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粵海置地

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 2018

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 2018 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		
	2018	2017	Change
	HK$ '000	HK$ '000	
Revenue	**31,136**	31,347	-0.7%
Profit before tax	**242,750**	9,839	+2367.2%
Profit after tax	**195,713**	255	+76650.2%
Profit/(loss) attributable to owners of the Company	**192,848**	(2,786)	N/A
	As at 30 September 2018	As at 31 December 2017	
	HK$ '000	HK$ '000	
Total assets	**9,383,255**	5,380,841	+74.4%
Equity attributable to owners of the Company	**4,490,020**	4,518,204	-0.6%

RESULTS

For the nine months ended 30 September 2018, the unaudited consolidated revenue of the Group was approximately HK$31.14 million (nine months ended 30 September 2017: HK$31.35 million), representing a decrease of approximately 0.7% from the same period last year. During the period under review, the Group's unaudited profit attributable to owners of the Company was approximately HK$193 million (nine months ended 30 September 2017: loss of approximately HK$2.79 million).

When comparing to the same period last year, the major factors that contributed to the said anticipated results of the Group for the nine months ended 30 September 2018 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 廣東粵港投資開發有限公司 (Guangdong Yuegang Investment Development Co., Ltd.*) and 廣東粵港投資置業有限公司 (Guangdong Yuegang Investment Property Co., Ltd.*), both of which are the Group's fellow subsidiaries. Please refer to the circular of the Company dated 18 May 2018 for details of the above transaction. The acquisition consideration was determined on the basis of the market value of the assets and liabilities of GYPD (at a discount) as of the completion date. As the consideration of the acquisition was less than the fair value of net assets acquired, a provisional gain on bargain purchase of approximately HK$297 million (nine months ended 30 September 2017: nil) was recognised in the statement of profit or loss during the period under review. Such gain on bargain purchase was a one-off gain; and

(b) land appreciation tax was accrued as a result of the sale of certain properties by the Group in 2017. In the first half of 2018, the over-accrual of the land appreciation tax in 2017 of approximately HK$77.17 million had been reversed following tax clearance with the local tax authorities. For the same period last year, no such a reversal of land appreciation tax was recorded. It is expected that no further reversal of the land appreciation tax for the same properties will be recorded in the future.

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

(a) a subsidiary of the Company had received demolition compensation income from another subsidiary of the Company for the nine months ended 30 September 2018. During the period under review, the first-mentioned subsidiary recognised an income tax expense of approximately HK$111 million (nine months ended 30 September 2017: nil) accordingly; and

(b) as funds of the Group were used for the acquisition of GYPD and the development of the Buxin Project, interest income from banks and financial assets at fair value through profit or loss/available-for-sale financial assets were less than those in the same period last year. For the nine months ended 30 September 2018, the Group's interest income from banks and financial assets at fair value through profit or loss/available-for-sale financial assets was approximately HK$30.38 million (nine months ended 30 September 2017: HK$50.41 million), representing a decrease of 39.7%. In addition, the Group borrowed external loans for business development since July 2018. For the nine months ended 30 September 2018, the Group recognised interest expenses of approximately HK$14.47 million (nine months ended 30 September 2017: nil) in the statement of profit or loss.

BUSINESS REVIEW

Acquisition of GYPD

On 27 April 2018, the Group entered into an agreement with 廣東粵港投資開發有限公司 (Guangdong Yuegang Investment Development Co., Ltd.*) and 廣東粵港投資置業有限公司 (Guangdong Yuegang Investment Property Co., Ltd.*), both of which are the Group's fellow subsidiaries, (a) to acquire 100% equity interest in GYPD, the principal business of which is property development of Baohuaxuan Project and Zhuguanglu Project in the People's Republic of China ("**PRC**") at an acquisition consideration of RMB1,200,490,000 (equivalent to approximately HK$1,485,939,000) (subject to adjustment); and (b) to procure GYPD to repay outstanding loans, together with accrued interest up to and including 31 March 2018, of an aggregate amount of approximately RMB842,139,000 (equivalent to approximately HK$1,042,381,000). The transaction was completed on 11 July 2018. Upon completion, GYPD has become an indirect wholly-owned subsidiary of the Company and the Company, through GYPD, holds the Zhuguanglu Project and the Baohuaxuan Project.

As the price paid to acquire such a project was determined with reference to the then market value of the Zhuguanglu Project and the Baohuaxuan Project (but acquired at a discount), the carrying value (and future cost of sales) of the Zhuguanglu and the Baohuaxuan properties consisted of its development costs and the fair value increases as of the completion date of the acquisition.

The Buxin Project

The Group holds a 100% interest in the Buxin Project, which is a multi-functional commercial complex with jewellery as the main theme, located in Buxin Area, Luohu District, Shenzhen City, the PRC. The total site area of the project amounts to approximately 66,526 square meters ("**sq. m.**"), and the gross floor area ("**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 Buxin Project, which is in close proximity to the urban highway and subway station as well as adjoining Weiling Park, is surrounded by several municipal parks within a radius of 1.5 km, possessing convenient transportation and superb landscape resources.

The Northwestern Land, which is under the first phase of the development of the Buxin Project, has a GFA of approximately 166,000 sq. m., of which the total saleable GFA is approximately 116,000 sq. m. Based on the Group's current development plan, except for the underground car-parking spaces, properties built on the Northwestern Land under the first phase of development will be for sale upon completion. During the period under review, construction of properties on the Northwestern Land was on track and the main structures of the four buildings have been constructed up to 25 - 35 floors respectively. The design plan for the Southern Land and the Northern Land under the second phase of the development of the Buxin Project has been completed, and the Group plans to build, among others, office buildings with a height of approximately 180 meters and 300 meters, respectively, as well as a shopping mall across the Southern Land and the Northern Land.

As at 30 September 2018, the cumulative development costs and fees of the Buxin Project amounted to approximately HK$3,047 million (31 December 2017: HK$3,038 million), representing a net increase of approximately HK$9 million during the period under review. Due to the change in the exchange rate of RMB against HK$, the cumulative development costs and fees of the Buxin Project presented in HK$ was slightly lower than that as at 30 June 2018.

The Ruyingju Project

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

For the nine months ended 30 September 2018, no residential unit was sold under the Ruyingju Project (nine months ended 30 September 2017: approximately 1,312 sq. m.). As at 30 September 2018, the accumulated GFA of the residential units sold represented approximately 91.5% of the GFA of the residential units.

The Group acquired the equity interest in the Ruyingju Project in April 2015. As the price paid to acquire such a 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 consisted of its development costs and the fair value increases as of the completion date of the acquisition.

The Zhuguanglu Project

The Group holds an 100% interest in the Zhuguanglu Project, which is located in Yuexiu District, Guangzhou City, the PRC, with a GFA of approximately 119,267 sq. m. The Zhuguanglu Project includes residential units, commercial properties and car-parking spaces. The filing in respect of the completion of construction (竣工備案) of the Zhuguanglu Project has been completed. It is expected that sales of the residential units will commence in the fourth quarter of the year.

The Baohuaxuan Project

The Group holds an 100% interest in the Baohuaxuan Project, which is located in Liwan District, Guangzhou City, the PRC, with a GFA of approximately 5,240 sq. m. The Baohuaxuan Project includes residential units and car-parking spaces. The Baohuaxuan Project has commenced sales before the completion of the acquisition. Upon completion, there were GFA of approximately 402 sq. m. for the residential units sold under the Baohuaxuan Project. As at 30 September 2018, the accumulated GFA of the residential units sold represented approximately 79.2% of the GFA of the residential units.

FINANCIAL REVIEW

As at 30 September 2018, the total assets of the Group was approximately HK$9,383 million (31 December 2017: HK$5,381 million), representing an increase of approximately 74.4% from the year-end of 2017. The substantial increase in total assets was mainly due to the acquisition of the Zhuguanglu Project and the Baohuaxuan Project in July 2018. Based on the number of shares in issue as at 30 September 2018, the net asset value per share attributable to owners of the Company at the end of the period was approximately HK$2.62 (31 December 2017: HK$2.64) per share, representing a decrease of approximately 0.8% over the year-end of 2017. The decrease in the net asset value per share attributable to owners of the Company was mainly due to the change in the exchange rate of RMB against HK$.

As at 30 September 2018, the Group has aggregate outstanding bank and other loans of approximately HK$1,706 million (31 December 2017: nil). Given the construction works on the Buxin Project was and will be in full swing, the Group will review its funding needs according to the progress of business development from time to time so as to ensure that adequate financial resources will be available to support its business development. As at 30 September 2018, the Group's financial position remained stable.

OUTLOOK

The Group's Buxin Project which is currently under development and construction would benefit from the strong development momentum in the Guangdong-Hong Kong-Macau Greater Bay Area. Located in Luohu District, Shenzhen City, the Buxin Project has an enormous development potential. The Group will invest appropriate resources to develop that project in order to create and release its value, and will consider arranging external financing to support the development of the project.

Through the development and construction of the Buxin Project, the Group has developed a sound cooperative relationship with the local government, accumulated experience in projects under the categories of urban re-development and revitalisation of old cities, laid the foundations for relevant industry research, mastered relevant industry information, and built an operating model for project development. The business apartments and office premises under the first phase of the development of the Buxin Project are expected to meet pre-sale conditions in the fourth quarter of 2018 and pre-sales would commence upon the pre-sale permit is granted.

At present, the Group has a strong financial position with a strong controlling shareholder and enjoys ample project and financial resources. Looking ahead, the Group aspires to capitalise on opportunities and takes an active approach in contemplating and delving into first-tier and second-tier cities in Mainland China, particularly cities located in the Guangdong-Hong Kong-Macau Greater Bay Area and the Pearl River Delta, so as to seek out opportunities for real estate development and investment projects and procure the Company's stable and healthy development in the long run.

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 the shareholders of the Company (the "**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 2018 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 2018.

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.

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

Hong Kong, 25 October 2018

* *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.*

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