Contents

	Pages
Corporate Information	2
Highlights	3
Management Discussion and Analysis	4
Directors' Interests and Short Positions in Securities	17
Substantial Shareholders' Interests	18
Corporate Governance and Other Information	19
Review Report	23
Unaudited Interim Financial Report	
Condensed Consolidated Statement of Profit or Loss	24
Condensed Consolidated Statement of Comprehensive Income	25
Condensed Consolidated Statement of Financial Position	26
Condensed Consolidated Statement of Changes in Equity	28
Condensed Consolidated Statement of Cash Flows	29
Notes to the Unaudited Interim Financial Report	30

Corporate Information

(As at 29 August 2023)

Board of Directors

Executive Directors

LAN Runing *(Chairman)*
KUANG Hu *(Vice Chairman)*
LI Yonggang *(Managing Director)*
WU Mingchang
LI Wenchang
JIAO Li *(Chief Financial Officer)*

Independent Non-Executive Directors

Felix FONG Wo *BBS, JP*
Vincent Marshall LEE Kwan Ho *Member of the Chinese People's Political Consultative Conference (CPPCC) National Committee of PRC, BBS, Officer of the Order of the Crown (Belgium)*
LEUNG Luen Cheong

Audit Committee

Vincent Marshall LEE Kwan Ho *Member of the Chinese People's Political Consultative Conference (CPPCC) National Committee of PRC, BBS, Officer of the Order of the Crown (Belgium)* *(Committee Chairman)*
Felix FONG Wo *BBS, JP*
LEUNG Luen Cheong

Remuneration Committee

Felix FONG Wo *BBS, JP (Committee Chairman)*
Vincent Marshall LEE Kwan Ho *Member of the Chinese People's Political Consultative Conference (CPPCC) National Committee of PRC, BBS, Officer of the Order of the Crown (Belgium)*
LEUNG Luen Cheong

Nomination Committee

LAN Runing *(Committee Chairman)*
Felix FONG Wo *BBS, JP*
Vincent Marshall LEE Kwan Ho *Member of the Chinese People's Political Consultative Conference (CPPCC) National Committee of PRC, BBS, Officer of the Order of the Crown (Belgium)*
LEUNG Luen Cheong

Company Secretary

Christine MAK Lai Hung

Auditor

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

Website Address

http://www.gdland.com.hk

Principal Bankers

Shanghai Pudong Development Bank
Bank of China
Industrial Bank
Hua Xia Bank
Chong Hing Bank

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office & Principal Place of Business in Hong Kong

Office A, 18th Floor
Guangdong Investment Tower
148 Connaught Road Central
Hong Kong
Telephone: (852) 2165 6262
Facsimile: (852) 2815 2020

Principal Share Registrar

MUFG Fund Services (Bermuda) Limited
4th floor North
Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

Branch Share Registrar in Hong Kong

Tricor Tengis Limited
17th Floor, Far East Finance Centre
16 Harcourt Road
Hong Kong

Share Information

Place of Listing:	Main Board of The Stock Exchange of Hong Kong Limited
Stock Code:	00124
Board Lot:	2,000 shares
Financial year end:	31 December

Shareholders' Calendar

Closure of Register of Members:	10 October 2023
Interim Dividend:	HK3.00 cents per ordinary share
Payable on or about:	26 October 2023

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		
	2023	2022	Change
Revenue (HK$'000)	**973,596**	492,400	+97.7%
Gross profit (HK$'000)	**223,960**	326,185	–31.3%
Fair value gains on investment properties (HK$'000)	**258,807**	351,232	–26.3%
(Loss)/profit attributable to owners of the Company (HK$'000)	**(200,288)**	237,824	–184.2%
Basic (loss)/earnings per share (HK cents)	**(11.70)**	13.90	–184.2%
Interim dividend per share (HK cents)	**3.00**	3.00	0.0%

	As at 30 June 2023	As at 31 December 2022	Change
Current ratio	**1.6 times**	2.1 times	–23.8%
Gearing ratio[1]	**234.3%**	275.7%	–41.4 ppt
Total assets (HK$ million)	**54,083**	48,920	+10.6%
Net asset value per share[2] (HK$)	**4.20**	4.55	–7.7%
Net asset value per share (RMB)	**3.87**	4.06	–4.7%
Number of employees	**591**	579	+2.1%

Notes:

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

2. 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 businesses. The Group currently mainly holds the Shenzhen GDH City Project and certain investment properties in Shenzhen City, the Guangzhou GDH Future City Project in Baiyun District, the Guangzhou Laurel House Project, etc. in Yuexiu District, Guangzhou City, the Foshan Laurel House Project and the Foshan One Mansion Project in Chancheng District, Foshan City, the Zhuhai Laurel House Project in Jinwan District, Zhuhai City, the Zhongshan GDH City Project in Cuiheng New District, Zhongshan City, the Jiangmen One Mansion Project and the Jiangmen GDH City Project in Pengjiang District, Jiangmen City and the Huizhou One Mansion Project in Dayawan District, Huizhou City in the People's Republic of China (the "PRC" or the "Chinese Mainland").

According to the preliminary economic statistical data for the first half of 2023 released by the PRC's National Bureau of Statistics, the PRC's GDP grew by approximately 5.5% over the same period last year, an acceleration of 1.0 percentage point from the first quarter of 2023. Among them, the PRC's GDP in the first quarter increased by 4.5% year-on-year, while that in the second quarter increased by 6.3% year-on-year, and the per capita nominal disposable income of national residents recorded a year-on-year growth of approximately 6.5%. According to the commodity residential housing price movements of the Greater Bay Area in first half of 2023 based on the statistics of CRIC, as compared to first half of 2022, the average commodity residential housing price of Foshan City, Huizhou City, Zhuhai City and Zhongshan City increased year-on-year by approximately 3.93%, 3.70%, 3.42% and 0.59% respectively, while that of Shenzhen City, Jiangmen City and Guangzhou City decreased year-on-year by approximately 14.95%, 3.83% and 0.95% respectively.

In the first half of this year, the economy and society of the PRC resumed to normal in all areas and its economy recovery showed improving signs, however, the foundation of economic recovery still needs to be strengthened due to the impact of intricate and complex global political and economic situation. The management of the Group had closely monitored the trends of economic, political and the market development and strived to advance the progress of its projects on hands under the guidance of "improving safety, inspiring ingenuity and collaborating performance achievement" to secure on-time delivery with high quality. The Group actively adapted itself to the new era of the real estate industry featured with high quality by focusing on improving its professional and management ability. In particular, it refined its management system for quality development on one hand, and strengthened structural market intelligence for fine-tuning sales and marketing plans to seize the emerging opportunities on the other. The Group continuously improves its sale services as well as property services and humanistic care during the delivery stage, improves and updates the product standardisation system, and builds various differentiated products covering complex, office, residence to satisfy the market and customers' needs better. The Group also insists on its deep cultivation on the core areas of the Guangdong-Hong Kong-Macao Greater Bay Area (the "Greater Bay Area") and makes customised strategy for each individual city as well as gradually optimised the investment proportion in cities of different tiers to strengthen the Company's ability to resist the periodic industry fluctuation. In general, the Group adhered to the general principle of pursuing progress in stability by remedying shortcomings and assessing situations, aiming to integrate into the real estate industry with new layout and trend by virtue of quality development, so as to continuously increase its brand reputation and recognition.

Results

During the period under review, the consolidated revenue of the Group amounted to approximately HK$974 million (six months ended 30 June 2022: HK$492 million), representing an increase of approximately 97.7% 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 loss attributable to owners of the Company of approximately HK$200 million (six months ended 30 June 2022: profit of HK$238 million).

The major factors affecting the results of the Group for the six months ended 30 June 2023 include the following:

(a) the properties delivered by the Group during the period under review were mainly the Jiangmen One Mansion Project and Jiangmen GDH City (Land No. 3) Project, while the properties delivered in the same period in 2022 were mainly the Shenzhen GDH City (Northwestern Land) Project with higher gross profit margins, therefore the profit derived from the sale of properties decreased as compared to the same period in 2022;

(b) affected by the real estate market environment, the Group made a provision of inventory impairment of approximately HK$205 million during the period under review due to signs of impairment in some of the Group's property projects;

(c) during the period under review, the Group recorded fair value gains on investment properties (net of the relevant deferred tax expense) of approximately HK$194 million, representing a decrease as compared to the same period in 2022; and

(d) due to business expansion of the Group, net finance costs increased by approximately HK$41.10 million when comparing with the same period in 2022.

Interim Dividend

The Board has resolved to declare the payment of an interim dividend of HK3.00 cents (six months ended 30 June 2022: HK3.00 cents) per ordinary share for the six months ended 30 June 2023.

Business Review

General Information of the Projects

Name of the property project	Status	Use	Interest held by the Group	Approximate GFA of project (sq. m.)	Approximate GFA included in calculation of plot ratio* (sq. m.)	Expected completion and filing date
Shenzhen City						
Shenzhen GDH City (Northwestern Land)	Completed	Business apartment/ Commercial	100%	167,376	122,083	N/A
Shenzhen GDH City (Northern Land)	Completed	Commercial/Offices	100%	219,864	153,126	N/A
Shenzhen GDH City (Southern Land)	Under development	Commercial/Offices	100%	255,185	206,386	2023
Guangzhou City						
Guangzhou GDH Future City	In sale	Residential/Commercial/ Offices	100%	728,549	506,000	2026
Guangzhou Laurel House	Completed	Car-parking spaces	100%	N/A	N/A	N/A
Ruyingju	Completed	Car-parking spaces	80%	N/A	N/A	N/A
Baohuaxuan	Completed	Car-parking spaces	100%	N/A	N/A	N/A
Foshan City						
Foshan Laurel House	In sale	Residential	100%	203,171	151,493	2024
Foshan One Mansion	Under development	Residential/Commercial/ Offices	51%	150,382	118,122	2026
Zhuhai City						
Zhuhai Laurel House	In sale	Residential/Commercial	100%	249,918	166,692	2024
Zhongshan City						
Zhongshan GDH City	In sale	Residential	97.64%	321,456	247,028	2025
Jiangmen City						
Jiangmen One Mansion	Completed	Residential/Business apartment/ Commercial/Car-parking spaces	100%	222,684	164,216	N/A
Jiangmen GDH City (Land No. 3)	Completed	Residential/Car-parking spaces	51%	163,511	122,331	N/A
Jiangmen GDH City (Land No. 4)	In sale	Residential/Business apartment/Commercial	51%	299,623	207,419	2026
Jiangmen GDH City (Land No. 5)	Under development	Residential	51%	89,201	63,150	2026
Huizhou City						
Huizhou One Mansion	In sale	Residential/Business apartment/Commercial	100%	140,163	92,094	2024
Huizhou Huiyang Lijiang Garden	Completed	Car-parking spaces	100%	N/A	N/A	N/A

**Note: Including (1) underground commercial area of the Shenzhen GDH City Project with a GFA of 30,000 sq. m.; and (2) common area and area transfer to the government of each project.*

Business Review (continued)

Sales of the Projects

Name of the property project	Approximate GFA available for sale (sq. m.)	Approximate GFA contracted: Period under review (sq. m.)	Approximate GFA contracted: Accumulated (sq. m.)	The proportion of accumulated GFA contracted to GFA available for sale	Approximate GFA delivered: Period under review (sq. m.)	Approximate GFA delivered: Accumulated (sq. m.)	The proportion of accumulated GFA delivered to GFA available for sale
Shenzhen City							
Shenzhen GDH City (Northwestern Land)	114,986	3,596	104,274	90.7%	2,245	102,873	89.5%
Shenzhen GDH City (Northern Land)	84,246	–	–	0.0%	–	–	0.0%
Shenzhen GDH City (Southern Land)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Guangzhou City							
Guangzhou GDH Future City	495,240	27,005	53,344	10.8%	N/A	N/A	N/A
Guangzhou Laurel House (Car-parking spaces)	2,764	–	2,644	95.7%	–	2,644	95.7%
Ruyingju (Car-parking spaces)	8,052	24	6,526	81.0%	24	6,526	81.0%
Baohuaxuan (Car-parking spaces)	245	38	38	15.5%	38	38	15.5%
Foshan City							
Foshan Laurel House	146,240	25,550	65,355	44.7%	N/A	N/A	N/A
Foshan One Mansion	118,122	N/A	N/A	N/A	N/A	N/A	N/A
Zhuhai City							
Zhuhai Laurel House	145,558	20,333	54,697	37.6%	N/A	N/A	N/A
Zhongshan City							
Zhongshan GDH City	237,560	25,088	54,615	23.0%	N/A	N/A	N/A
Jiangmen City							
Jiangmen One Mansion	158,407	26,286	97,920	61.8%	25,300	78,581	49.6%
Jiangmen One Mansion (Car-parking spaces)	41,834	N/A	N/A	N/A	N/A	N/A	N/A
Jiangmen GDH City (Land No. 3)	119,606	19,220	69,046	57.7%	44,008	57,969	48.5%
Jiangmen GDH City (Land No. 3) (Car-parking spaces)	38,226	6,348	6,348	16.6%	–	–	0.0%
Jiangmen GDH City (Land No. 4)	205,078	1,109	5,126	2.5%	3,142	3,142	1.5%
Jiangmen GDH City (Land No. 5)	62,254	N/A	N/A	N/A	N/A	N/A	N/A
Huizhou City							
Huizhou One Mansion	89,240	10,775	12,315	13.8%	N/A	N/A	N/A
Huizhou Huiyang Lijiang Garden (Car-parking spaces)	1,589	22	156	9.8%	22	156	9.8%

During the period under review, the Group's properties recorded the total GFA contracted (including completed properties held for sale and properties held for sale under development) and delivered of approximately 165,000 square metres ("sq. m.") (six months ended 30 June 2022: 64,000 sq. m.) and 75,000 sq. m. (six months ended 30 June 2022: 7,000 sq. m.) respectively.

Business Review (continued)

The Shenzhen GDH City Project

Located in Buxin Area, Luohu District, Shenzhen City in the PRC, the Shenzhen GDH City Project is a multi-functional commercial complex with jewelry as the main theme. 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. The Shenzhen GDH City Project is developed in two phases. The filing for completion of construction of the first phase was made in June 2020. The construction of the second phase properties came into late stages. As at 30 June 2023, the office tower and the commercial shopping building on the Northern Land development were completed; and the structures of the office tower and the commercial shopping building on the Southern Land development were topped out and the interior decoration and exterior facade construction were completed and in the process of inspection and acceptance. The whole project is expected to be filed for completion in 2023.

For the search of potential commercial occupiers of the Shenzhen GDH City Project, the Group, Luohu Government of Shenzhen and the Shanghai Diamond Exchange ("SDE") have reached an agreement, pursuant to which the SDE agreed that its Shenzhen extended service platform will be located in the Shenzhen GDH City Project and it will continue to support the marketing efforts for the Shenzhen GDH City and encourage its members to locate their offices in the Shenzhen GDH City. The Group has entered into a property leasing services agreement with 廣東粵海天河城(集團)股份有限公司 (GDH Teem (Holdings) Limited) ("GDH Teem"), a fellow subsidiary of the Company, for the shopping mall under the Shenzhen GDH City Project, which operated by GDH Teem under the name of Shenzhen Teem. The Group shares the operating profit with GDH Teem. GDH Teem is principally engaged in the provision of property leasing services, property investment and development, department stores operation, hotel ownership and operations in the PRC, and has extensive industry experience. The agreement enables the Group to benefit from the branding effect of GDH Teem, which is conducive to attracting quality companies to locate in the property.

The Guangzhou GDH Future City Project

The core area of Baiyun New Town, Baiyun District, Guangzhou City, the PRC, at which the Guangzhou GDH Future City Project is located, is positioned to be the hub for headquarters, and is planned as a cluster of corporate headquarters, aviation industry and commercial hotel service functions, focusing on the development of headquarters economy and attracting the headquarters of large corporations and small and medium-sized enterprises. Such project is located to the north of Yuncheng South Fourth Road and south of Qixin Road, on the two sides of Yuncheng West Road, and is connected to major transport networks. It is adjacent to Baiyun Park Station of Guangzhou Metro Line 2 and trunk roads such as the Airport Expressway and the Baiyun Avenue, and it is only about 30 kilometres away from the Guangzhou Baiyun International Airport. In addition, as the third phase of the Airport Avenue and Guangzhou Metro Line 12 are expected to open in 2023, travel between such project and its surrounding areas will be more convenient in due course. The project is situated in a well-developed neighborhood where commercial shopping centres, schools, hospitals, parks and the Guangzhou Gymnasium are within a three-kilometre radius, and it is close to the scenic area of Baiyun Mountain. With the significant advantage of such project and the development of industries nearby, it has promising market prospects. The project has adopted a model of development by phases. As at 30 June 2023, the construction works of basement and superstructure of each phase properties of the project were being carried out, and the whole project is expected to be filed for completion in 2026. The pre-sale of the project commenced in June 2022.

Business Review (continued)

The Guangzhou Laurel House Project

All residential units of the Guangzhou Laurel House Project had been delivered, and car-parking spaces of the project are being sold as planned. During the period under review, the commercial property "GD • Delin (粵海 • 得鄰)" of the Guangzhou Laurel House Project 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 2023, the occupancy rate of the commercial building of the Guangzhou Laurel House Project was approximately 86.6%.

The Foshan Laurel House Project

The Foshan Laurel House Project is located at west to Wenhua Road, south to Liming Second Road, Shiwan Area (Chengnan Sub-district) of Chancheng District, Foshan City, the PRC. The project is positioned as a modern, top-notch and strong central of Foshan City, which is a place ideal for living, starting business and fostering innovation. Near Wanhua Station, the interchange station of Lines 2 and 3 of Foshan Metro, the project is surrounded by two metro networks, its transportation is much convenient. Together with the well-established education, medical and commercial amenities nearby, the project has the advantages to be forged into an above-twin stations residential community featuring quality lifestyle. With the significant advantage in terms of location resources, the project enjoys promising market prospects. The project is being developed in phases. As at 30 June 2023, the superstructures of all phase properties of the project were topped out, and the renovation and masonry works were in progress. The filing for completion of construction of the whole project is expected to be made in 2024. The pre-sale of the project commenced in September 2021.

The Foshan One Mansion Project

The Foshan One Mansion Project is located at west to Fenjiang Road, north to Lujing Road and east to Luying West Street, Chengnan Sub-district in Chancheng District, Foshan City, the PRC, which belongs to the commercial belt of Jihua, and about 200 metres away from Jihua Park Station, the interchange station of Foshan Metro Line 1 and Metro Line 4 (under construction). It is connected to convenient transport networks and its location is excellent. It has mature supporting amenities of education, medical care and commercial area nearby. In addition, the Foshan Municipal Government has actively launched a series of favorable policies, relaxing the threshold for talents to buy houses, and removing the purchase restrictions in Chancheng District, which effectively stimulated the demand of house purchases in the area. The project also complements the Foshan Laurel House Project of the Group in the area to create synergy benefits, achieve regional deep cultivation and increase cost efficiency. The project is being developed in phases. As at 30 June 2023, the construction works of basement and superstructure of the first phase properties of the project were being carried out. The filing for completion of construction of the whole project is expected to be made in 2026.

The Zhuhai Laurel House Project

The Zhuhai Laurel House Project is located at the west to Jinhui Road and north to Jinhe East Road, the Aviation New Town Sub-district in Jinwan District, Zhuhai City, the PRC. The high value potentials of the area where the project is located will enhance 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 is being developed in phases. As at 30 June 2023, the superstructure of the first phase properties of the project was topped out and the inspection works were in progress and the superstructures of other phase properties were topped out and the masonry works were in progress. The filing for completion of construction of the whole project is expected to be made in 2024. The pre-sale of the project commenced in June 2021.

Business Review (continued)

The Zhongshan GDH City Project

The Zhongshan GDH City Project is located at the starting area of Cuiheng New District, Zhongshan City, the PRC. Sitting in the core centre of the Greater Bay Area, the district is the bridgehead at the west bank of the Pearl River connecting to the Shenzhen Zhongshan Bridge. It therefore undergoes a rapid development and generates increasing market demand. With a superior seaview, the project will enjoy rich environmental landscape resources. Coupled with the plan to perfecting the region by education, medical care and commercial amenities, the project is suitable to be developed as a low-density, ecological and high quality residential community. With the significant advantage in terms of location, industries and transportation resources, the project enjoys promising market prospects. The project is being developed in phases. As at 30 June 2023, the superstructures of all phase properties of the project were topped out and the renovation and masonry works were in progress. The filing for completion of construction of the whole project is expected to be made in 2025. The pre-sale of the project commenced in September 2021.

The Jiangmen One Mansion Project

The Jiangmen One Mansion Project is located at the southeast to the intersection of Chenyuan Road and Longteng Road and west to Fengxiang Road in Pengjiang District, Jiangmen City, the PRC. Jiangmen is positioned as the western gateway of the Greater Bay Area, with its value remaining at an underestimated 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 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. The filing for completion of construction of the whole project was made in August 2022. The pre-sale of the project commenced in January 2021.

The Jiangmen GDH City Project

The Jiangmen GDH City Project is located at three adjourning parcels of land at the east of Ganbei Road, Pengjiang District, Jiangmen City, the PRC (the "Jiangmen Land Nos. 3 to 5"). The land has been approved for city and town residential and other commercial and service uses. In addition, there is a parcel of land adjacent to the Jiangmen Land Nos. 3 to 5 with a GFA of approximately 41,597 sq. m. (the "Jiangmen Land No. 6"), which has been approved for medical and health, and commercial service uses; while subject to the approval of the relevant government authorities in accordance with the policy of "Three Olds" Renovation (「三舊」改造) in relation to the resettlement of the residents. The Group shall be entitled to acquire the relevant land use right in respect of Jiangmen Land No. 6 without paying any land premium. The Jiangmen GDH City Project is located in a traditional old town district in Jiangmen City with high density population and a convenient transportation network. It is also adjacent to Xi River, connects to the Chaolian Talent Island and is accessible to five parks nearby, providing a quality living environment with an excellent river scenery.

The project is being developed in phases. The filing for completion of construction of all properties on Land No. 3 in the first phase has been made in August 2022 and the filing for completion of construction of all properties on 4-1 and 4-5 parcels of Land No. 4 has been made in March 2023. As at 30 June 2023, the superstructures of properties under construction on 4-2 and 4-6 parcels of Land No. 4 were topped out and the renovation and masonry works were in progress; and 4-3 and 4-4 parcels of Land No. 4 and Land No. 5 were pending for development. The filing for completion of construction of the whole project is expected to be made in 2026. The pre-sale of the project commenced in May 2021.

Business Review (continued)

The Huizhou One Mansion Project

The Huizhou One Mansion Project is located at Mamiao, Aotou, Dayawan District, Huizhou City, the PRC. It is close to Xin'ao Avenue, a trunk road connecting Huiyang District and Dayawan District, and is only seven kilometres away from the Highspeed Railway Huiyang Station. The project is positioned to be a quality urban residential community with natural slope land garden view. The project is being developed in one phase. As at 30 June 2023, the superstructure of properties of the project was topped out and the renovation and masonry works were in progress. The filing for completion of construction of the whole project is expected to be made in the second quarter of 2024. The pre-sale of the project commenced in July 2022.

Financial Review

Key Financial Indicators

	Note	For the six months ended 30 June 2023	2022	Change
(Loss)/profit attributable to owners of the Company (HK$'000)		**(200,288)**	237,824	–184.2%
Return on equity (%)	*1*	**–2.7%**	2.9%	–5.6 ppt

	30 June 2023	31 December 2022	Change
Net asset value (HK$ million)	**8,809**	8,618	+2.2%

Note:

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

During the first half of 2023, the Group recorded loss attributable to owners of the Company, which was mainly attributable to the major properties delivered by the Group during the period under review being the Jiangmen One Mansion Project and the Jiangmen GDH City (Land No. 3) Project as compared to the major properties delivered in the same period in 2022 being the Shenzhen GDH City (Northwestern Land) Project with higher gross profit margin, resulting in the decrease in the profit derived from the sale of such properties as compared to the same period in 2022. For details, please refer to the "Results" section in this Management Discussion and Analysis.

Financial Review (continued)

Operating Income, Expenses and Finance Costs

During the first half of 2023, the Group recorded selling and marketing expenses of approximately HK$139 million (six months ended 30 June 2022: HK$123 million), representing an increase of approximately 13.0% from that for the same period last year. The increase in selling and marketing expenses was mainly due to the increase in related sales commissions in relation to the Jiangmen One Mansion Project and the Jiangmen GDH City (Land No. 3) Project. The Group's administrative expenses for the first half of 2023 amounted to approximately HK$100 million (six months ended 30 June 2022: HK$101 million), representing a decrease of approximately 1.0% from that for the same period last year, which was mainly attributable to a decrease in the labour cost.

During the period under review, the Group borrowed loans to support its business development and recorded finance costs of approximately HK$652 million (six months ended 30 June 2022: HK$584 million), of which approximately HK$516 million was capitalised while the remaining portion of approximately HK$136 million was charged to the statement of profit or loss.

Capital Expenditure

The amount of capital expenditure paid by the Group during the first half of 2023 was approximately HK$360 million (six months ended 30 June 2022: HK$369 million). The capital expenditure for the period was mainly used for the investment properties under development of the Shenzhen GDH City Project.

Financial Resources and Liquidity

As at 30 June 2023, the equity attributable to owners of the Company was approximately HK$7,180 million (31 December 2022: HK$7,787 million), representing a decrease of approximately 7.8% from that as at the end of 2022. Based on the number of shares in issue as at 30 June 2023, the net asset value per share at the period end was approximately HK$4.20 (31 December 2022: HK$4.55), representing a decrease of approximately 7.7% from that as at the end of 2022.

As at 30 June 2023, the Group had cash and cash equivalents of approximately HK$6,789 million (31 December 2022: HK$2,661 million), representing an increase of approximately 155.1% from that as at the end of last year. The increase in cash and cash equivalents was mainly due to more new bank and other loans during the period under review. The main purpose for such new interest-bearing loans was to satisfy the funding needs for the Group's business development.

Of the Group's cash and bank balances (including restricted bank balances and cash and cash equivalents) as at 30 June 2023, approximately 99.4% was in RMB and approximately 0.6% was in HKD. Net cash inflows from operating activities for the first half of 2023 amounted to approximately HK$2,068 million (six months ended 30 June 2022: net outflows of HK$7,788 million).

As most of the transactions in the Group's daily operations in Chinese Mainland 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. The Group believed that no significant impact was caused by the fluctuation of RMB exchange rate on the Group's financial position as there is a natural hedging mechanism. Meanwhile, the Group dynamically monitored the foreign exchange exposure and made necessary adjustments in accordance with the change in market environment.

Financial Review (continued)

Financial Resources and Liquidity (continued)

As at 30 June 2023, the Group had interest-bearing borrowings (including Commercial Mortgage Backed Securities ("CMBS")) from certain banks and related parties of the Company amounting to approximately HK$27,399 million (31 December 2022: HK$26,415 million) in aggregate, with a gearing ratio[1] of approximately 234.3% (31 December 2022: 275.7%). According to the relevant loan agreements, approximately HK$11,072 million of the interest-bearing loans are repayable within one year; approximately HK$6,934 million are repayable within one to two years; approximately HK$8,780 million are repayable within two to five years; and the remaining approximately HK$613 million are repayable after five years. The Group obtained funds for business development through different financing channels and effectively controlled its finance costs. As at 30 June 2023, the weighted average effective interest rate of the Group's bank borrowings was 4.07% (31 December 2022: 4.25%) per annum. As at 30 June 2023, the banking facilities available to the Group were approximately RMB3,082 million (equivalent to approximately HK$3,343 million). The Group reviews its funding needs from time to time according to the existing projects and other new investment businesses and considers obtaining funds through various financing means and channels so as to secure adequate financial resources for business development.

Asset Pledged and Contingent Liabilities

As at 30 June 2023, the CMBS issued by the Group in the Shanghai Stock Exchange were secured by certain investment properties and their operating income receivables. Meanwhile, the Group's certain properties amounting to approximately HK$7,101 million (31 December 2022: HK$26,000 million) and the 100% equity interests of 廣東粵海房地產開發有限公司 (Guangdong Yuehai Property Development Co., Ltd.) and 珠海粵海置地有限公司 (Zhuhai Yuehai Land Co., Ltd.) were pledged to secure certain bank loans.

In addition, as at 30 June 2023, the Group provided guarantees of approximately HK$4,444 million (31 December 2022: HK$2,580 million) to certain banks in relation to the mortgage loans on properties sold (please refer to note 18 to the unaudited interim financial report for details). Save for the above, the Group did not have any other material contingent liabilities as at 30 June 2023.

Risks and Uncertainties

As the Group is engaged in property development and investment businesses in the Chinese Mainland, the risks and uncertainties of its business are principally associated with the property market and property prices in the Chinese Mainland, and the Group's income in the future will be directly affected accordingly. The property market in the Chinese Mainland 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 diversifies the operating risks of the Group.

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 2023, the Group had total outstanding interest-bearing loans of approximately HK$27,399 million (31 December 2022: HK$26,415 million).

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

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

Risks and Uncertainties (continued)

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 Guangzhou Laurel House Project and investment properties of the Shenzhen GDH City Project are held by the Group for lease in order to generate stable rental income for the Group in the future.

As most of the Company's business operations are located in Chinese Mainland, the Company faces foreign currency risks due to exchange gain/loss from exchange rate fluctuations as well as currency conversion risk due to converted net asset value fluctuations of property development and investment projects in Chinese Mainland. To effectively manage foreign currency risk, the Company closely monitors foreign exchange markets, and utilises multiple strategic approaches, such as optimising cash management strategy and deploying project finance instruments, to control foreign exchange risk.

Policy and Performance on Environmental, Social and Governance

The Group strictly complies with the regulations enacted by the Chinese Mainland 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") takes into consideration the views of various stakeholders, especially for important ESG issues, and is supported by staff members from all levels and departments of the Group. 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 "Importance to our Stakeholders" and "Importance to Guangdong Land's Development", by conducting proactive and comprehensive stakeholder communication from multiple perspectives in various ways, such as face-to-face communication, email correspondence, telephone interviews 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 sustainability and proper risk management.

The Group operates in the real estate industry 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 2022 ESG report and published it in April 2023. The Company has innovated and optimised the report framework and specific content based on the initiatives and achievements in respect of corporate social responsibility in 2022, in order to enhance the display of work results and the readability of the report for investors. The report covers various aspects including corporate governance, environmental protection, care for employees, quality management and care for the community. To redouble its ESG efforts and uphold the corporate philosophy of sustainability, the Company established the ESG Committee with the ESG Working Group under it. Authorised by the Board, the ESG Committee is responsible for determining the ESG management objectives, approaches and implementation paths, monitoring the implementation and effectiveness of the relevant policies and practices adopted, and leading and overseeing the work of the ESG Working Group, with the aim of improving the ESG performance of the Group.

Human Resources

As at 30 June 2023, the Group had 591 (31 December 2022: 579) employees. The Group provides a range of basic benefits to its employees, and its employee incentive policy is designed to reward employees by reference to and integrating factors including the operating results of the Group and the performance of individual employees. 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.

Outlook

In the first half of 2023, under the impact of factors such as radical changes in international situations including Russian-Ukrainian conflict as well as high global inflation, China's economy still faced with triple pressure from shrinking demand, supply shock, and weakening expectations. However, as the impact of the pandemic subsided and the production and livelihood of the whole society resumed in a stable and orderly manner, the economy has gradually achieved recovery growth, and the abovementioned triple pressure faced by China's economy has relieved to different extent under the combined effects of various factors including the release of backlog of demand in early stage and supportive policies.

In the first half of 2023, the real estate industry obtained affirmation of its positioning as a pillar industry, with measures such as optimising the policy on concentrated land supply, facilitating the transfer of second-hand houses with mortgage, and regulating economic services for real estate sector to further restore market expectations and regulate market operations. The favorable policies including optimising the policy on provident fund loans, loosening the local restrictions on property purchasing and lowering interest rates for first home loan have been successively introduced by various local governments to continue relax policy regulation. According to the Loan Prime Rate (the "LPR") announced by the central bank, the People's Bank of China, aiming to boosting consumption and economic recovery, lowered the 1-year LPR and over 5-year LPR by 10 basis points on 20 June, respectively. Nevertheless, residents' wait-and-see sentiment on real estate industry remained relatively intense as a result of the early-stage economic recovery and less than expected policy support for the property sector, thus the property market failed to maintain its rebounding momentum in the second quarter after a short-term concentrated release of backlog of demand in the first quarter. In general, China's economic recovery is still under pressure, guaranteeing property delivery, securing people's livelihood, stabilising economic fundamentals and facilitating the steady and healthy development of the property market will remain its top priority.

Looking forward to the second half of the year, the core of stabilising the property market still lies in maintaining confidence. It is expected that the PRC government will continue to implement loose policy regulation on real estate industry. Despite the overall relaxation in the third- and fourth-tier cities, there is still room for the optimisation of regulatory policies in first- and strong second-tier cities, where the scope of relaxation on purchase restrictions may be further extended and a partial relaxation on purchase restrictions in remote suburban areas may be allowed, so as to boost the consumption confidence of people with inelastic demand or housing improvement demand. In the long run, China's economy will continue a favorable momentum in gradual recovery and transform and update to achieve high-quality development. Benefiting from the continuing concentration of China's population and industries in metropolitan areas, the proportion of the population in the Greater Bay Area will continue to increase with the continuous optimisation and upgrade of its industrial structure in the future, which can effectively support the moderate growth in inelastic demand and housing improvement demand.

With the full implementation of the development strategy of the Greater Bay Area and its economy maintaining positive growth momentum, the Group's projects such as Shenzhen GDH City, Guangzhou GDH Future City, Guangzhou Laurel House, Foshan Laurel House, Foshan One Mansion, Zhuhai Laurel House, Zhongshan GDH City, Jiangmen GDH City, Jiangmen One Mansion and Huizhou One Mansion are all located in the core cities of the Greater Bay Area and will benefit from the strong development momentum of the Greater Bay Area.

Outlook (continued)

The Group will continue to position itself strategically as "the influential urban complex development expert in the Greater Bay Area", seek progress while maintaining stability, make every effort to complete the construction, sales and operation of the existing projects, and seize opportunities to explore high-quality project through prudent consideration of the market situation. It will also continue to fully utilise the advantages of a provincial state-owned enterprise in the Greater Bay Area, assess the current situation, develop steadily, adhere to the spirit of ingenuity, boost the Group's brand reputation and awareness and enhance the Group's competitiveness in the industry.

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 property business in order to create greater returns for the shareholders of the Company as we did in the past.

Directors' Interests and Short Positions in Securities

As at 30 June 2023, 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:

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)
JIAO Li	Personal	200,000	Long position	0.012%
Vincent Marshall LEE Kwan Ho	Corporate	2,000,000	Long position	0.117%

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 2023.

Save as disclosed above, as at 30 June 2023, 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 2023, 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 2023.

2. The attributable interest which 廣東粵海控股集團有限公司 (Guangdong Holdings Limited) ("Guangdong Holdings") 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, Guangdong Investment Limited ("GDI").

Save as disclosed above, as at 30 June 2023, 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 2023.

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 2023.

Change in Director's Information

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in Director's information during the period under review and up to the date of this report is set out below:

— Mr. LI Wenchang was appointed as a director of 廣東粵海資本集團有限公司 (Guangdong Yuehai Capital Group Co., Ltd.), a subsidiary of GDH Limited, with effect from 10 July 2023.

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 2023. In addition, the unaudited interim financial report has been reviewed by the Company's independent auditor, KPMG, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

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 2023.

Disclosure under Rule 13.21 of the Listing Rules

(1) Term Loan Facility from the First Bank

On 11 March 2022, the Company accepted a facility letter (the "2022 First Facility Letter") issued by a bank (the "First Bank") in relation to a term loan facility (the "2022 First Facility") for 360 days in the principal amount of HK$1,000 million made available by the First Bank to the Company.

Pursuant to the 2022 First Facility Letter, the First Bank may by notice to the Company require the Company to fully repay the loan under the 2022 First Facility within one month if, among others, any one of the following events has occurred:

(i) Guangdong Holdings ceases to beneficially own, directly and/or indirectly, at least 51% of the shareholding in GDI; or

(ii) Guangdong Holdings ceases to be ultimately controlled and/or beneficially majority-owned (directly and/or indirectly) by the Guangdong Provincial People's Government of the PRC (the "Guangdong Provincial Government").

In addition, the Company shall undertake to ensure that GDI continues to be the single largest shareholder and holds (direct or indirect) not less than 50% of the shareholding in the Company.

The loan under the 2022 First Facility has been fully repaid on 10 March 2023.

On 6 March 2023, the Company accepted another facility letter (the "2023 First Facility Letter") issued by the First Bank in relation to a term loan facility (the "2023 First Facility") for 360 days in the principal amount of HK$500 million made available by the First Bank to the Company.

Pursuant to the 2023 First Facility Letter, the First Bank may by notice to the Company require the Company to fully repay the loan under the 2023 First Facility within one month if, among others, any one of the following events has occurred:

(i) Guangdong Holdings ceases to beneficially own, directly and/or indirectly, at least 51% of the shareholding in GDI; or

(ii) Guangdong Holdings ceases to be ultimately controlled and/or beneficially majority-owned (directly and/or indirectly) by the Guangdong Provincial Government.

In addition, the Company shall undertake to ensure that GDI continues to be the single largest shareholder and holds (directly or indirectly) not less than 50% of the shareholding in the Company.

The outstanding principal of the 2023 First Facility as at 30 June 2023 amounted to HK$500 million.

Disclosure under Rule 13.21 of the Listing Rules (continued)

(2) Uncommitted Revolving Loan Facility from the Second Bank

On 17 March 2022, the Company accepted a facility letter (the "2022 Second Facility Letter") issued by the second bank (the "Second Bank") in relation to an uncommitted revolving loan facility (the "2022 Second Facility") for 360 days in the principal amount of HK$300 million made available by the Second Bank to the Company.

Pursuant to the 2022 Second Facility Letter, the Second Bank may by notice to the Company require the Company to fully repay the loan under the 2022 Second Facility immediately if, among others, any one of the following events has occurred which would constitute an event of default:

(i) Guangdong Holdings ceases to be ultimately controlled and/or beneficially majority-owned (directly and/or indirectly) by the Guangdong Provincial Government; or

(ii) Guangdong Holdings ceases to beneficially own, directly and/or indirectly, at least 51% of the shareholding in GDI; or

(iii) GDI ceases to retain as the single largest shareholder of the Company and ceases to hold (whether directly or indirectly) at least 50% shareholding in the Company.

The loan under the 2022 Second Facility has been fully repaid on 17 March 2023.

On 7 March 2023, the Company accepted another facility letter (the "2023 Second Facility Letter") issued by the Second Bank in relation to an uncommitted revolving loan facility (the "2023 Second Facility") for 360 days in the principal amount of HK$300 million made available by the Second Bank to the Company.

Pursuant to the 2023 Second Facility Letter, the Second Bank may by notice to the Company require the Company to fully repay the loan under the 2023 Second Facility immediately if, among others, any one of the following events has occurred which would constitute an event of default:

(i) Guangdong Holdings ceases to be ultimately controlled and/or beneficially majority-owned (directly and/or indirectly) by the Guangdong Provincial Government; or

(ii) Guangdong Holdings ceases to beneficially own, directly and/or indirectly, at least 51% of the shareholding in GDI; or

(iii) GDI ceases to retain as the single largest shareholder of the Company and ceases to hold (whether directly or indirectly) at least 50% shareholding in the Company.

The outstanding principal of the 2023 Second Facility as at 30 June 2023 amounted to HK$300 million.

Disclosure under Rule 13.21 of the Listing Rules (continued)

(3) Uncommitted Revolving Loan Facility from the Third Bank

On 6 March 2023, the Company accepted a facility letter (the "2023 Third Facility Letter") issued by the third bank (the "Third Bank") in relation to an uncommitted revolving loan facility (the "2023 Third Facility") for 360 days in the principal amount of HK$500 million made available by the Third Bank to the Company.

Pursuant to the 2023 Third Facility Letter, the Third Bank may by notice to the Company require the Company to fully repay the loan under the 2023 Third Facility immediately if, among others, any one of the following events has occurred which would constitute an event of default:

(i) the Company ceases to be a subsidiary of GDI; or

(ii) the Company ceases to be a subsidiary of Guangdong Holdings.

The outstanding principal of the 2023 Third Facility as at 30 June 2023 amounted to HK$500 million.

Interim Dividend

The Board has resolved to declare the payment of an interim dividend of HK3.00 cents (six months ended 30 June 2022: HK3.00 cents) per ordinary share for the six months ended 30 June 2023 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Tuesday, 10 October 2023. The interim dividend is expected to be paid on or about Thursday, 26 October 2023.

Closure of Register of Members

The register of members of the Company will be closed on Tuesday, 10 October 2023 and no transfer of shares will be registered on that day. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 9 October 2023.

By Order of the Board
LAN Runing
Chairman

Hong Kong, 29 August 2023

KPMG

Review report to the board of directors of Guangdong Land Holdings Limited
(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 24 to 48 which comprises the condensed consolidated statement of financial position of Guangdong Land Holdings Limited (the "Company") and its subsidiaries as of 30 June 2023 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flow for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report 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 are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report 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 the interim financial report consists of making enquiries, 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 report as at 30 June 2023 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim Financial Reporting*.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

29 August 2023

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023
(Expressed in Hong Kong dollars)

		Unaudited Six months ended 30 June	
	Notes	**2023** ***HK$'000***	2022 *HK$'000*
Revenue	*5*	**973,596**	492,400
Cost of sales		**(749,636)**	(166,215)
Gross profit		**223,960**	326,185
Other (losses)/gains, net	*5*	**(206,820)**	4,908
Fair value gains on investment properties	*10*	**258,807**	351,232
Selling and marketing expenses		**(139,265)**	(123,217)
Administrative expenses		**(100,202)**	(101,438)
Operating profit		**36,480**	457,670
Finance income	*6*	**29,344**	10,257
Finance costs	*6*	**(136,178)**	(75,993)
Finance costs, net		**(106,834)**	(65,736)
(Loss)/profit before tax	*7*	**(70,354)**	391,934
Income tax expense	*8*	**(100,863)**	(159,792)
(Loss)/profit for the period		**(171,217)**	232,142
Attributable to:			
Owners of the Company		**(200,288)**	237,824
Non-controlling interests		**29,071**	(5,682)
		(171,217)	232,142
(Loss)/earnings per share			
Basic and diluted	*9*	**HK(11.70 cents)**	HK13.90 cents

The notes on pages 30 to 48 form an integral part of this interim financial report.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023
(Expressed in Hong Kong dollars)

	Unaudited Six months ended 30 June	
	2023 **HK$'000**	2022 HK$'000
(Loss)/profit for the period	**(171,217)**	232,142
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of Chinese Mainland operations	**(326,724)**	(458,004)
Total comprehensive income for the period	**(497,941)**	(225,862)
Attributable to:		
Owners of the Company	**(470,413)**	(192,927)
Non-controlling interests	**(27,528)**	(32,935)
	(497,941)	(225,862)

The notes on pages 30 to 48 form an integral part of this interim financial report.

Condensed Consolidated Statement of Financial Position

At 30 June 2023
(Expressed in Hong Kong dollars)

	Notes	**Unaudited 30 June 2023 *HK$'000***	Audited 31 December 2022 *HK$'000*
Assets			
Non-current assets			
Property, plant and equipment		**21,995**	12,750
Construction in progress		**50,573**	81,816
Right-of-use assets		**23,214**	4,999
Intangible assets		**18,497**	19,668
Investment properties	*10*	**8,830,228**	8,461,145
Equity investments designated at fair value through other comprehensive income		**37,650**	37,650
Deferred tax assets		**999,583**	940,374
Total non-current assets		**9,981,740**	9,558,402
Current assets			
Completed properties held for sale	*11*	**4,732,226**	4,308,925
Properties held for sale under development	*11*	**30,134,988**	30,665,014
Other contract costs	*11*	**111,911**	67,964
Prepayments, land and other deposits and other receivables	*12*	**1,329,314**	863,312
Tax recoverable		**411,107**	247,222
Restricted bank balances	*13*	**592,731**	548,456
Cash and cash equivalents	*13*	**6,788,620**	2,660,932
Total current assets		**44,100,897**	39,361,825
Total assets		**54,082,637**	48,920,227
Liabilities			
Current liabilities			
Trade and other payables and accruals	*14*	**(4,700,592)**	(4,616,707)
Contract liabilities		**(9,302,328)**	(5,593,884)
Lease liabilities		**(16,250)**	(2,218)
Tax payable		**(2,418,180)**	(2,488,659)
Dividend payable	*16(b)*	**(136,923)**	—
Bank and other borrowings	*15*	**(3,109,210)**	(2,638,347)
Loans from related parties	*19(c)*	**(7,962,385)**	(3,502,474)
Total current liabilities		**(27,645,868)**	(18,842,289)
Net current assets		**16,455,029**	20,519,536
Total assets less current liabilities		**26,436,769**	30,077,938

Condensed Consolidated Statement of Financial Position (continued)

At 30 June 2023
(Expressed in Hong Kong dollars)

	Notes	**Unaudited 30 June 2023 *HK$'000***	Audited 31 December 2022 *HK$'000*
Non-current liabilities			
Bank and other borrowings	*15*	**(7,565,338)**	(4,835,887)
Loans from related parties	*19(c)*	**(8,761,970)**	(15,438,783)
Lease liabilities		**(9,342)**	(3,113)
Deferred tax liabilities		**(1,273,940)**	(1,166,489)
Other payables	*14*	**(16,920)**	(15,794)
Total non-current liabilities		**(17,627,510)**	(21,460,066)
Total liabilities		**(45,273,378)**	(40,302,355)
Net assets		**8,809,259**	8,617,872
Equity			
Equity attributable to owners of the Company			
Share capital	*16(a)*	**171,154**	171,154
Reserves		**7,008,938**	7,616,274
		7,180,092	7,787,428
Non-controlling interests		**1,629,167**	830,444
Total equity		**8,809,259**	8,617,872

The notes on pages 30 to 48 form an integral part of this interim financial report.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023
(Expressed in Hong Kong dollars)

		Unaudited										
		Attributable to owners of the Company										
	Notes	Share capital HK$'000	Share premium account HK$'000	Capital reserve HK$'000	Property revaluation reserve HK$'000	Enterprise development funds HK$'000	Reserve funds HK$'000	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2022		171,154	1,688,606	2,785	6,984	216	293,926	528,346	5,793,628	8,485,645	832,746	9,318,391
Profit/(loss) for the period		–	–	–	–	–	–	–	237,824	237,824	(5,682)	232,142
Other comprehensive income for the period		–	–	–	–	–	–	(430,751)	–	(430,751)	(27,253)	(458,004)
Total comprehensive income for the period		–	–	–	–	–	–	(430,751)	237,824	(192,927)	(32,935)	(225,862)
Transactions with owners in their capacity as owners:												
Dividends provided	*16(b)*	–	–	–	–	–	–	–	(171,154)	(171,154)	–	(171,154)
At 30 June 2022		171,154	1,688,606	2,785	6,984	216	293,926	97,595	5,860,298	8,121,564	799,811	8,921,375
At 1 January 2023		**171,154**	**1,688,606**	**2,785**	**6,984**	**216**	**295,198**	**(340,059)**	**5,962,544**	**7,787,428**	**830,444**	**8,617,872**
(Loss)/profit for the period		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(200,288)**	**(200,288)**	**29,071**	**(171,217)**
Other comprehensive income for the period		**–**	**–**	**–**	**–**	**–**	**–**	**(270,125)**	**–**	**(270,125)**	**(56,599)**	**(326,724)**
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**–**	**–**	**(270,125)**	**(200,288)**	**(470,413)**	**(27,528)**	**(497,941)**
Transactions with owners in their capacity as owners:												
Capital injection from non-controlling interests	*19(a)(vi)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**826,251**	**826,251**
Transfer to reserve funds		**–**	**–**	**–**	**–**	**–**	**19,979**	**–**	**(19,979)**	**–**	**–**	**–**
Dividends provided	*16(b)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(136,923)**	**(136,923)**	**–**	**(136,923)**
At 30 June 2023		**171,154**	**1,688,606**	**2,785**	**6,984**	**216**	**315,177**	**(610,184)**	**5,605,354**	**7,180,092**	**1,629,167**	**8,809,259**

The notes on pages 30 to 48 form an integral part of this interim financial report.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023
(Expressed in Hong Kong dollars)

	Notes	Unaudited Six months ended 30 June 2023 HK$'000	 2022 HK$'000
Cash flows from operating activities			
Net cash generated from/(used in) operations		**2,708,851**	(7,207,479)
Interest received		**29,344**	10,257
Interest paid		**(458,439)**	(365,335)
PRC tax paid		**(211,750)**	(225,664)
Net cash flows generated from/(used in) operating activities		**2,068,006**	(7,788,221)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(12,283)**	(1,087)
Additions to construction in progress		**(10,786)**	(3,700)
Additions to investment properties		**(336,450)**	(363,833)
Acquisitions of subsidiaries		**—**	(732,530)
Net cash flows used in investing activities		**(359,519)**	(1,101,150)
Cash flows from financing activities			
Proceeds from bank and other borrowings		**6,271,125**	2,609,424
Proceeds from loans from related parties		**4,045,752**	11,759,975
Repayments to bank and other borrowings		**(2,752,266)**	(2,103,442)
Repayments of loans from related parties		**(5,732,600)**	(2,659,687)
Capital injection from non-controlling interests	*19(a)(vi)*	**826,251**	—
Principal elements of lease payments		**(6,279)**	(2,268)
Net cash flows generated from financing activities		**2,651,983**	9,604,002
Net increase in cash and cash equivalents		**4,360,470**	714,631
Cash and cash equivalents at beginning of period		**2,660,932**	2,588,393
Effect of foreign exchange rate changes, net		**(232,782)**	(141,895)
Cash and cash equivalents at end of period	*13*	**6,788,620**	3,161,129

The notes on pages 30 to 48 form an integral part of this interim financial report.

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 Office A, 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) ("Guangdong Holdings"), 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 interim financial report for the six months ended 30 June 2023 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 interim financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2022, 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 2022, as described in those annual financial statements, except for the adoption of new amendment to standards effective for the financial year ending 31 December 2023.

(a) New and amended HKFRSs

The Group has adopted the following new amendment to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform — Pillar Two model rules*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 Basis of preparation (continued)

(b) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Government of the Hong Kong SAR (the "Government") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will eventually abolish the statutory right of an employer to reduce its long service payment ("LSP") and severance payment payable to a Hong Kong employee by drawing on its mandatory contributions to the mandatory provident fund ("MPF") scheme (also known as the "offsetting mechanism"). The Government has subsequently announced that the Amendment Ordinance will come into effect from 1 May 2025 (the "Transition Date"). Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date; in addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 and recognise such deemed contributions as reduction of current service cost in the period the related service is rendered, and any impact from ceasing to apply the practical expedient is recognised as a catch-up adjustment in profit or loss with a corresponding adjustment to the LSP liability during the year ended 31 December 2022.

In this interim financial report and in prior periods, consistent with the HKICPA guidance the Group has been accounting for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed employee contributions towards the LSP. However, the Group has been applying the abovementioned practical expedient.

The Group has assessed the implications of this new guidance on the above accounting policies and has decided to change those accounting policies to conform with the guidance. The management has commenced the processes on implementing the change including additional data collection and impact assessment. However, the impact of the change is not reasonably estimable at the time this interim financial report is authorised for issue, as the Group has yet to fully complete its assessment of the impact of the HKICPA guidance. The Group expects to adopt this guidance with retrospective application in its annual financial statements for the year ending 31 December 2023.

3 Critical accounting estimates

The preparation of interim financial report 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.

In preparing this interim financial report, 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 2022.

4 Segment information

For management purposes, the Group is organised into business units based on their products and activities and has three reportable segments as follows:

(a) the property development segment consists of property development;

(b) the property investment segment consists of property investment, leasing and management operations; and

(c) 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 before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that finance and interest income and finance 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. The management considers all bank and other borrowings, and loans from related parties in Chinese Mainland are managed in the property development segment.

During the current and prior periods, there were no intersegment transactions.

4 Segment information (continued)

	For the six months ended 30 June 2023			
	Property development *HK$'000*	**Property investment** *HK$'000*	**Other** *HK$'000*	**Total** *HK$'000*
Segment revenue:				
Sales to external customers	**957,917**	**15,679**	**—**	**973,596**
Segment results	**(199,058)**	**252,607**	**(17,069)**	**36,480**
Reconciliation:				
Finance income				**29,344**
Finance costs				**(136,178)**
Loss before tax				**(70,354)**

	For the six months ended 30 June 2022			
	Property development *HK$'000*	Property investment *HK$'000*	Other *HK$'000*	Total *HK$'000*
Segment revenue:				
Sales to external customers	480,524	11,876	—	492,400
Segment results	151,062	329,271	(22,663)	457,670
Reconciliation:				
Finance income				10,257
Finance costs				(75,993)
Profit before tax				391,934

4 Segment information (continued)

	At 30 June 2023			
	Property development *HK$'000*	**Property investment** *HK$'000*	**Other** *HK$'000*	**Total** *HK$'000*
Segment assets:	**44,039,789**	**8,954,527**	**88,738**	**53,083,054**
Reconciliation:				
Unallocated assets				**999,583**
Total assets				**54,082,637**
Segment liabilities:	**(42,516,637)**	**(6,472)**	**(1,476,329)**	**(43,999,438)**
Reconciliation:				
Unallocated liabilities				**(1,273,940)**
Total liabilities				**(45,273,378)**

	At 31 December 2022			
	Property development *HK$'000*	Property investment *HK$'000*	Other *HK$'000*	Total *HK$'000*
Segment assets:	39,290,016	8,590,217	99,620	47,979,853
Reconciliation:				
Unallocated assets				940,374
Total assets				48,920,227
Segment liabilities:	(37,795,687)	(7,743)	(1,332,436)	(39,135,866)
Reconciliation:				
Unallocated liabilities				(1,166,489)
Total liabilities				(40,302,355)

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	
	2023 **HK$'000**	2022 HK$'000
Revenue		
From contract with customers:		
— Sale of properties recognised at a point in time	**957,917**	480,524
From other sources:		
— Rental income	**15,679**	11,876
	973,596	492,400
Other (losses)/gains, net		
Write down of completed properties held for sale and properties held for sale under development	**(204,772)**	—
Exchange losses, net	**(5,953)**	(1,723)
Sales deposits forfeiture	**1,192**	555
Others	**2,713**	6,076
	(206,820)	4,908

6 Finance income and finance costs

	For the six months ended 30 June	
	2023 **HK$'000**	2022 HK$'000
Finance income		
— bank interest income	**29,344**	10,257
Finance costs		
— interest expenses on bank borrowings	**197,951**	154,126
— interest expenses on other borrowings	**453,141**	428,412
— others	**1,363**	1,110
Total finance costs incurred	**652,455**	583,648
Less: amount capitalised in property development projects	**(516,277)**	(507,655)
Total finance costs expensed during the period	**136,178**	75,993

For the six months ended 30 June 2023, the capitalised annual interest rate applied to funds borrowed and used for the development of properties is between 2.90% and 6.65% (for the six months ended 30 June 2022: 2.05% and 6.50%).

7 (Loss)/profit before tax

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

	For the six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
Cost of properties sold *(Note 11(b))*	**747,210**	164,897
Depreciation	**10,702**	11,703
Commission expenses	**25,664**	23,800
Staff costs		
— wages and salaries	**114,178**	103,501
— contributions to defined contribution schemes	**17,476**	16,251
	131,654	119,752
Less: amount capitalised under property development projects	**(45,666)**	(40,313)
Total staff costs expensed during the period	**85,988**	79,439

8 Income tax expense

	For the six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
Current income tax — PRC taxation	**18,934**	17,448
LAT in Chinese Mainland	**9,329**	82,604
Withholding tax	**15,159**	—
Deferred income tax	**57,441**	59,740
	100,863	159,792

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 2022: 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.

9 (Loss)/earnings per share attributable to ordinary equity holders of the Company

The calculation of basic (loss)/earnings per share amount is based on the (loss)/earnings for the period attributable to ordinary equity holders of the Company and the number of ordinary shares of 1,711,536,850 (for the six months ended 30 June 2022: 1,711,536,850) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue for the six months ended 30 June 2023 and 2022.

10 Investment properties

	Completed investment properties at fair value *HK$'000*	Investment properties under development at fair value *HK$'000*	Total *HK$'000*
2023			
At 1 January 2023	**3,429,456**	**5,031,689**	**8,461,145**
Additions	**—**	**397,564**	**397,564**
Fair value gains on investment properties	**5,889**	**252,918**	**258,807**
Exchange differences	**(107,123)**	**(180,165)**	**(287,288)**
At 30 June 2023	**3,328,222**	**5,502,006**	**8,830,228**
2022			
At 1 January 2022	481,536	7,053,618	7,535,154
Additions	—	402,619	402,619
Transfer from completed properties held for sale	62,761	—	62,761
Fair value gains on investment properties	113,458	237,774	351,232
Exchange differences	(24,698)	(330,111)	(354,809)
At 30 June 2022	633,057	7,363,900	7,996,957

As at 30 June 2023, investment properties under development of fair value HK$5,502,006,000 (31 December 2022: HK$5,031,689,000) and completed investment properties of fair value HK$433,965,000 (31 December 2022: HK$3,270,647,000) was pledged to banks as securities for bank borrowings granted to subsidiaries of the Group (Note 15).

The Group's completed investment properties and investment properties under development as at 30 June 2023 were revalued by Guangdong Zhixin Asset Evaluation Co., Ltd., an independent professionally qualified valuer.

11 Completed properties held for sale, properties held for sale under development and other contract costs

(a) The analysis of completed properties held for sale, properties held for sale under development and other contract costs under properties development segment is as follows:

	30 June 2023 ***HK$'000***	31 December 2022 *HK$'000*
Completed properties held for sale	**4,732,226**	4,308,925
Properties held for sale under development expected to be completed and delivered:		
— Within a normal operating cycle included under current assets	**30,134,988**	30,665,014
Contract costs relating to sales commission of property sales	**111,911**	67,964
	34,979,125	35,041,903

The normal operating circle of the Group's property development generally ranges from one to three years.

At the end of the reporting period, completed properties held for sale and properties held for sale under development of HK$25,517,258,000 (31 December 2022: HK$31,579,568,000) were expected to be recovered after more than one year.

At the end of the reporting period, properties held for sale under development of HK$1,164,994,000 (31 December 2022: HK$15,743,787,000) were pledged to banks as securities for bank borrowings granted to subsidiaries of the Group (Note 15), and none of the completed properties held for sale (31 December 2022: HK$1,954,030,000) was pledged.

(b) The analysis of the amount of completed properties held for sale, properties held for sale under development recognised as an expense and included in profit or loss is as follows:

	For the six months ended 30 June	
	2023 ***HK$'000***	2022 *HK$'000*
Carrying amount of completed properties held for sale sold	**747,210**	164,897
Write down of completed properties held for sale	**70,267**	—
Write down of properties held for sale under development	**134,505**	—
	951,982	164,897

12 Prepayments, land and other deposits and other receivables

	30 June 2023 *HK$'000*	31 December 2022 *HK$'000*
Trade receivables	**7,075**	6,561
Amounts due from fellow subsidiaries *(Note (a))*	**11,706**	8,915
Other receivables *(Note (b))*	**50,027**	46,673
Financial assets measured at amortised cost	**68,808**	62,149
Prepaid taxes	**697,398**	663,702
Prepaid construction costs	**25,049**	31,869
Deposits *(Note (c))*	**441,088**	8,124
Other current assets	**96,971**	97,468
	1,329,314	863,312

Notes:

(a) As at 30 June 2023, the balance mainly represents the expenses paid on behalf of a fellow subsidiary for leasing and operating a commercial property of the Group.

(b) As at 30 June 2023, none of the other receivables was past due (31 December 2022: Nil). The credit risk was low as the counterparties were with strong financial position. With no significant increase in credit risk at period end and taking into account of the forward-looking information, the expected credit loss was considered as immaterial to the Group.

(c) As at 30 June 2023, the balance mainly represents the deposit amounting to HK$433,840,000 (31 December 2022: Nil) due from the local authority for the public auction of a land use right in the PRC. The amount was recovered in July 2023.

Aging analysis

As of the end of the reporting period, the aging analysis of the Group's trade receivables, based on the payment due date, is as follows:

	30 June 2023 *HK$'000*	31 December 2022 *HK$'000*
Current or less than 3 months past due	**7,075**	7,382

13 Restricted bank balances and cash and cash equivalents

	30 June 2023 *HK$'000*	31 December 2022 *HK$'000*
Cash and bank balances	**5,058,644**	1,909,184
Time deposits with original maturity of less than three months when acquired	**40,000**	—
Other deposits with banks	**63,240**	36,208
Property pre-sale proceeds	**2,219,467**	1,263,996
	7,381,351	3,209,388
Less: restricted bank balances *(Note)*	**(592,731)**	(548,456)
Cash and cash equivalents	**6,788,620**	2,660,932

Note:

Balance at 30 June 2023 mainly represented pre-sale proceeds from 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$529,491,000 (31 December 2022: HK$512,248,000).

As of the end of the reporting period, cash and bank balances (excluding restricted bank balances) situated in Chinese Mainland amounted to HK$6,746,188,000 (31 December 2022: HK$2,608,788,000). Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

14 Trade and other payables and accruals

	30 June 2023 HK$'000	31 December 2022 *HK$'000*
Current portion:		
Trade and bills payables	**63,053**	147,426
Construction costs accruals	**2,060,485**	2,154,621
Interest payable to related parties	**1,047,721**	907,027
Other payables, accruals and provisions	**471,391**	487,545
Amounts due to related parties	**18,557**	162,772
Financial liabilities measured at amortised cost	**3,661,207**	3,859,391
Other taxes payable	**1,023,700**	729,441
Deposits	**15,685**	27,875
	4,700,592	4,616,707
Non-current portion:		
Financial liabilities measured at amortised cost		
— Other payables	**16,920**	15,794

The carrying amounts of trade, bills and other payables, accruals and provisions approximate their fair values because of their immediate or short-term maturity.

Trade payables are non-interest-bearing, while bills payables are interest-bearing. An aging analysis of the balance as at the end of the reporting period, based on the payment due date, is as follows:

	30 June 2023 HK$'000	31 December 2022 *HK$'000*
Within 3 months	**44,814**	97,395
3 to 6 months	**18,239**	37,502
6 months to 1 year	**—**	12,529
	63,053	147,426

15 Bank and other borrowings

	30 June 2023 ***HK$'000***	31 December 2022 *HK$'000*
Bank borrowings — secured	**3,033,229**	5,798,937
Bank and other borrowings — unsecured	**7,297,121**	1,318,344
Other borrowings — Commercial Mortgage Backed Securities ("CMBS") — secured	**344,198**	356,953
	10,674,548	7,474,234
Bank and other borrowings repayable as follows:		
Not exceeding 1 year	**3,109,210**	2,638,347
More than 1 year but not exceed 2 years	**1,381,844**	2,265,152
More than 2 years but not exceed 5 years	**5,569,838**	1,861,084
More than 5 years	**613,656**	709,651
	10,674,548	7,474,234
Less: current portion	**(3,109,210)**	(2,638,347)
Non-current portion	**7,565,338**	4,835,887

15 Bank and other borrowings (continued)

Bank and other borrowings are secured by the following pledged assets:

	30 June 2023 ***HK$'000***	31 December 2022 *HK$'000*
Investment properties *(Note 10)*	**5,935,971**	8,302,336
Completed properties held for sale *(Note 11)*	**—**	1,954,030
Properties held for sale under development *(Note 11)*	**1,164,994**	15,743,787
	7,100,965	26,000,153

Note:

All of the secured bank borrowings are repayable by instalments and interest-bearing at floating rates with contractual interest repricing dates ranged within 6 months. Included in the secured bank borrowings is an aggregated amount of HK$777,637,000 (31 December 2022: HK$992,963,000) which is secured by pledge of equity interests of subsidiaries.

Included in the unsecured bank and other borrowings is an aggregate amount of HK$4,338,400,000 (31 December 2022: Nil) which is guaranteed by Guangdong Holdings. The Group signed a counter-guarantee agreement with Guangdong Holdings to provide counter-guarantee for the guarantee obligations of Guangdong Holdings to the Group.

On 30 August 2022, CMBS amounted to RMB330,000,000 were issued in the Shanghai Stock Exchange and repayable in installments. The CMBS were secured by certain investment properties and their operating income receivables. As at 30 June 2023, the interest rates of the CMBS classified as priority A level with the remaining principal amount of RMB167,350,000 (equivalent to approximately HK$181,508,000) (31 December 2022: RMB168,850,000 (equivalent to approximately HK$189,028,000)) was fixed at 3.35% per annum and that of priority B level with the remaining principal amount of RMB150,000,000 (equivalent to approximately HK$162,690,000) (31 December 2022: RMB150,000,000 (equivalent to approximately HK$167,925,000)) was fixed at 3.80% per annum. The term of the CMBS was 18 years. At the end of the third year, the sixth year, the ninth year, the twelfth year, the fifteenth year and the eighteenth year, the Group shall be entitled to adjust the interest rates of the CMBS or repurchase the outstanding balance, and the holders of the CMBS shall be entitled to require the Group to redeem the outstanding balance. As at 30 June 2023, the Group subscribed CMBS of RMB10,000,000 (equivalent to approximately HK$10,846,000) (31 December 2022: RMB10,000,000 (equivalent to approximately HK$11,195,000)) which was sub-ordinated to other securities and the amount was eliminated on the consolidation.

As at 30 June 2023, the weighted average effective interest rate of the Group's bank borrowings is 4.07% (31 December 2022: 4.25%) per annum.

16 Share capital and dividends

(a) Share capital

	30 June 2023 ***HK$'000***	31 December 2022 *HK$'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

16 Share capital and dividends (continued)

(b) Dividends

(i) Dividends payable to shareholders of the Company attributable to the interim period:

	For the six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
Interim — HK3.00 cents (for the six months ended 30 June 2022: HK3.00 cents) per ordinary share	**51,346**	51,346

The interim dividend was declared subsequent to the end of the reporting period.

(ii) Dividends payable to shareholders of the Company attributable to the previous financial year, and approved during the interim period:

	For the six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, and approved during the following interim period, of HK8.00 cents (for the six months ended 30 June 2022: HK10.00 cents) per ordinary share	**136,923**	171,154

17 Capital commitments

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

	30 June 2023	31 December 2022
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Property development expenditure	**8,377,333**	8,701,189

18 Guarantees

As at 30 June 2023, 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 penalties 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 2023, the Group's outstanding guarantees amounted to HK$4,443,533,000 (31 December 2022: HK$2,580,254,000) in respect of these guarantees.

19 Related party transactions

(a) In addition to the related party information and transaction disclosed elsewhere in the interim financial report, the following is a summary of significant related party transactions entered into the ordinary course of business between the Group and its related parties:

		For the six months ended 30 June	
	Notes	**2023** ***HK$'000***	2022 *HK$'000*
Rental expenses paid to fellow subsidiaries	*(i)*	**5,703**	1,626
Rental income received from a fellow subsidiary	*(i)*	**2,388**	738
Property management fees paid to fellow subsidiaries	*(ii)*	**27,920**	25,813
Interest expenses paid to fellow subsidiaries and non-controlling interests	*(iii)*	**395,294**	346,802
Interest expenses paid to the ultimate holding company	*(iv)*	**84,264**	79,768
Property leasing services fees paid to fellow subsidiaries	*(v)*	**1,142**	3,013
Capital injection from non-controlling interests	*(vi)*	**826,251**	—

Notes:

(i) All the rental income/expenses were charged in accordance with the terms of agreement entered into between the Group and the respective fellow subsidiaries.

With the terms of a lease agreement entered into between the Group and a fellow subsidiary, certain commercial properties of the Group are leased to the fellow subsidiary for full variable lease payments depending on the actual operation result of the properties by the fellow subsidiary. For the six months ended 30 June 2023, no rental income was received under the lease agreement.

(ii) The property management service fees were charged in accordance with the terms of agreements entered into between the Group and the fellow subsidiaries.

(iii) The interest expenses were charged at effective interest rate of 3.20% to 5.50% (for the six months ended 30 June 2022: 4.00% to 6.50%) per annum.

(iv) The interest expenses were charged at effective interest rate of 4.75% and 5.50% (for the six months ended 30 June 2022: 4.75% and 5.50%) per annum.

(v) The property leasing service fees were charged in accordance with the terms of agreements entered into between the Group and the fellow subsidiaries.

(vi) Being the non-controlling shareholder of a non-wholly owned subsidiary of the Group, a fellow subsidiary invested capital amounting to RMB734,510,000 (equivalent to approximately HK$826,251,000) to the non-wholly owned subsidiary.

19 Related party transactions (continued)

(b) Compensation of key management personnel of the Group:

	For the six months ended 30 June 2023 HK$'000	2022 HK$'000
Short term employee benefits	**3,745**	3,686
Post-employment benefits	**542**	661
Total compensation paid to key management personnel	**4,287**	4,347

(c) Balances with related parties are analysed as follows:

	Notes	30 June 2023 HK$'000	31 December 2022 HK$'000
Amounts due from fellow subsidiaries	*(i)*	**11,706**	8,915
Amount due to an intermediate holding company	*(i)*	**26**	24
Amounts due to fellow subsidiaries	*(i)*	**18,531**	162,748
		18,557	162,772
Interest payable to fellow subsidiaries and non-controlling interests		**827,097**	633,861
Interest payable to the ultimate holding company		**220,624**	273,166
		1,047,721	907,027
Current portion of long-term loans from fellow subsidiaries	*(ii)*	**6,073,012**	3,502,474
Current portion of long-term loans from the ultimate holding company	*(iii)*	**1,889,373**	—
Long-term loans from fellow subsidiaries and non-controlling interests	*(ii)*	**8,761,970**	11,249,614
Long-term loans from the ultimate holding company		**—**	4,189,169
		16,724,355	18,941,257
Balances with related parties are repayable as follows:			
Not exceeding 1 year		**7,962,385**	3,502,474
More than 1 year but not exceed 2 years		**5,551,662**	13,603,923
More than 2 years but not exceed 5 years		**3,210,308**	1,834,860
		16,724,355	18,941,257

19 Related party transactions (continued)

(c) Balances with related parties are analysed as follows (continued):

Notes:

(i) The amounts due from/(to) related parties are unsecured and interest-free. Except for the rental deposit, the remaining amounts are repayable on demand.

(ii) The current portion of long-term loans from fellow subsidiaries are unsecured, interest-bearing at interest rate with a range from 3.20% to 5.50% (for the six months ended 30 June 2022: 4.00% to 4.75%) per annum and repayable within one year.

The long-term loans from fellow subsidiaries and non-controlling interests are unsecured, interest-bearing at interest rate with a range of 3.30% to 5.50% (for the six months ended 30 June 2022: 4.00% to 6.50%) per annum and repayable within five years.

(iii) The current portion of long-term loans from the ultimate holding company is unsecured, interest-bearing at interest rate of 4.75% (for the six months ended 30 June 2022: 4.75% and 5.50%) per annum and repayable within one year.

20 Fair value measurement of financial instruments

(a) Financial assets and liabilities measured at fair value

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Fair value at 30 June 2023 and 31 December 2022	Fair value measurements as at 30 June 2023 and 31 December 2022 categorised into		
		Level 1	Level 2	Level 3
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurements				
Equity investments designated at fair value through other comprehensive income	37,650	—	—	37,650

During the six months ended 30 June 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (31 December 2022: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(Expressed in Hong Kong dollars unless otherwise indicated)

20 Fair value measurement of financial instruments (continued)

(a) Financial assets and liabilities measured at fair value (continued)

Fair value hierarchy (continued)

The fair value of unlisted equity investments designated at fair value through other comprehensive income has been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculate an appropriate price multiple, such as price to sales ("P/S") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by a revenue measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding revenue measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

For financial instrument in Level 3, prices are determined using valuation technique such as market-based valuation technique. Categorisation of fair value measures within Level 3 of the valuation hierarchy is generally based on the significance of the unobservable inputs to the overall fair value measurement.

	Valuation techniques	Unobservable input		Sensitivity of fair value to the input
Equity investments designated at fair value through other comprehensive income	Market multiples	Average P/S multiple of peers	1.61 (31 December 2022: 1.61)	The higher the multiple, the higher the fair value
		Discount for lack of marketability	13.26% (31 December 2022: 13.26%)	The higher the discount, the lower the fair value

As at 30 June 2023, it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 1% would have increased/decreased the Group's other comprehensive income by HK$420,000 (31 December 2022: HK$434,000).

Any gains or losses arising from the remeasurement of the Group's unlisted equity securities held for strategic purposes are recognised in the fair value reserve (non-recycling) in other comprehensive income. Upon disposal of the equity securities, the amount accumulated in other comprehensive income is transferred directly to retained earnings.

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2022 and 30 June 2023.

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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: 00124

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中期報告