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 three months ended 31 March 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 three months ended 31 March 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 three months ended 31 March		
	2019	2018	Change
	HK$ '000	HK$ '000	
Revenue	**181,179**	9,661	+1775.4%
Profit after tax	**3,385**	1,428	+137.0%
Profit attributable to owners of the Company	**710**	495	+43.4%
	As at 31 March 2019	As at 31 December 2018	
	HK$ '000	HK$ '000	
Total assets	**10,735,523**	10,647,785	+0.8%
Equity attributable to owners of the Company	**4,620,762**	4,537,109	+1.8%

RESULTS

For the three months ended 31 March 2019, the unaudited consolidated revenue of the Group was approximately HK$181 million (three months ended 31 March 2018: HK$9.66 million), representing an increase of approximately 17.8 times 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$0.71 million (three months ended 31 March 2018: HK$0.50 million), representing an increase of approximately 43% from the same period last year.

When compared to the same period last year, the major factors affecting the results of the Group for the three months ended 31 March 2019 include the following:

(a) the Group's several properties held for sale recorded sale revenue, the consolidated revenue and gross profit increase notably from the same period last year; and

(b) the net exchange gains of the Group was approximately HK$12.01 million (three months ended 31 March 2018: net losses of approximately HK$0.21 million). The increase in net exchange gains was mainly result from the settlement of certain loans denominated in RMB due to the Company from a subsidiary of the Company.

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

(a) an increase in selling and marketing expenses from the same period last year, mainly due to the increased pre-sale and sale activities of properties under the GDH City Project and the Laurel House Project since the fourth quarter of 2018, respectively;

(b) an increase in administrative expenses from the same period last year, mainly due to the completion of the acquisition of 廣東粵海房地產開發有限公司 (Guangdong Yuehai Property Development Co., Ltd.*) ("**GYPD**") in July 2018 in which the Group beared its administrative expenses as well as an increase in the Group's salaries and related expenditures; and

(c) as funds of the Group were used for the business development, interest income and gain from banks and financial assets at fair value through profit or loss and at amortised costs were less than those from the same period last year. In addition, the Group borrowed external loans for business development since July 2018. For the three months ended 31 March 2019, the Group recorded certain finance costs (three months ended 31 March 2018: nil).

BUSINESS REVIEW

The GDH City Project

The Group holds 100% interest in the GDH City Project, which is a multi-functional commercial complex with jewellery as the main theme, located in Luohu District, Shenzhen City, the People's Republic of China (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 project, which is in close proximity to the urban highway and subway station as well as adjoining the Weiling Park, is surrounded by several municipal parks within a radius of 1.5 km, possessing 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 which will mainly comprise products such as business apartments, office premises and commercial units, and except for the underground car-parking spaces, properties built on the Northwestern Land will be intended for sale upon completion; while, among others, office buildings with a height of approximately 180 meters and 300 meters, respectively, are planned to be built on the Northern Land and the Southern Land (i.e. these two land parcels making up the second phase of the project), and a shopping mall with a GFA of over 100,000 sq. m. is planned to be built across these land parcels. Based on the current plan, the filing in respect of the completion of construction (竣工備案) of the properties on the Northern Land and the Southern Land is expected to be made in the second half of 2022 and in 2023, respectively.

Pre-sale of the properties in the first phase of the project had commenced in December 2018. For the three months ended 31 March 2019, the aggregate GFA for which contracts had been signed amounted to approximately 2,958 sq. m.

As at 31 March 2019, the cumulative development costs and direct expenses of the GDH City Project amounted to approximately HK$3,962 million (31 December 2018: HK$3,827 million), representing a net increase of approximately HK$135 million during the period under review.

The Laurel House Project and the Baohuaxuan Project

The Group holds 100% interest in the Laurel House Project and the Baohuaxuan Project, which are located in Guangzhou City, the PRC, respectively. The Laurel House Project is located in Yuexiu District, Guangzhou City, the PRC, with a GFA of approximately 119,267 sq. m. The Laurel House Project includes 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 will be for rent. The Baohuaxuan Project includes residential units and car-parking spaces, all of which are for sale.

For the three months ended 31 March 2019, the GFA of residential units under the Laurel House Project which has been delivered to customers amounted to approximately 2,027 sq. m. (out of which approximately 707 sq. m. were sold to the original property owners of that lot at agreed prices). As at 31 March 2019, the accumulated GFA of the residential units under the Laurel House Project which has been delivered to customers represented approximately 7.6% 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 three months ended 31 March 2019, the GFA for rent for which contracts had been signed amounted to approximately 1,872 sq. m.

For the three months ended 31 March 2019, residential units with a GFA of approximately 102 sq. m. were delivered to customers under the Baohuaxuan Project. As at 31 March 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 equity interest in the Laurel House Project and the Baohuaxuan Project in July 2018. The price paid by the Group to acquire such projects was determined with reference to the then market value of the property projects which resulted a fair value uplift of the property projects as at the completion date of the acquisition. A gain on bargain purchase in respect of such a transaction was recognised in the statement of profit or loss as at the completion date of the acquisition. Since the completion date of the acquisition, the carrying value (and future cost of sales) of the properties under the Laurel House Project and the Baohuaxuan Project consisted of development costs and the fair value appreciation as of the completion date of the acquisition.

The Ruyingju Project

The Group holds 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 three months ended 31 March 2019, residential units with a GFA of approximately 1,127 sq. m. were delivered to customers under the Ruyingju Project (three months ended 31 March 2018: nil); while the GFA of car-parking spaces under the Ruyingju Project which had been delivered to customers amounted to approximately 146 sq. m. (three months ended 31 March 2018: nil). As at 31 March 2019, the accumulated GFA of the residential units and car-parking spaces sold represented approximately 93.1% and 46.2% of their respective total GFA.

The Group acquired the equity interest in the Ruyingju Project in April 2015. The price paid to acquire such a project was determined with reference to the then market value of the Ruyingju Project which resulted a fair value uplift of the property project as at the completion date of the acquisition. A gain on bargain purchase in respect of such a transaction was recognised in the statement of profit or loss as at the completion date of the acquisition. Since the completion date of the acquisition, the carrying value (and future cost of sales) of the Ruyingju properties consisted of its development costs and the fair value appreciation as of the completion date of the acquisition.

FINANCIAL REVIEW

As at 31 March 2019, the total assets of the Group was approximately HK$10.74 billion (31 December 2018: HK$10.65 billion), representing an increase of approximately 0.8% from the year-end of 2018. Based on the number of shares in issue as at 31 March 2019, the net asset value per share attributable to owners of the Company at the end of the period was approximately HK$2.70 (31 December 2018: HK$2.65) per share, representing an increase of approximately 1.9% over the year-end of 2018. The increase in the net asset value per share attributable to owners of the Company was mainly due to the change in the exchange rate of RMB against HK$.

As at 31 March 2019, the Group has aggregate outstanding bank loans of approximately HK$2,524 million (31 December 2018: HK$2,512 million) with a gearing ratio[1] of approximately 37.9% (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 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 31 March 2019, the Group's financial position remained stable.

OUTLOOK

At present, the Group has a stable financial position with a strong controlling shareholder and enjoys ample project and financial resources. The Group is cautiously optimistic about the outlook of the real estate industry in first-tier cities in Mainland China. Going forward, by leveraging on the professional capabilities, industry experience and resource advantages secured by the Group, we will proactively seek opportunities for business development. On one hand, we will take an active approach in contemplating and delving into the possibility of replicating our familiar model and developing new projects in first-tier and second-tier cities in Mainland China. On the other hand, we will capitalise on the development opportunities presented by the Guangdong-Hong Kong-Macao Greater Bay Area and the "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) through tapping the strengths of the Greater Bay Area and the "Core, Coastal Belt and Zone Initiative" in science and technology innovation and industrial innovation (especially in Hong Kong), and continue to explore and build upon the development model of city-industry integration as demonstrated by the GDH City Project, so as to seek out opportunities for real estate development and investment projects in the Greater Bay Area and the "Core, Coastal Belt and Zone Initiative", and to procure the Company's stable and healthy development in the long run.

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

Projects held by the Group, such as the GDH City Project, are located in the Guangdong-Hong Kong-Macao Greater Bay Area or covered by the "Core, Coastal Belt and Zone Initiative". Located in Luohu District, Shenzhen City, the GDH City Project has an enormous development potential. The Group will invest appropriate resources to create and release the value of the project, and will consider arranging external financing to support the development of the project. The pre-sale of the business apartments and office premises under the first phase of the development of the GDH City Project commenced in December 2018. The types of property under the second phase of the development will include office buildings and a shopping mall, upon the completion of which both commercial activities and consumer groups are expected to be brought into that community.

GYPD became an indirect wholly-owned subsidiary of the Company upon completion of the acquisition in July 2018, holds the Laurel House Project and the Baohuaxuan Project. The sale of residential units under the Laurel House Project commenced in November 2018, while that of residential units under the Baohuaxuan Project is now underway. These two property projects are expected to continue to contribute to the Group's results and cash flows in 2019.

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 three months ended 31 March 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 three months ended 31 March 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.

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

Hong Kong, 25 April 2019

* *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.