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

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 0124)

Unaudited Financial Information for the nine months ended 30 September 2019

The board of directors (the "**Board**") of Guangdong Land Holdings Limited (the "**Company**") announces the unaudited financial information of the Company and its subsidiaries (the "**Group**") for the nine months ended 30 September 2019 together with comparative figures. This announcement is made by the Company on a voluntary basis in pursuance of its policy to achieve a higher level of corporate governance.

FINANCIAL HIGHLIGHTS

	For the nine months ended 30 September		
	2019	2018	Change
	HK$ '000	HK$ '000	
Revenue	**765,084**	31,136	+2357.2%
(Loss)/profit after tax	**(52,477)**	195,713	N/A
(Loss)/profit attributable to owners of the Company	**(61,427)**	192,848	N/A
	As at 30 September 2019	As at 31 December 2018	
	HK$ '000	HK$ '000	
Total assets	**10,475,988**	10,647,785	-1.6%
Equity attributable to owners of the Company	**4,336,597**	4,537,109	-4.4%

RESULTS

For the nine months ended 30 September 2019, the consolidated revenue of the Group was approximately HK$765 million (nine months ended 30 September 2018: HK$31 million), representing an increase of approximately 23.6 times from the same period last year. The increase in revenue was mainly attributable to a surge in the gross floor area ("**GFA**") of sold properties held for sale. During the period under review, the Group's loss attributable to owners of the Company was approximately HK$61.43 million (nine months ended 30 September 2018: profit of HK$193 million).

In addition to the aforementioned increase in the GFA of sold properties held for sale, when compared to the same period last year, the major factors affecting the results of the Group for the nine months ended 30 September 2019 include the following:

(a) in July 2018, the Group completed the acquisition of 100% equity interest in 廣東粵海房地產開發有限公司 (Guangdong Yuehai Property Development Co., Ltd.*) ("**GYPD**") from its fellow subsidiaries. The acquisition consideration was determined on the basis of the then market value of the assets and liabilities of GYPD (at a discount) as of the completion date of the said transactions. As the acquisition consideration was less than the fair value of net assets acquired, a gain on bargain purchase of approximately HK$297 million was recognised in the consolidated statement of profit or loss. Such gain on bargain purchase was a one-off gain. During the period under review, the Group did not record any gain on bargain purchase;

(b) land appreciation tax was accrued by the Group in 2017 as a result of the sale of certain properties. For the nine months ended 30 September 2018, the over-accrual of land appreciation tax in 2017 of approximately HK$77.17 million had been reversed following the tax clearance with the local tax authorities. During the period under review, no such reversal of land appreciation tax for the same property project was recorded;

(c) as funds of the Group were used for business development, total interest and other income from banks and financial assets at fair value through profit or loss and at amortised costs decreased by approximately HK$21.36 million from that for the same period last year. Since July 2018, the Group has borrowed interest-bearing loans to finance its business development, which mainly render the finance costs incurred and recognised in the consolidated statement of profit or loss in the first nine months of 2019 were approximately HK$56.73 million (nine months ended 30 September 2018: HK$14.47 million) ; and

(d) the pre-sale and sale of the properties held by the Group under the first phase of the GDH City Project and the Laurel House Project, respectively, commenced in the fourth quarter of 2018. As such, certain sales and marketing activities were launched in respect of those projects, mainly contributing to the increase in selling and marketing expenses of approximately HK$44.97 million.

While the effect of the above factors was mitigated by, among others, the following:

(a) for the nine months ended 30 September 2018, a subsidiary of the Company had received demolition compensation income from another subsidiary of the Company. The first-mentioned subsidiary recognised an income tax expense of approximately HK$111 million accordingly for the same period last year. During the period under review, there was no similar transaction and record no income tax expense; and

(b) the Group recorded net exchange gains of approximately HK$12.32 million (nine months ended 30 September 2018: net losses of HK$5.42 million) during the period under review. The increase in net exchange gains was mainly resulted from the settlement of certain loans denominated in Renminbi due to the Company from a subsidiary of the Company.

BUSINESS REVIEW

Successful Bidding for the Land Use Rights of a land parcel in Jiangmen City

On 29 September 2019, the Group has succeeded in the bid for the land use rights of a state-owned construction land located in Pengjiang District, Jiangmen City, the People's Republic of China (the "**PRC**") through the public Listing-for-Sale Process. The land parcel has a site area of approximately 59,704.90 square metres ("**sq. m.**") and a maximum total GFA included in the calculation of the plot ratio of approximately 164,216 sq. m., which is expected to be used for residential and commercial purposes. The proposed types of properties including residential units, commercial units, and car-parking spaces, will all be for sale. The cash consideration for the bid of the land use rights amounted to RMB919,490,000 (equivalent to approximately HK$1,019,277,000). The average land cost is approximately RMB5,599 (equivalent to approximately HK$6,207) per sq. m.

Jiangmen is positioned as the western gateway of the Guangdong-Hong Kong-Macao Greater Bay Area (the "**Greater Bay Area**"), with its value remaining at a bargaining level. Subsequent to improvements in the transportation infrastructure across the eastern and western bays, the future development of such area is expected to prosper. The project is situated in a region with high planning position and enjoys a strong market prospects, as well as convenient location as a bonus. Possessing rare landscape resources and sound living amenities, the project embraces the conditions in becoming a regional benchmark project, and is an excellent project subject of the Group as a stepping stone into the Jiangmen market. Adjacent to the prime lot in Jiangmen City, the land price of the project enjoys a cost advantage. Riding on the brief adjustment period of the Jiangmen land market, it was the prime time for the Group to acquire the aforesaid land parcel. 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 (the "**Shareholders**") as a whole.

The Group is actively considering and studying its business development in the Greater Bay Area and first-tier and second-tier cities in Mainland China. The acquisition of the aforesaid land parcel is in line with the core business and development direction of the Group. The Group will provide appropriate resources to speed up the development of such land parcel.

The GDH City Project

The Group holds a 100% interest in 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 total site area of the project amounts to approximately 66,526 sq. m., and the GFA included in the calculation of the plot ratio amounts to approximately 432,051 sq. m. In addition, an underground area of 30,000 sq. m. could be developed for commercial use. 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.

Based on the Group's current development plan, the project will be developed in two phases, the first of which involves the Northwestern Land that mainly comprises business apartments, office premises and commercial units. Except for the underground car-parking spaces, properties built on the Northwestern Land are intended for sale upon completion. While, among others, office buildings that are approximately 180 metres and 300 metres respectively in height will be built on the Northern Land and the Southern Land, which make up the second phase of the project. A shopping mall with a GFA of over 100,000 sq. m. is planned to be constructed across the Northern Land and the Southern Land.

The Group accelerated the development and construction of the GDH City Project, and the structures of all buildings under the first phase of the project have been completed, while mechanical, electrical and curtain wall installation, public area decoration, utilities and road works were in progress on schedule during the period under review. As for the second phase of the project, the foundation pit support as well as earth-and-stone excavation for the Northern Land and the Southern Land have been commenced.

Pre-sale of the properties in the first phase of the project had commenced in December 2018. The Group continues to expand the promotion and sale intensity. During the period under review, the Group achieved great success in the product launch event of the GDH City Project, at which target clients in the industry were widely invited, thus further promoting the GDH City Project to the market, and establishing a positive brand image with a view to enhance the overall value and image of the project. Further, the Group will make use of offline and media promotion, sales activities, etc. to promote on-site sales of the project. For the nine months ended 30 September 2019, the aggregate GFA for which contracts had been signed amounted to approximately 8,303 sq. m.

As at 30 September 2019, the cumulative development costs and direct expenses of the GDH City Project amounted to approximately HK$4,062 million (31 December 2018: HK$3,827 million), representing a net increase of approximately HK$235 million during the period under review.

The Laurel House Project and the Baohuaxuan Project

The Group respectively holds 100% interests in the Laurel House Project and the Baohuaxuan Project, which are located in Guangzhou City in the PRC. The Laurel House Project has a GFA of approximately 119,267 sq. m. and comprises residential units, commercial properties and car-parking spaces, among which all the residential units and some of the car-parking spaces are for sale while the remaining properties are for lease. The Baohuaxuan Project comprises residential units and car-parking spaces, all of which are for sale.

For the nine months ended 30 September 2019, the GFA of residential units under the Laurel House Project which has been delivered to customers amounted to approximately 7,348 sq. m. (out of which approximately 841 sq. m. were sold to the original property owners of that lot at agreed prices). As at 30 September 2019, the accumulated GFA of the residential units under the Laurel House Project which has been delivered to customers represented approximately 15.7% of the GFA of the residential units. The discussion with potential customers regarding rental of the commercial property under the Laurel House Project has been smooth. For the nine months ended 30 September 2019, the GFA for rent for which contracts had been signed amounted to approximately 8,267 sq. m., representing an occupancy rate of approximately 45%.

For the nine months ended 30 September 2019, residential units with a GFA of approximately 102 sq. m. were delivered to customers under the Baohuaxuan Project. As at 30 September 2019, the accumulated GFA of the residential units delivered under the Baohuaxuan Project represented approximately 89.0% of the GFA of the residential units.

The Group acquired the interests in the Laurel House and Baohuaxuan Projects in July 2018. As the consideration paid for the acquisition of these projects was determined with reference to the then market value of these projects (but acquired at a discount), the carrying values (and future costs of sales) of properties of the Laurel House Project and the Baohuaxuan Project included their development costs and fair value appreciation as of the completion date of the acquisition.

The Ruyingju Project

The Group holds an 80% interest in the Ruyingju Project, which is located in Panyu District, Guangzhou City in the PRC, with a GFA of approximately 126,182 sq. m. The Ruyingju Project comprises residential units and car-parking spaces, all of which are for sale.

For the nine months ended 30 September 2019, residential units with a GFA of approximately 4,407 sq. m. (nine months ended 30 September 2018: nil) were delivered to customers under the Ruyingju Project; while the GFA of car-parking spaces under the Ruyingju Project which had been delivered to customers amounted to approximately 244 sq. m. (nine months ended 30 September 2018: nil). As at 30 September 2019, the accumulated GFA of the residential units and car-parking spaces sold represented approximately 96.6% and 47.4% of their respective total GFA.

The Group acquired the interest in the Ruyingju Project in April 2015. As the consideration paid for the acquisition of the project was determined with reference to the then market value of the Ruyingju Project (but acquired at a discount), the carrying value (and future cost of sales) of the Ruyingju properties included their development costs and the fair value appreciation as of the completion date of the acquisition.

FINANCIAL REVIEW

As at 30 September 2019, the total assets of the Group was approximately HK$10.48 billion (31 December 2018: HK$10.65 billion), representing a decrease of approximately 1.6% from the year-end of 2018. Based on the number of shares in issue as at 30 September 2019, the net asset value per share attributable to owners of the Company at the end of the period was approximately HK$2.53 (31 December 2018: HK$2.65) per share, representing a decrease of approximately 4.5% over the year-end of 2018. The decrease in the net asset value per share attributable to owners of the Company was mainly due to certain losses made and change in the exchange rate of RMB against HK$ during the period under review.

As at 30 September 2019, the Group has aggregate outstanding interest-bearing loans of approximately HK$2,305 million (31 December 2018: HK$2,512 million) with a gearing ratio[1] of approximately 35.7% (31 December 2018: 36.0%). Given the construction works on the GDH City Project were and will be in full swing and the development of other property business, 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. As at 30 September 2019, the Group's financial position remained stable.

OUTLOOK

During 2019, under the overarching principle that "residential properties are for living, not speculation" as well as the policies of "stabilising expectation and controlling risks", the PRC government continued to formulate localised policies, guidance and control measures for different cities in order to stabilise the real estate market. Therefore, the prices in the real estate market as a whole have risen steadily in the first half of the year, thereby unleashing demands in first-tier and major second-tier cities. Some of the cities are rolling out more land plots, thus stimulating land auctions. In the second half of the year, the PRC government reiterated its principle of "residential properties are for living, not speculation" and opined that the real estate industry will not be used to stimulate an instant economic growth, the financial risks must be prevented and the real estate market should be guided with national policies. The newly-built property prices remained stable in the third quarter. Various local governments launched land parcels for sale in a concerted order, resulted in the cooling down of transactions of land parcels for residential use in core cities and the land auction sentiment with a drop of overall market sentiment. It is expected that instead of loosening its control over the real estate market, the PRC government will maintain or strengthen the consistency and stability of its control measures while tightening its grip on key cities. The overall property prices of newly-built residential units continue to remain stable.

[1] Gearing ratio = (Interest-bearing debts - Cash and cash equivalents) ÷ Net assets

Projects held by the Group, such as the GDH City Project, are located at the heart of the Greater Bay Area and will therefore reap benefits from the promising development prospects of the area. In view of the enormous development potential of the GDH City Project, the Group will invest appropriate resources in the construction of this project with the aim of realising and releasing its value. The pre-sale of phase one of the GDH City Project as well as the ongoing sale of the Laurel House, Baohuaxuan, Ruyingju Projects and the development of the land parcel in Jiangmen will also contribute to the Group's results.

The Group remains cautiously optimistic about the outlook of the real estate industry in first-tier cities in Mainland China. At present, the Group enjoys a strong financial position, the support of a robust controlling shareholder and ample project and financial resources. Through the development and construction of the GDH City Project, the Group has developed amicable co-operative relationship with local governments, accumulated relevant experience in urban renewal and old town redevelopment projects, laid the foundation for industry research, obtained information about the industry, established a professional development team and formulated an operating model for project development. Capitalising on its well-established professional capacity, industry experience and abundant resources, we will proactively identify business opportunities in the future by accurately grasping government and industry policies, further coordinating internal and external resources, studying the emerging businesses in the industry, actively exploring cooperative development, acquisition of assets, land auction and other new ways to secure land, and acquiring quality land resources by multiple means.

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

CAUTION STATEMENT

The Board wishes to remind Shareholders and potential investors that the above financial information is based on the Company's internal records and management accounts. The above financial information for the nine months ended 30 September 2019 has not been audited or reviewed by the external auditors of the Company. Accordingly, any information contained in this announcement should in no way be regarded as to provide any indication of or assurance on the financial information of the Group for the nine months ended 30 September 2019.

Shareholders and potential investors are urged to exercise caution in dealing in the securities of the Company and are recommended to consult their own professional advisers if they are in doubt as to their investment positions.

*In this announcement, the English name of the entity marked with an * is a translation of its Chinese name, and is included herein for identification purposes only. In the event of any inconsistency, the Chinese name shall prevail.*

By Order of the Board
Guangdong Land Holdings Limited
HOU Wailin
Chairman

Hong Kong, 28 October 2019

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