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Principal Share Registrar

MUFG Fund Services (Bermuda) Limited

4th floor North

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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: 0124

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		
	2020	2019	Change
Revenue (HK\$'000)	1,898,483	464,151	+309.0%
Gross profit (HK\$'000)	875,258	119,628	+631.6%
Fair value gain on investment properties (HK\$'000)	1,894,343	3,687	+513 times
Profit/(loss) attributable to owners of the Company (HK\$'000)	1,736,811	(33,891)	N/A
Basic earnings/(loss) per share (HK cent)	101.48	(1.98)	N/A
	As at 30 June 2020	As at 31 December 2019	Change
Current ratio	3.4 times	2.7 times	+25.9%
Gearing ratio ¹	32.4%	44.7%	-12.3 ppt
Total assets (HK\$ million)	14,690	11,853	+23.9%
Net asset value per share ² (HK\$)	3.74	2.78	+34.5%
Number of employees	364	269	+35.3%

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. The Group currently holds the GDH City Project and certain investment properties in Shenzhen City, as well as the Ruyingju Project in Panyu District, the Laurel House Project in Yuexiu District and the Baohuaxuan Project in Liwan District, Guangzhou City, as well as the Chenyuan Road Project in Pengjiang District, Jiangmen City, the People’s Republic of China (the “PRC”). On 29 May 2020, the Group has also succeeded in the bid for the land use rights of a state-owned construction land located in Jinwan District, Zhuhai City, through the public Listing-for-Sale Process (the “Zhuhai Jinwan Project”).

According to the information of National Bureau of Statistics of the PRC, the preliminary gross domestic product (“GDP”) for the first half of 2020 showed an overall decline of approximately 1.6% from that of the same period last year but GDP growth in the second quarter of the year realised a turnaround from negative to positive, increased by 3.2% from the second quarter of the previous year and by 11.5% from the first quarter of the year while per capita nominal disposable income of national residents recorded a year-on-year growth of approximately 2.4%. According to the price indices of newly built commodity residential properties in 70 large- to medium-sized cities in June 2020, the price indices of newly built residential properties in Guangzhou City and Shenzhen City increased by approximately 0.5% and 5.3%, respectively, from that for June 2019. In the first half of 2020, Jiangmen City and Zhuhai City, which are located in the Guangdong-Hong Kong-Macao Greater Bay Area (the “Greater Bay Area”), have both loosened household registration restrictions, which is expected to attract more population inflow, encourage usual residents to acquire urban residency status, stimulate the demand for home ownership and bring more growth potential to the development of the local real estate industry.

During the first half of the year, the outbreak of Coronavirus Disease 2019 (the “COVID-19 outbreak”) impacted global economic activities. With the gradual control of COVID-19 outbreak in the PRC and the orderly restoration of economic and social order, the PRC’s economy has been steadily recovering with a downward trend followed by an upward trend, adding momentum to the global economic recovery. In the face of the complicated internal and external environment and the influence from the COVID-19 outbreak, the management of the Company adhered to the general principle of prudent development, closely monitored the COVID-19 outbreak and the market situation, formulated timely countermeasures and carried out the project construction including the GDH City Project cautiously in accordance with the requirements of “safeguarding quality, ensuring speed and meeting schedule”, as well as established an online sales system platform and increased marketing efforts to reduce the impact of the COVID-19 outbreak. The Company focus on building up its strength with reference to other key peers in the real estate industry, conducting in-depth analysis of the current market transactions and the potential major cities and districts that we chose to invest, and optimising its product structure based on the mainstream market demand and the core demands of its major customers. The Company engaged in coordinating internal and external resources and seizing development opportunities in major cities in 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). To secure a healthy growth of the Group’s business, it has also formulated comprehensive short-term, medium-term and long-term funding plans that tap into two capital markets in both Hong Kong and Mainland China.

Management Discussion and Analysis (continued)

Results

During the period under review, the consolidated revenue of the Group amounted to approximately HK\$1,898 million (six months ended 30 June 2019: HK\$464 million), representing an increase of approximately 309.0% 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\$1,737 million (six months ended 30 June 2019: loss of approximately HK\$33.89 million). 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\$316 million.

The major factors that affected the said anticipated results of the Group for the six months ended 30 June 2020 include the following:

- (a) completion of works (竣工備案) has been filed for the properties built on the Northwestern Land of the GDH City Project and the Group has started to deliver properties to the purchasers in June 2020. Due to the relative high profit margin of the properties built on the Northwestern Land of the GDH City Project, resulting in a significant increase in revenue and profit as compared to the same period in 2019;
- (b) the properties built on the Southern Land of the GDH City Project are classified as investment properties under development and its construction permit in relation to the main construction was obtained on 15 January 2020. As at 30 June 2020, the fair value of such investment properties under development could be reliably measured and the Group adopted a fair value model to measure such investment properties under development for the first time and changes in the fair value of such investment properties under development would be recognised in the consolidated statement of profit or loss. After taking into account the relevant deferred tax expense, the investment properties contributed approximately HK\$1,421 million (six months ended 30 June 2019: HK\$2.765 million) to the Group's profit after tax for the period;
- (c) an increase in the selling and marketing expenses of approximately HK\$45.74 million when comparing with the same period in 2019 due to the increase in revenue and sales activities; and
- (d) the Group recorded net exchange gains of approximately HK\$12.17 million during the first half of 2019. The increase in net exchange gains was mainly resulted from the settlement of certain loans denominated in Renminbi ("RMB") due to the Company from a subsidiary of the Company. There was no such settlement during the period under review.

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 2020 (six months ended 30 June 2019: nil).

Management Discussion and Analysis (continued)

Business Review

Completed Properties Held for Sale

Property project	Location	Usage	Interest held by the Group	Approximate GFA (sq. m.)	Accumulated GFA contracted (sq. m.)	Approximate GFA delivered		The accumulated proportion of GFA delivered to GFA available for sale
						Period under review (sq. m.)	Accumulated (sq. m.)	
Northwestern Land of the GDH City	Shenzhen City, the PRC	Business apartment/ Commercial	100%	114,654	18,623	17,582	17,582	15.3%
Laurel House	Guangzhou City, the PRC	Residential	100%	65,636	39,777	9,053	31,771	48.4%
Baohuaxuan	Guangzhou City, the PRC	Residential	100%	3,884	3,684	123	3,681	94.8%
Ruyingju	Guangzhou City, the PRC	Residential	80%	94,617	94,424	2,230	94,329	99.7%
Ruyingju	Guangzhou City, the PRC	Car-parking spaces	80%	8,052	3,858	12	3,858	47.9%

During the period under review, the Group's properties recorded a total GFA contracted and delivered of approximately 16,000 square metres ("sq. m.") and 29,000 sq. m. respectively.

Properties Held for Sale and Investment Properties under Development

Property project	Location	Usage	Interest held by the Group	Approximate total site area (sq. m.)	Approximate GFA* (sq. m.)	Progress	Expected completion and filing date
Northern Land of the GDH City Project	Shenzhen City, the PRC	Commercial/ Offices/Mall	100%	33,802	146,551	Construction of basement structural works in progress	2nd half of 2022
Southern Land of the GDH City Project	Shenzhen City, the PRC	Offices/Mall	100%	16,044	199,500	Construction of basement structural works in progress	2023
Chenyuan Road Project	Jiangmen City, the PRC	Residential/ Commercial service	100%	59,705	164,216	Earthmoving and piling works in progress	2nd half of 2022
Zhuhai Jinwan Project	Zhuhai City, the PRC	Residential/ Commercial	100%	66,090	166,692	At early stage of the project, site hoarding and temporary electrical works in progress	2024

* Note: Including (1) underground commercial of the 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)

The GDH City Project

The Group holds the GDH City Project, which is a multi-functional commercial complex with jewelry as the main theme, located in Luohu District, Shenzhen City in the PRC. 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.

During the period under review, the Group paid close attention to the COVID-19 outbreak situation as well as the economic and market development, and while carrying out proper epidemic prevention and control, the Group also formulated timely sales and marketing plans for the project and kept the construction schedule on track. The completion of works (竣工備案) of the Northwestern Land properties in respect of the first phase of the GDH City Project has been filed in June 2020, and delivery of properties and revenue recognition of the GDH City Project were made during the period under review for the first time. The construction of the Northern Land and the Southern Land of the second phase of the project is progressing according to plan.

In relation to the search for potential commercial occupiers, the Group continued to collaborate with the Shanghai Diamond Exchange (“SDE”) on project promotions and activities and benefit from the utilisation of core business resources of SDE and other parties. During the period under review, the Group commenced the preliminary sale works in relation to the bulk sale transaction of office buildings on the Northern Land to pave the way for the official sale of the project.

As at 30 June 2020, the cumulative development costs and direct expenses of the GDH City Project amounted to approximately HK\$4,877 million (31 December 2019: HK\$4,490 million), representing a net increase of approximately HK\$387 million during the period under review.

The Laurel House Project, the Baohuaxuan Project and the Ruyingju Project

In response to the impact of the COVID-19 outbreak, the Group promptly reviewed and optimised the sales proposal for the Laurel House Project and stepped up its marketing efforts. For the six months ended 30 June 2020, the total GFA of residential units which had been delivered to customers amounted to approximately 9,053 sq. m. (six months ended 30 June 2019: 4,440 sq. m.), representing an increase of approximately 103.9% as compared to the same period last year.

The commercial property, GD•Delin (粵海•得鄰) (the name of the commercial properties under the Laurel House Project) has entered the operation stage. During the period under review, the Group took proactive measures to cope with commercial tenants of the project hindered by the COVID-19 outbreak by providing rental concessions in a timely manner. In addition, the Group has ushered in several leading businesses and brands with distinctive characters that perfectly fit the position and theme of the project, i.e. its core positioning “high-end education-oriented community”. As at 30 June 2020, total GFA of lease contracts signed in respect of the commercial properties of the Laurel House Project were approximately 15,334 sq. m. with an occupancy rate of approximately 83.5%.

The Group acquired the interests in the Laurel House, Baohuaxuan and Ruyingju Projects in previous years, respectively. As the considerations paid for the acquisition of these projects were determined with reference to the then market values of these projects (but acquired at a discount), the carrying values (and future costs of sales) of properties of such projects included their development costs and fair value appreciation as of the completion date of the acquisitions.

Management Discussion and Analysis (continued)

Business Review (continued)

The Chenyuan Road Project

During the period under review, the Chenyuan Road Project has obtained the permit for planning construction projects and construction permit, and is currently undergoing the foundation pit support, foundation piling construction and earth-and-stone excavation. The project will be developed by phases, with the first phase of the property development expected to reach pre-sale condition by 2021 and completion of works ready for filing in the second half of 2022.

Material Acquisition – Successful Bidding for the Land Use Rights of a Land Parcel in Aviation New Town, Jinwan District, Zhuhai City

On 29 May 2020, the Group has succeeded in the bid for the land use rights of the land parcel at Aviation New Town, Jinwan District, Zhuhai City through the public Listing-for-Sale Process with consideration amounted to RMB2,295 million (equivalent to approximately HK\$2,495 million). The land parcel is located at the land lot 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 GFA included in the calculation of the plot ratio of approximately 166,692 sq. m., which is expected to be used for commercial and residential purposes. All properties are expected to be held for sale.

The land piece is located in an area with high value potentials and 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 will have a positive impact on the sustainable development of the Group in the future, and is also in the interests of the Group and the shareholders of the Company as a whole.

The Group is actively considering and studying the development of new projects in the Greater Bay Area and first-tier and second-tier cities in Mainland China. The acquisition of the target land is in line with the core business and development direction of the Group. The Group has set up a wholly-owned subsidiary that is responsible for the development of the project and will invest appropriate resources to advance the development and construction of the site. During the period under review, the project has completed the preliminary geological investigation and detailed borehole survey, the foundation of western site hoarding, soft foundation treatment plan and the pit support blueprint of the southern site, and has obtained the business license of the project company. It is expected that the construction permit will be obtained in the second half of 2020 and completion of works of the project is expected to be filed in 2024.

Management Discussion and Analysis (continued)

Financial Review

Key Financial Indicators

	Note	Six months ended 30 June		Change
		2020	2019	
Profit/(loss) attributable to owners of the Company (HK\$'000)		1,736,811	(33,891)	N/A
Return on equity (%)	1	31.13%	(0.75%)	N/A

	30 June	31 December	Change
	2020	2019	
Net assets (HK\$ million)	6,501	4,870	+33.5%

Note:

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

During the first half of 2020, the Group recorded a significant increase in profit attributable to owners of the Company as compared to the same period last year. The substantial increase was mainly due to the completion of filing in respect of the completed construction of the properties on the Northwestern Land of the GDH City Project in June 2020 and the commencement of delivery of properties to purchasers as well as 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 2020, the Group recorded selling and marketing expenses of approximately HK\$76.53 million (six months ended 30 June 2019: HK\$30.79 million), representing an increase of approximately 148.6% from that for the same period last year. The increase in selling and marketing expenses was mainly due to the increase of sales and marketing activities, and sales commissions and other expenses in relation to the GDH City Project and Laurel House Project. The Group's administrative expenses for the first half of 2020 amounted to approximately HK\$62.34 million (six months ended 30 June 2019: HK\$50.18 million), representing an increase of approximately 24.2% from that for the same period last year, mainly due to an increase in wages and related expenditures and an increase in the business taxes and surcharges of approximately HK\$7.57 million from the same period last year 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\$81.87 million (six months ended 30 June 2019: HK\$65.72 million), of which approximately HK\$59.91 million was capitalised while the remaining portion of approximately HK\$21.96 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 2020 was approximately HK\$195 million (six months ended 30 June 2019: HK\$65.10 million), representing an increase of approximately 200% from that during the same period last year. The capital expenditure for the period was mainly used for the construction of the investment properties of the GDH City Project.

Financial Resources and Liquidity

As at 30 June 2020, the equity attributable to owners of the Company was approximately HK\$6,393 million (31 December 2019: HK\$4,764 million), representing an increase of approximately 34.2% from that as at the end of 2019. Based on the number of shares in issue as at 30 June 2020, the net asset value per share attributable to owners of the Company at the period end was approximately HK\$3.74 (31 December 2019: HK\$2.78) per share, representing an increase of approximately 34.5% from that as at the end of 2019.

As at 30 June 2020, the Group had total cash and cash equivalents of approximately HK\$2,394 million (31 December 2019: HK\$1,001 million), representing an increase of approximately 139.2% 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 interest-bearing 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 pledged bank deposit, restricted bank balances and cash and cash equivalents) as at 30 June 2020, approximately 97.4% was in RMB, approximately 2.5% was in USD and approximately 0.1% was in HKD. Net cash inflows from operating activities for the first half of 2020 amounted to approximately HK\$255 million (six months ended 30 June 2019: HK\$206 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 2020, the Group borrowed loans from certain banks and a fellow subsidiary of the Company in an aggregate amount of approximately HK\$4,488 million (31 December 2019: HK\$3,159 million) with a gearing ratio¹ of approximately 32.4% (31 December 2019: 44.7%). According to the relevant loan agreements, approximately HK\$666 million of the interest-bearing loans are repayable within one year; approximately HK\$668 million are repayable within one to two years; and the remaining approximately HK\$3,154 million are repayable within two to five years. As at 30 June 2020, the weighted average effective interest rate of the Group's interest-bearing loans was approximately 4.66% (31 December 2019: 4.83%) per annum. As at 30 June 2020, unutilised bank and other loan facilities available to the Group amounted to approximately RMB2.00 billion (equivalent to approximately HK\$2.19 billion) in aggregate. The Group reviews its funding needs from time to time according to the future development of the GDH City Project and other businesses and consider obtaining funds through various financing means and channels so as to secure adequate financial resources for business development.

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

Management Discussion and Analysis (continued)

Financial Review (continued)

Asset Pledged and Contingent Liabilities

As at 30 June 2020, the Group's certain real estate amounting to approximately HK\$4,529 million (31 December 2019: HK\$2,167 million) and the entire share capital of 廣東粵海房地產開發有限公司 (Guangdong Yuehai Property Development Co., Ltd.) were pledged to secure certain bank loans; and bank deposits amounting to approximately HK\$42.07 million (31 December 2019: HK\$42.90 million) were pledged for bank guarantees as stipulated by certain construction contracts.

In addition, as at 30 June 2020, the Group provided guarantees (please refer to note 16 to the interim financial information for details) of approximately HK\$656 million (31 December 2019: HK\$654 million) to certain banks in relation to the mortgage loans on properties sold. Save for the above, the Group did not have any other material contingent liabilities as at 30 June 2020.

Risks and Uncertainties

As the Group is engaged in the business of property development and investment in Mainland China, the risks and uncertainties of its business are principally associated with the property market and property prices in Mainland China, and the Group's revenue in the future will be directly affected accordingly. The property market in 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 helping the Group to diversify its operating risks.

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 2020, the Group had total outstanding interest-bearing loans of approximately HK\$4,488 million.

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

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 Laurel House Project and investment properties under development of the GDH City 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"), especially for important ESG issues, takes into consideration the views of various stakeholders and is supported by staff members from all levels and departments of the Company. 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 communication with all stakeholders from multiple perspectives in various ways, such as face-to-face communication, telephone interviews, questionnaires 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 sustainable development and proper risk management.

The Group operates in the real estate business and it is very important to strictly comply with environmental laws and regulations on construction works. Any failure to observe the relevant environmental laws and regulations may result in 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 2019 ESG report and published it in May 2020. 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 2019. To redouble its ESG efforts, the Group is currently reviewing its ESG management framework with the aim of improving its ESG performance.

Human Resources

As at 30 June 2020, the Group had 364 (31 December 2019: 269) employees in aggregate. Various basic benefits were provided to the Group's staff. As to the staff incentive policy, it was determined with reference to both the Group's operating results as well as the performance of the individual staff member. There was no share option scheme of the Company in operation during the period under review. The Group offers different training courses to its employees.

Management Discussion and Analysis (continued)

Outlook

1. Macroeconomic outlook

The COVID-19 outbreak that broke out at the beginning of the year continues to spread around the world, causing a considerable impact on global economic activity. International Monetary Fund forecast in June that the global economy will shrink by 4.9% in 2020, which is more pessimistic than the -3.0% forecast in April. The PRC government actively dealt with the impact of the COVID-19 outbreak to the society and economy by adjusting the macroeconomic policies and implementation intensity and driving the resumption of the commercial activities and markets with the COVID-19 outbreak gradually under control. According to the economic data for the first half of 2020 released by the PRC's National Bureau of Statistics, GDP growth in the second quarter turnaround, increased by 3.2% over the same quarter of the previous year and by 11.5% over the first quarter, as the national economy gradually recovered. As the world's first economy to resume growth, the PRC's economic recovery is expected to give hope to many countries suffering from the COVID-19 outbreak and add momentum to the global economic recovery.

2. Outlook of the PRC's Property Market

In the first half of 2020, the PRC government continued to adhere to its position of "housing is for living, but not for speculation" (房住不炒), while financial regulation of the real estate sector remained stringent. In response to the impact of the COVID-19 outbreak, the PRC local governments have been more flexible in implementing policies in different cities, but still maintain the bottom line of "home-purchase restriction" and "loan restriction" in order to promote the stable operation of the real estate market. Hampered by the COVID-19 outbreak, adjustments were made in the real estate market in different cities. Subject to city fundamentals and the stage of development of the real estate market, etc., the differentiation of the urban market is increasingly evident and certain hotspot cities within core city clusters have a strong rebound in market demand. In terms of transactions, the demand for housing upgrades accelerated while under the influence of the COVID-19 outbreak, people put forward higher requirements for living space, which in turn contributed to an increase in the number of transactions for mid- to high-end projects to a certain extent. Looking ahead, as the aftermath of the COVID-19 outbreak gradually diminishes, the market may continue to record a rebound of transaction values, however, the overall rate of price increases can be controlled under a strict policy. In the long run, there will still be more demands for housing upgrades, and the proportion of transactions for quality mid- to high-end projects in different cities may increase in the future. As a result of the COVID-19 outbreak, the number of residential property transactions in the Greater Bay Area, the region in which the Group's projects are mainly located, showed a downward trend in the first half of the year as compared to the same period last year with basically stable average transaction price. However, since March, the impact of the COVID-19 outbreak has gradually reduced and the drop in market turnover has narrowed, with some cities starting to pick up. The residential market is expected to return to normal gradually in the second half of the year.

Management Discussion and Analysis (continued)

Outlook (continued)

3. Business outlook of the Company

In terms of existing businesses, the Group's projects such as GDH City, Laurel House and Chenyuan Road, as well as a land parcel of the Zhuhai Jinwan Project are all located in the central cities of the Greater Bay Area or the Core, Coastal Belt and Zone Initiative and will benefit from the favorable development trend of those areas. The first phase of the development of the GDH City Project was filed for completion of works (竣工備案) and ready for delivery on schedule in the second quarter of 2020, contributing both revenue and profit to the Group. The second phase of the development, which includes office buildings and a shopping mall, will bring commercial activities and consumer groups to the community.

In terms of sustainable development, the Group currently enjoys a healthy financial position, the support of a robust controlling shareholder and ample project and financial resources. As the sole capital development platform for the property development business of Guangdong Province's largest offshore conglomerate, GDH Limited, the Group will seize the market opportunity to further actively strive for and leverage on the resources of the controlling shareholder of the Company as well as the role and advantages of a listed company, and to capitalise on its well-established professional capacity, industry experience and abundant resources with a rational deployment to actively and prudently seek for business. We will actively seize the window period of land pieces supply to expand our land bank.

In respect of maintaining the image of the Company in the capital market, the Group will pay attention to fully conveying the value of the Company to the capital market and establishing long-term, excellent and interactive investor relations. In the future, the Group will continue to fully communicate with the market through various channels, such as results presentations, investor roadshows and project visits, and at the same time maintain an active and sincere attitude in listening to the market's opinions and suggestions on the Group's operation and management, so as to continuously optimise its operation and management standards and form positive interactions.

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

Directors' Interests and Short Positions in Securities

As at 30 June 2020, 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 2020.

(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 2020.

Save as disclosed above, as at 30 June 2020, 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 2020, 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) ^(Note 2)	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 2020.
2. The attributable interest which 廣東粵海控股集團有限公司 (Guangdong Holdings Limited) 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 2020, 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 2020.

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 2020.

Changes in Directors' Information

Changes in Directors' information in respect of the period between the publication dates of the 2019 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. LI Yonggang has been appointed as the chairman of 廣東粵港投資開發有限公司 (Guangdong Yuegang Investment Development Co., Ltd.) ("GYID") on 30 July 2020.
- Mr. ZHANG Jun has been appointed as a director of GYID on 30 July 2020.
- Mr. Alan Howard SMITH has resigned as an independent non-executive director of Wheelock and Company Limited (whose shares were listed on the Hong Kong Stock Exchange and their listing had been withdrawn on 27 July 2020) with effect from 27 July 2020.
- Mr. Felix FONG Wo has resigned as an independent non-executive director of Sheen Tai Holdings Group Company Limited and WuXi Biologics (Cayman) Inc. with effect from 29 May 2020 and 9 June 2020 respectively. Both companies are listed on the Hong Kong Stock Exchange.

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 2020. In addition, the Company's external auditor, PricewaterhouseCoopers, has also reviewed the aforesaid unaudited interim financial information.

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 2020.

By Order of the Board
XU Yeqin
Chairman

Hong Kong, 24 August 2020

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 19 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 2020 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, 24 August 2020

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Condensed Consolidated Interim Financial Information

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2020

	Notes	Unaudited Six months ended 30 June	
		2020 HK\$'000	2019 HK\$'000
Revenue	5	1,898,483	464,151
Cost of sales		(1,023,225)	(344,523)
Gross profit		875,258	119,628
Other (losses)/gains, net	5	(1,269)	13,321
Fair value gains on investment properties	10	1,894,343	3,687
Selling and marketing expenses		(76,531)	(30,794)
Administrative expenses		(62,341)	(50,180)
Operating profit		2,629,460	55,662
Finance income	6	11,606	4,704
Finance cost	6	(21,960)	(40,517)
Finance cost, net		(10,354)	(35,813)
Profit before tax	7	2,619,106	19,849
Income tax expense	8	(878,226)	(47,242)
Profit/(loss) for the period		1,740,880	(27,393)
Attributable to:			
Owners of the Company		1,736,811	(33,891)
Non-controlling interest		4,069	6,498
		1,740,880	(27,393)
Earnings/(loss) per share			
Basic and diluted	9	HK101.48 cent	(HK1.98 cent)

The notes on pages 25 to 42 form an integral part of this interim financial information.

Condensed Consolidated Interim Financial Information (continued)

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2020

	Unaudited	
	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Profit/(loss) for the period	1,740,880	(27,393)
Other comprehensive loss		
<i>Other comprehensive loss to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(109,491)	(31,300)
Total comprehensive income/(loss) for the period	1,631,389	(58,693)
Total comprehensive income/(loss) for the period attributable to:		
Owners of the Company	1,629,401	(64,260)
Non-controlling interest	1,988	5,567
	1,631,389	(58,693)

The notes on pages 25 to 42 form an integral part of this interim financial information.

Condensed Consolidated Interim Financial Information (continued)

Condensed Consolidated Balance Sheet

30 June 2020

	Notes	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		39,969	44,702
Construction in progress		33,480	–
Right-of-use asset		14,352	18,780
Intangible asset		22,049	–
Investment properties	10	4,928,801	2,941,373
Deferred tax assets		200,231	192,951
Total non-current assets		5,238,882	3,197,806
Current assets			
Completed properties held for sale		4,550,112	3,349,289
Properties held for sale under development		1,596,026	3,648,306
Prepayments, deposits and other receivables		644,527	184,780
Contract assets		4,349	26,119
Tax recoverable		67,060	103,313
Pledged bank deposit	11	42,069	42,895
Restricted bank balances	11	152,873	298,712
Cash and cash equivalents	11	2,393,780	1,001,458
Total current assets		9,450,796	8,654,872
Total assets		14,689,678	11,852,678
LIABILITIES			
Current liabilities			
Trade payables	12	(1,872)	(1,565)
Other payables, accruals and provisions		(604,762)	(532,730)
Contract liabilities		(677,003)	(1,444,888)
Lease liabilities		(8,429)	(9,078)
Tax payable		(840,503)	(506,345)
Bank borrowings	13	(227,718)	(234,423)
Loan from a fellow subsidiary	18(c)	(437,920)	(446,520)
Total current liabilities		(2,798,207)	(3,175,549)

Condensed Consolidated Interim Financial Information (continued)

Condensed Consolidated Balance Sheet (continued)

30 June 2020

	Notes	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Net current assets		6,652,589	5,479,323
Total assets less current liabilities		11,891,471	8,677,129
Non-current liabilities			
Bank borrowings	13	(1,895,224)	(1,495,842)
Loans from a fellow subsidiary	18(c)	(1,926,848)	(982,344)
Lease liabilities		(6,497)	(10,415)
Deferred tax liabilities		(1,548,280)	(1,318,518)
Other payable		(13,223)	–
Total non-current liabilities		(5,390,072)	(3,807,119)
Total liabilities		(8,188,279)	(6,982,668)
Net assets		6,501,399	4,870,010
EQUITY			
Equity attributable to owners of the Company			
Share capital	14	171,154	171,154
Reserves		6,222,096	4,592,695
		6,393,250	4,763,849
Non-controlling interest		108,149	106,161
Total equity		6,501,399	4,870,010

The notes on pages 25 to 42 form an integral part of this interim financial information.

Condensed Consolidated Interim Financial Information (continued)

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	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 interest	Total equity
HK\$'000	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 2019	171,154	1,688,606	13,824	6,984	216	164,354	(32,182)	2,524,153	4,537,109	122,907	4,660,016
(Loss)/profit for the period	-	-	-	-	-	-	-	(33,891)	(33,891)	6,498	(27,393)
Other comprehensive loss for the period	-	-	-	-	-	-	(30,369)	-	(30,369)	(931)	(31,300)
Total comprehensive (loss)/ income for the period	-	-	-	-	-	-	(30,369)	(33,891)	(64,260)	5,567	(58,693)
At 30 June 2019	171,154	1,688,606	13,824	6,984	216	164,354	(62,551)	2,490,262	4,472,849	128,474	4,601,323
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

* These reserve accounts represented the consolidated reserves of HK\$6,222,096,000 in the condensed consolidated balance sheet.

The notes on pages 25 to 42 form an integral part of this interim financial information.

Condensed Consolidated Interim Financial Information (continued)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Note	Unaudited Six months ended 30 June	
		2020 HK\$'000	2019 HK\$'000
Cash flows from operating activities			
Net cash generated from operations	17	555,899	400,044
Interest received		11,714	4,542
Interest paid		(62,126)	(60,084)
PRC tax paid		(250,323)	(138,069)
Net cash flows from operating activities		255,164	206,433
Cash flows from investing activities			
Purchases of property, plant and equipment		(4,340)	(1,195)
Addition to construction in progress		(33,780)	–
Proceeds from disposal of property, plant and equipment		–	1,880
Additions to investment properties		(157,203)	(63,907)
Addition to intangible asset		(9,378)	–
Net cash flows used in investing activities		(204,701)	(63,222)
Cash flows from financing activities			
Drawdown of bank borrowings		437,547	57,790
Repayment of bank borrowings		(7,732)	(376,790)
Increase in loans from a fellow subsidiary		972,048	115,580
Decrease in amount due to non-controlling interest		(22,092)	–
Principal elements of lease payments		(4,388)	(2,475)
Net cash flows from/(used in) financing activities		1,375,383	(205,895)
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of period		1,001,458	835,579
Effect of foreign exchange rate changes, net		(33,524)	(11)
Cash and cash equivalents at end of period		2,393,780	772,884
Analysis of balances of cash and cash equivalents			
Cash and bank balances		2,331,013	682,930
Time deposits with original maturity of less than three months when acquired		62,767	89,954
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows		2,393,780	772,884

The notes on pages 25 to 42 form an integral part of this interim financial information.

Condensed Consolidated Interim Financial Information (continued)

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.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2020 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 2019, 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 2019, as described in those annual financial statements, except for the adoption of new standards and amendments to standards effective for the financial year ending 31 December 2020.

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

The Group has adopted the following new amendments to standards which are mandatory for the financial year beginning 1 January 2020 and are relevant to its operation.

HKAS 1 and HKAS 8 (Amendments)	<i>Definition of Material</i>
HKAS 39, HKFRS 7 and HKFRS 9 (Amendments)	<i>Interest Rate Benchmark Reform</i>
HKFRS 3 (Amendment)	<i>Definition of a Business</i>
Conceptual Framework for Financial Reporting 2018	<i>Revised Conceptual Framework for Financial Reporting</i>

The Group has assessed the impact of the adoption of these new amendments to standards. They did not have any significant impact on the Group’s results.

Condensed Consolidated Interim Financial Information (continued)

Notes to Condensed Consolidated Interim Financial Information (continued)

2 Basis of preparation (continued)

- (ii) *Early adoption of Amendment to Hong Kong Financial Reporting Standard 16 on COVID-19-Related Rent Concessions ("Amendment to HKFRS 16")*

Amendment to HKFRS 16 as issued by the HKICPA is effective for the financial year beginning or after 1 June 2020.

The Group has elected to early adopt Amendment to HKFRS 16 for the year ending 31 December 2020 because the new amendment to standard provides lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for rent concessions in the same way as they would if they were not lease modifications.

- (iii) *New standards and amendments to standards 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 standards and amendments to standards that have been issued but are not yet effective for the period:

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	<i>Classification of liabilities as current or non-current</i>	1 January 2022
Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to HKAS 37	<i>Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to HKAS 16	<i>Proceeds before Intended Use</i>	1 January 2022
Annual improvements 2018-2020 cycle	<i>HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41</i>	1 January 2022
HKFRS 17	<i>Insurance Contracts</i>	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	<i>Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture</i>	To be determined

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

Condensed Consolidated Interim Financial Information (continued)

Notes to Condensed Consolidated Interim Financial Information (continued)

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.

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 2019.

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, property investment and property management; 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.

Condensed Consolidated Interim Financial Information (continued)

Notes to Condensed Consolidated Interim Financial Information (continued)

4 Segment information (continued)

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

	For the six months ended 30 June 2019		
	Property development and investment HK\$'000	Other HK\$'000	Total HK\$'000
Segment revenue:			
Sales to external customers	464,151	–	464,151
Segment results	57,921	(2,259)	55,662
<i>Reconciliation:</i>			
Finance income			4,704
Finance cost			(40,517)
Profit before tax			19,849

Condensed Consolidated Interim Financial Information (continued)

Notes to Condensed Consolidated Interim Financial Information (continued)

4 Segment information (continued)

	At 30 June 2020		
	Property development and investment HK\$'000	Other HK\$'000	Total HK\$'000
Segment assets	14,410,838	78,609	14,489,447
<i>Reconciliation:</i>			
Unallocated assets			200,231
Total assets			14,689,678
Segment liabilities	(6,629,132)	(10,867)	(6,639,999)
<i>Reconciliation:</i>			
Unallocated liabilities			(1,548,280)
Total liabilities			(8,188,279)
	At 31 December 2019		
	Property development and investment HK\$'000	Other HK\$'000	Total HK\$'000
Segment assets	11,563,487	96,240	11,659,727
<i>Reconciliation:</i>			
Unallocated assets			192,951
Total assets			11,852,678
Segment liabilities	(5,624,333)	(39,817)	(5,664,150)
<i>Reconciliation:</i>			
Unallocated liabilities			(1,318,518)
Total liabilities			(6,982,668)

Condensed Consolidated Interim Financial Information (continued)

Notes to Condensed Consolidated Interim Financial Information (continued)

5 Revenue and other (losses)/gains, net

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

	For the six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Revenue		
From contract with customers:		
– Sale of properties recognised at a point in time	1,890,703	460,530
From other sources:		
– Rental income	7,780	3,621
	1,898,483	464,151
Other (losses)/gains, net		
Exchange (losses)/gains, net	(1,612)	12,168
Others	343	1,153
	(1,269)	13,321

Condensed Consolidated Interim Financial Information (continued)

Notes to Condensed Consolidated Interim Financial Information (continued)

6 Finance income/(cost)

	For the six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Finance income		
– bank interest income	11,606	4,704
Finance cost		
– interest expenses on bank borrowings	47,678	64,637
– interest expenses on loans from a fellow subsidiary	33,745	757
– others	451	322
Total finance cost incurred	81,874	65,716
Less: amount capitalised in property development projects	(59,914)	(25,199)
Total finance cost expensed during the period	21,960	40,517

For the six-month period ended 30 June 2020, the capitalised interest rate applied to funds borrowed and used for the development of properties is between 4.35% and 4.90% (2019: 4.35% and 5.46%) per annum.

Condensed Consolidated Interim Financial Information (continued)

Notes to Condensed Consolidated Interim Financial Information (continued)

7 Profit before tax

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

	For the six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Cost of properties sold	1,021,006	342,541
Depreciation	11,537	9,793
Exchange losses/(gains), net	1,612	(12,168)
Commission expenses	38,475	–
Staff costs		
– wages and salaries	50,636	42,557
– provident fund contributions	3,477	5,644
– forfeited contributions	(23)	–
	54,090	48,201
Less: amount capitalised under property development projects	(16,040)	(14,925)
Total staff costs expensed during the period	38,050	33,276

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 2019: 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.

Condensed Consolidated Interim Financial Information (continued)

Notes to Condensed Consolidated Interim Financial Information (continued)

8 Income tax expense (continued)

	For the six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Current income tax		
– PRC taxation	175,481	52,045
Under-provision of corporate income tax in Mainland China	–	906
LAT in Mainland China	456,400	119,287
Deferred income tax	246,345	(124,996)
	878,226	47,242

9 Earnings/(loss) per share attributable to ordinary equity holders of the Company

The calculation of the basic earnings/(loss) per share amount is based on the earnings/(loss) for the period attributable to ordinary equity holders of the Company and the number of shares of 1,711,536,850 (for the six months ended 30 June 2019: 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 2020 and 2019.

Condensed Consolidated Interim Financial Information (continued)

Notes to Condensed Consolidated Interim Financial Information (continued)

10 Investment properties

	Completed investment properties at fair value HK\$'000 (Note a)	Investment properties under development at fair value HK\$'000 (Note a)	Investment properties under development at cost HK\$'000	Total HK\$'000
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 (Note b)	–	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
2019				
At 1 January 2019	522,498	–	1,688,814	2,211,312
Additions	–	–	64,542	64,542
Fair value gains on investment properties	3,687	–	–	3,687
Exchange differences	(2,120)	–	(7,720)	(9,840)
At 30 June 2019	524,065	–	1,745,636	2,269,701

As at 30 June 2020, investment properties under development of fair value HK\$3,964,666,000 (31 December 2019: completed investment properties of fair value of HK\$363,255,000) was pledged to banks as securities for bank borrowings granted to a subsidiary of the Company (Note 13).

Condensed Consolidated Interim Financial Information (continued)

Notes to Condensed Consolidated Interim Financial Information (continued)

10 Investment properties (continued)

Note:

- (a) The Group's completed investment properties and investment properties under development as at 30 June 2020 were revalued by Vigers Appraisal and Consulting Limited, independent professionally qualified valuers, at HK\$4,928,801,000 (31 December 2019: completed investment properties and certain investment properties under development at fair value were revalued at HK\$1,938,533,000).
- (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.

11 Pledged bank deposit, restricted bank balances and cash and cash equivalents

	Note	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Cash and bank balances		2,525,955	1,269,745
Time deposits with original maturity of less than three months when acquired		62,767	73,320
		2,588,722	1,343,065
Less: restricted bank balances	(i)	(152,873)	(298,712)
pledged bank deposit	(ii)	(42,069)	(42,895)
Cash and cash equivalents		2,393,780	1,001,458

Notes:

- (i) Balance at 30 June 2020 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\$152,705,000 (31 December 2019: HK\$298,541,000).
- (ii) Balance at 30 June 2020 represented a pledged deposit placed for an irrevocable guarantee issued by a bank in favour of a contractor in respect of the payment of the consideration under a construction agreement, of up to a maximum amount of HK\$42,069,000 (31 December 2019: HK\$42,895,000).

Condensed Consolidated Interim Financial Information (continued)

Notes to Condensed Consolidated Interim Financial Information (continued)

12 Trade payables

Trade payables are non-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 2020 HK\$'000	31 December 2019 HK\$'000
Not yet due	–	62
1 to 3 months	112	–
Over 3 months	1,760	1,503
	1,872	1,565

13 Bank borrowings

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Bank borrowings – secured	2,122,942	1,730,265
Bank borrowings repayable as follows:		
Not exceeding 1 year	227,718	234,423
More than 1 year but not exceed 2 years	667,828	680,943
More than 2 year but not exceed 5 years	1,227,396	814,899
	2,122,942	1,730,265
Less: current portion	(227,718)	(234,423)
Non-current portion	1,895,224	1,495,842

Condensed Consolidated Interim Financial Information (continued)

Notes to Condensed Consolidated Interim Financial Information (continued)

13 Bank borrowings (continued)

Bank borrowings are secured by the following pledged assets:

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Investment properties (Note 10)	3,964,666	363,255
Completed properties held for sale	325,125	1,803,363
Properties held for sale under development	238,900	–
Pledged bank deposit (Note)	–	–
	4,528,691	2,166,618

Note:

Pursuant to the relevant bank loan agreement, the bank borrowing of HK\$815,626,000 (31 December 2019: HK\$837,225,000) is secured by a pledged bank deposit account. As at 30 June 2020, there is nil cash and bank deposit in this designated account (31 December 2019: Nil).

Out of the above secured bank borrowings of HK\$2,122,942,000 (31 December 2019: HK\$1,730,265,000), an aggregate amount of HK\$873,650,400 (31 December 2019: HK\$893,040,000) is also secured by pledge of shares of a subsidiary.

The secured bank borrowings of HK\$2,122,942,000 (31 December 2019: HK\$1,730,265,000) 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 2020, the weighted average effective interest rate of the Group's bank borrowings is 4.65% (31 December 2019: 5.00%) per annum.

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

Condensed Consolidated Interim Financial Information (continued)

Notes to Condensed Consolidated Interim Financial Information (continued)

14 Share capital

	30 June 2020 HK\$'000	31 December 2019 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 Capital commitments

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

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Contracted, but not provided for: Property development expenditure	1,102,953	1,082,898
Intangible asset	–	31,593
	1,102,953	1,114,491

16 Guarantees

As at 30 June 2020, 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 2020, the Group's outstanding guarantees amounted to HK\$656,145,000 (31 December 2019: HK\$653,856,000) in respect of these guarantees.

Condensed Consolidated Interim Financial Information (continued)

Notes to Condensed Consolidated Interim Financial Information (continued)

17 Note to the condensed consolidated statement of cash flows

Reconciliation of profit before tax to net cash generated from operations

	For the six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Profit before tax	2,619,106	19,849
Adjustments for:		
Amortisation	473	–
Depreciation	11,537	9,793
Finance income	(11,606)	(4,704)
Finance cost	21,960	40,517
Exchange losses/(gains), net	1,612	(12,260)
Fair value gains on investment properties	(1,894,343)	(3,687)
Operating profit before working capital changes	748,739	49,508
(Increase)/decrease in completed properties held for sale	(1,276,657)	342,540
Decrease/(increase) in properties held for sale under development	2,049,819	(192,116)
Decrease/(increase) in restricted bank balances	141,343	(109,422)
Increase/(decrease) in trade payables	340	(2,371)
(Decrease)/increase in contract liabilities	(746,719)	377,550
Other changes in working capital	(360,966)	(65,645)
Net cash generated from operations	555,899	400,044

Condensed Consolidated Interim Financial Information (continued)

Notes to Condensed Consolidated Interim Financial Information (continued)

18 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	
		2020 HK\$'000	2019 HK\$'000
Rental expenses paid to a fellow subsidiary	(i)	1,626	1,577
Consultancy fee paid to a fellow subsidiary	(ii)	938	981
Property management fee paid to a fellow subsidiary	(iii)	3,685	5,966
Interest expenses paid to a fellow subsidiary	(iv)	33,745	757

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 a fellow subsidiary.
- (iv) The interest expenses were charged at effective interest rate of 4.35% – 4.75% (2019: 4.35% per annum).
- (b) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Short term employee benefits	2,625	885
Post-employment benefits	222	57
Total compensation paid to key management personnel	2,847	942

Condensed Consolidated Interim Financial Information (continued)

Notes to Condensed Consolidated Interim Financial Information (continued)

18 Related party transactions (Continued)

(c) Outstanding balances with related parties:

	Notes	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Amounts due from fellow subsidiaries	(i)	1,232	1,036
Amount due to an intermediate holding company	(i)	(23)	(3)
Amounts due to fellow subsidiaries	(i)	(3,746)	(2,299)
Amount due to non-controlling interest	(i)	–	(22,326)
		(3,769)	(24,628)
Short-term loan from a fellow subsidiary	(ii)	(437,920)	(446,520)
Long-term loans from a fellow subsidiary	(ii)	(1,926,848)	(982,344)
		(2,368,537)	(1,453,492)

Notes:

- (i) The amounts due from/(to) related parties 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 a fellow subsidiary are unsecured, interest bearing at interest rate of 4.75% per annum and repayable within four years.

Condensed Consolidated Interim Financial Information (continued)

Notes to Condensed Consolidated Interim Financial Information (continued)

19 Financial risk management and financial instruments

19.1 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 2019.

There have been no changes in the risk management policies after the year ended 31 December 2019.

19.2 Fair value estimation

The Group has no financial assets and liabilities that are measured at fair value at 30 June 2020 and 31 December 2019.

19.3 The Group's valuation processes

Management has assessed that the fair values of cash and cash equivalents, pledged bank deposit, 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.



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