

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



**GUANGDONG LAND HOLDINGS LIMITED**  
**粤海置地控股有限公司**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 00124)**

## 2021 Annual Results Announcement and Proposed Change of Independent Auditor

### HIGHLIGHTS

	Year ended 31 December		
	2021	2020	Change
Revenue (HK\$'000)	<b>6,006,392</b>	4,000,332	+50.1%
Gross profit (HK\$'000)	<b>3,469,341</b>	1,230,004	+182.1%
Fair value gain on investment properties (HK\$'000)	<b>405,582</b>	1,962,563	-79.3%
Profit attributable to owners of the Company (HK\$'000)	<b>1,402,249</b>	1,681,922	-16.6%
Basic earnings per share (HK cents)	<b>81.93</b>	98.27	-16.6%
Proposed final dividend (HK cents)	<b>10.00</b>	1.53	+553.6%
	<b>As at 31 December 2021</b>	<b>As at 31 December 2020</b>	<b>Change</b>
Current ratio	<b>2.1 times</b>	2.3 times	-8.7%
Gearing ratio <sup>1</sup>	<b>183.3%</b>	73.7%	+109.6 ppt
Total assets (HK\$ million)	<b>46,308</b>	20,863	+122.0%
Net asset value per share <sup>2</sup> (HK\$)	<b>4.96</b>	3.99	+24.3%
Number of employees	<b>577</b>	401	+43.9%
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			

## FINANCIAL RESULTS

The board of directors (the “**Board**”) of Guangdong Land Holdings Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2021 together with comparative figures for 2020 as follows:

### Consolidated Statement of Profit or Loss For the year ended 31 December 2021

	<i>Notes</i>	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
<b>Revenue</b>	4	<b>6,006,392</b>	4,000,332
Cost of sales		<b>(2,537,051)</b>	(2,770,328)
Gross profit		<b>3,469,341</b>	1,230,004
Other income	4	<b>1,524</b>	788
Other gains, net	4	<b>14,696</b>	7,866
Fair value gains on investment properties		<b>405,582</b>	1,962,563
Selling and marketing expenses		<b>(576,515)</b>	(208,748)
Administrative expenses		<b>(282,137)</b>	(192,146)
Operating profit		<b>3,032,491</b>	2,800,327
Finance income	5	<b>35,687</b>	32,094
Finance cost	5	<b>(122,182)</b>	(75,969)
Finance cost, net		<b>(86,495)</b>	(43,875)
Profit before tax	6	<b>2,945,996</b>	2,756,462
Income tax expense	7	<b>(1,568,649)</b>	(1,068,898)
<b>Profit for the year</b>		<b>1,377,347</b>	1,687,554
Attributable to:			
Owners of the Company		<b>1,402,249</b>	1,681,922
Non-controlling interests		<b>(24,902)</b>	5,632
		<b>1,377,347</b>	1,687,554
<b>Earnings per share</b>			
Basic and diluted	8	<b>HK81.93 cents</b>	HK98.27 cents

**Consolidated Statement of Comprehensive Income**  
**For the year ended 31 December 2021**

	2021 HK\$'000	2020 HK\$'000
<b>Profit for the year</b>	<b>1,377,347</b>	1,687,554
<b>Other comprehensive income</b>		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	276,642	397,165
<b>Total comprehensive income for the year</b>	<b>1,653,989</b>	2,084,719
<b>Total comprehensive income/(loss) for the year attributable to:</b>		
Owners of the Company	1,687,088	2,071,934
Non-controlling interests	(33,099)	12,785
	<b>1,653,989</b>	2,084,719

**Consolidated Balance Sheet**  
**As at 31 December 2021**

	<i>Note</i>	2021 HK\$'000	2020 HK\$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		13,507	40,726
Construction in progress		67,910	48,692
Right-of-use assets		5,164	10,484
Intangible assets		22,746	23,319
Investment properties		7,535,154	5,953,642
Deferred tax assets		858,736	393,045
<b>Total non-current assets</b>		<b>8,503,217</b>	<b>6,469,908</b>
<b>Current assets</b>			
Completed properties held for sale		656,899	3,111,389
Properties held for sale under development		33,183,235	5,284,351
Prepayments, land and other deposits and other receivables		820,701	3,198,422
Contract assets		62,201	54,645
Tax recoverable		49,443	-
Restricted bank balances		444,029	96,681
Cash and cash equivalents		2,588,393	2,647,323
<b>Total current assets</b>		<b>37,804,901</b>	<b>14,392,811</b>
<b>Total assets</b>		<b>46,308,118</b>	<b>20,862,719</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and bills payables	<i>10</i>	(320,430)	(101,213)
Other payables, accruals and provisions		(10,963,460)	(1,371,635)
Contract liabilities		(2,287,380)	(2,106,881)
Lease liabilities		(4,439)	(6,542)
Tax payable		(2,777,274)	(1,468,852)
Bank borrowings		(1,505,140)	(735,152)
Loans from fellow subsidiaries		(574,724)	(475,280)
<b>Total current liabilities</b>		<b>(18,432,847)</b>	<b>(6,265,555)</b>
<b>Net current assets</b>		<b>19,372,054</b>	<b>8,127,256</b>
<b>Total assets less current liabilities</b>		<b>27,875,271</b>	<b>14,597,164</b>

**Consolidated Balance Sheet (continued)**  
**As at 31 December 2021**

	<i>Note</i>	2021 HK\$'000	2020 HK\$'000
<b>Non-current liabilities</b>			
Bank and other borrowings		(5,488,816)	(1,941,119)
Loans from fellow subsidiaries		(9,640,127)	(4,610,216)
Loans from non-controlling interests		(324,122)	-
Loan from the ultimate holding company		(2,130,640)	-
Lease liabilities		(1,035)	(4,209)
Deferred tax liabilities		(956,561)	(1,071,175)
Other payable		(15,579)	(15,134)
<b>Total non-current liabilities</b>		<b>(18,556,880)</b>	<b>(7,641,853)</b>
<b>Total liabilities</b>		<b>(36,989,727)</b>	<b>(13,907,408)</b>
<b>Net assets</b>		<b>9,318,391</b>	<b>6,955,311</b>
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		171,154	171,154
Reserves		8,314,491	6,664,629
		<b>8,485,645</b>	<b>6,835,783</b>
Non-controlling interests		832,746	119,528
<b>Total Equity</b>		<b>9,318,391</b>	<b>6,955,311</b>

*Notes:*

**(1) General Information**

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. 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 year, the Group was involved in property development and investment businesses.

The Company has its listing on The Stock Exchange of Hong Kong Limited.

**(2) Basis of Preparation**

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) under the historical cost convention, as modified by the revaluation of completed investment properties and investment properties under development which are carried at fair value as of 31 December 2021.

The PRC government has implemented and continues to implement certain adjustment measures aimed at managing the fluctuations of the real estate market. The Group remains vigilant to the regulatory developments as well as any potential downturn in the real estate market due to the COVID environment and macro economic developments.

The Group adopts prudent liquidity risk management which includes maintaining sufficient cash and bank balances, and having available committed financing through its available credit facilities from banks and group companies. The Group regularly secures committed funding from the Group’s fellow subsidiaries owned by Guangdong Holdings to finance its property projects. The Group’s objective is to maintain a balance between continuity of funding and flexibility of external or group financing and market rates.

(2) **Basis of Preparation** (continued)

In view of the heightened regulatory environment and stabilising measures implemented by the PRC government, management has prepared cash flow forecast of the Group for a minimum period of twelve months from 31 December 2021. The directors of the Company have given careful consideration to assess the future liquidity and performance of the Group, of which the Group has taken into account of various key considerations, including but not limited to:

- (i) estimated proceeds received from sales and pre-sales of properties;
- (ii) estimated operating cash flows and capital expenditure requirements for the Group's property projects which are under development; and
- (iii) the availability of committed credit facilities from the Group's fellow subsidiaries owned by Guangdong Holdings and available committed bank facilities.

The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2021. Accordingly, the directors of the Company considered it is appropriate to prepare the consolidated financial statements on a going concern basis.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

- (i) New amendments to standards and framework adopted by the Group

The Group has adopted the following new amendments to standards and framework which are mandatory for the financial year beginning 1 January 2021.

HKFRS 16 (Amendments)	<i>Covid-19-related Rent Concessions</i>
HKFRS 9, HKAS 39 and HKFRS 7 and HKFRS 16 (Amendments)	<i>Interest Rate Benchmark Reform Phase 2</i>

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

(2) **Basis of Preparation** (continued)

- (ii) New standards, amendments to standards and interpretations which are not yet effective for this financial year and have not been early adopted by the Group

The Group has not early adopted the following new standards, amendments to standards and interpretations that have been issued but are not yet effective for financial periods beginning on or after 1 January 2021:

		Effective for accounting periods beginning on or after
HKFRS 17	<i>Insurance Contracts</i>	1 January 2023
HK Int 5 (2020)	<i>Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand</i>	1 January 2023
Annual Improvements to HKFRSs (Amendments)	<i>Annual Improvements to HKFRSs 2018 - 2020 Cycle</i>	1 January 2022
HKFRS 3, HKAS 16 and HKAS 37 (Amendments)	<i>Narrow-scope Amendments</i>	1 January 2022
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	<i>Disclosure of Accounting Policies</i>	1 January 2023
HKAS 1 (Amendments)	<i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
HKAS 8 (Amendments)	<i>Definition of Accounting Estimates</i>	1 January 2023
HKAS 12 (Amendments)	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	<i>Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture</i>	To be determined

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



### (3) Segment Information

For management purposes, the Group is organised into business units based on the projects and has two 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 resource 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.

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

	Property development HK\$'000	Property investment HK\$'000	Others HK\$'000	Total HK\$'000
<b>Year ended 31 December 2021</b>				
<b>Segment revenue:</b>				
Sales to external customers	5,986,116	20,276	-	6,006,392
<b>Segment results</b>	<b>2,685,896</b>	<b>388,135</b>	<b>(41,540)</b>	<b>3,032,491</b>
Reconciliation:				
Finance income				35,687
Finance cost				(122,182)
<b>Profit before tax</b>				<b>2,945,996</b>

(3) **Segment Information** (continued)

	Property development HK\$'000	Property investment HK\$'000	Others HK\$'000	Total HK\$'000
<b>Year ended 31 December 2020</b>				
<b>Segment revenue:</b>				
Sales to external customers	3,983,827	16,505	-	4,000,332
<b>Segment results</b>	867,354	1,975,278	(42,305)	2,800,327
Reconciliation:				
Finance income				32,094
Finance cost				(75,969)
Profit before tax				2,756,452
<b>As at 31 December 2021</b>				
<b>Segment assets</b>	<b>37,862,567</b>	<b>7,553,461</b>	<b>33,354</b>	<b>45,449,382</b>
Reconciliation:				
Unallocated assets				858,736
Total assets				46,308,118
<b>Segment liabilities</b>	<b>(34,988,415)</b>	<b>(10,065)</b>	<b>(1,034,686)</b>	<b>(36,033,166)</b>
Reconciliation:				
Unallocated liabilities				(956,561)
Total liabilities				(36,989,727)
<b>Other information</b>				
Fair value gains on investment properties	-	405,582	-	405,582
Depreciation	(7,025)	-	(3,193)	(10,218)
Capital expenditure	(23,489)	(945,035)	(211)	(968,735)

(3) **Segment Information** (continued)

	Property development HK\$'000	Property investment HK\$'000	Others HK\$'000	Total HK\$'000
<b>As at 31 December 2020</b>				
<b>Segment assets</b>	14,422,058	5,995,264	52,352	20,469,674
Reconciliation:				
Unallocated assets				393,045
<b>Total assets</b>				<b>20,862,719</b>
<b>Segment liabilities</b>	(12,784,989)	(12,816)	(38,428)	(12,836,233)
Reconciliation:				
Unallocated liabilities				(1,071,175)
<b>Total liabilities</b>				<b>(13,907,408)</b>
<b>Other information</b>				
Fair value gains on investment properties	-	1,962,563	-	1,962,563
Depreciation	(20,558)	-	(3,193)	(23,751)
Capital expenditure	(21,828)	(754,379)	(113)	(776,320)

Geographical information

Revenue and non-current assets information is based on the locations of the customers and the locations of the assets. As the Group's major operations are principally located in Mainland China, no further geographical segment information is provided.

Information about major customers

No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's total revenue for each of the years ended 31 December 2021 and 2020.

**(4) Revenue, Other Income and Other Gains, Net**

An analysis of revenue, other income and other gains, net is as follows:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
<b>Revenue</b>		
From contract with customers:		
- Sales of properties recognised at a point in time	<b>5,986,116</b>	3,983,827
From other sources:		
- Rental income	<b>20,276</b>	16,505
	<b>6,006,392</b>	4,000,332
<b>Other income</b>		
Entrusted management service income	<b>1,524</b>	788
<b>Other gains, net</b>		
Loss on disposal of property, plant and equipment	<b>(1,394)</b>	(87)
Exchange gains, net	<b>4,383</b>	4,930
Sales deposits forfeiture	<b>2,624</b>	791
Loss on disposal of a subsidiary	<b>-</b>	(396)
Others	<b>9,083</b>	2,628
	<b>14,696</b>	7,866

(5) **Finance Income/(Cost)**

	2021 HK\$'000	2020 HK\$'000
Finance income		
- bank interest income	<b>35,687</b>	32,094

	2021 HK\$'000	2020 HK\$'000
Finance cost		
- interest expenses on bank and other borrowings	<b>229,018</b>	107,564
- interest expenses on loans from fellow subsidiaries	<b>345,774</b>	115,860
- interest expenses on loan from the ultimate holding company	<b>93,853</b>	-
- interest expenses on loans from non-controlling interests	<b>22,291</b>	-
- others	<b>2,179</b>	1,731
Total finance cost incurred	<b>693,115</b>	225,155
Less: amount capitalised under property development projects	<b>(570,933)</b>	(149,186)
Total finance cost expensed during the year	<b>122,182</b>	75,969

For the year ended 31 December 2021, the capitalised interest rate applied to funds borrowed and used for the development of properties is between 1.21% and 6.50% (2020: 3.83% and 4.75%) per annum.

**(6) Profit Before Tax**

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

	2021 HK\$'000	2020 HK\$'000
Cost of sales		
- properties	2,535,683	2,764,975
- others	1,368	5,353
Depreciation of property, plant and equipment	4,215	17,065
Depreciation of right-of-use assets	6,003	6,686
Rental expenses (short-term leases)	4,240	758
Business taxes and surcharges	49,937	35,182
Auditor's remuneration		
- audit services	2,600	2,260
- non-audit services	1,656	4,392
Directors' emoluments	15,966	8,281
Staff costs		
- wages and salaries	250,263	171,173
- provident fund contributions	33,210	10,049
- forfeited contributions	(17)	(22)
	283,456	181,200
Less: amount capitalised under property development projects	(95,496)	(58,447)
<b>Total staff costs expensed during the year</b>	<b>187,960</b>	<b>122,753</b>

**(7) Income Tax**

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 year (2020: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. PRC corporate income tax has been provided at the rate of 25% (2020: 25%) on the estimated assessable profit for the year.

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.

(7) **Income Tax** (continued)

	2021 HK\$'000	2020 HK\$'000
Current income tax		
- PRC taxation	867,034	533,827
Under-provision of corporate income tax in		
Mainland China	-	323
LAT in Mainland China	1,292,710	1,027,158
Deferred income tax	(591,095)	(492,410)
	<b>1,568,649</b>	<b>1,068,898</b>

(8) **Earnings per Share Attributable to Ordinary Equity Holders of the Company**

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$1,402,249,000 (2020: HK\$1,681,922,000) and the number of ordinary shares of 1,711,536,850 (2020: 1,711,536,850) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2021 and 2020.

(9) **Dividend**

The Board proposed a final dividend of HK10.00 cents (2020: HK1.53 cents) per ordinary share for the year ended 31 December 2021 totaling to HK\$171,154,000 based on 1,711,536,850 ordinary share in issue as at 31 December 2021, subject to the approval of the Company's shareholders at the forthcoming annual general meeting. The actual amount of final dividend payable in respect of the year ended 31 December 2021 will be subject to the actual number of ordinary shares of the Company in issue on the record date, which is expected to be on or about 30 June 2022.

## (10) Trade and Bills Payables

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 invoice date, is as follows:

	<b>31 December 2021 HK\$'000</b>	31 December 2020 HK\$'000
Not yet due	<b>452</b>	29,705
1 to 3 months	<b>3,755</b>	2,048
Over 3 months	<b>316,223</b>	69,460
	<b>320,430</b>	101,213

## (11) Guarantees

As at 31 December 2021, the Group provided guarantees to certain banks in respect of mortgage granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by any of these purchasers, the Group is responsible for repaying the relevant outstanding mortgage principals together with the accrued interest and penalty owed by the defaulting purchasers to the banks, and the Group is entitled but not limited to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of the real estate ownership certificates. As at 31 December 2021, the Group's outstanding guarantees amounted to HK\$799,803,000 (31 December 2020: HK\$1,087,082,000) in respect of these guarantees.



## CHAIRMAN’S STATEMENT

Following a strong rebound in the global economy in 2021, the pandemic situation overseas is still severe and complex. Due to the new threat from COVID-19 variants, along with the aggravating effects of inflation, debts and income inequality, the recovery of emerging markets and developing economies might be jeopardised, and global growth has apparently entered into a period of slowdown. In 2021, the People’s Republic of China (the “**PRC**” or “**Mainland China**”) entered into a post-pandemic era of Coronavirus Disease 2019 (“**COVID-19 pandemic**”) and faced various challenges such as complicated and grim international situations and the domestic spread of the pandemic. The PRC has adhered to the general principle of prudent development, coordinated scientifically the pandemic prevention and control as well as economic and social development, strengthened the cross-cyclical adjustment of macro policies, enhanced support on real economy, thus the development of national economy has continued to recover. In 2021, the aggregate gross domestic product (“**GDP**”) of the PRC exceeded RMB110 trillion, up by 8.1% as compared to the previous year, which was a 10-year record high. China’s contribution to the world’s economic growth was expected to reach approximately 25%, with its economic growth ranking among the best in the world’s major economies. The PRC’s GDP per capita amounted to RMB81,000, with per capita disposable income of residents increasing by 9.1% in nominal terms as compared to the previous year.

In 2021, under the policies that “housing is for living in, not for speculation” and “property policies should be city-specific”, the PRC government regulated the national real estate market comprehensively and accurately. The real estate industry has undergone a series of policy changes and upgrades from in-depth regulation to stability maintenance, ensuring that the goals of stabilising land prices, housing prices, and market expectations will be realised. In the first half of the year, after the Ministry of Housing and Urban Rural Development of the PRC and the People’s Bank of China set up the “three red lines” for property developers (i.e. liability-to-asset ratio (excluding receipt in advance) shall not exceed 70%; net gearing ratio shall not exceed 100%; and cash to short-term debt ratio shall not be less than 1), “Real Estate Loan Centralised Management”, “Two Concentration of Land Supply” (implemented for the first time in 22 key cities; referring to the centralised issuance of sales announcements and the centralised organisation of sales activities), “Real Estate Tax Reform Pilot” (referring to the announcement “Decision on Authorising the State Council to Implement Real Estate Tax Reform Pilot Work in Some Areas (Draft)”), and other policies were launched to restrain both supply and demand from various aspects. In the second half of the year, the policy direction gradually shifted to moderate adjustment to the credit and strived to ensure the stable development of the real estate market by shortening the lending cycle, lowering interest rates, and reasonably issuing development loans. According to the data throughout 2021, the total investment in real estate development across Mainland China amounted to approximately RMB14.76 trillion, representing a growth of 4.4% as compared to the previous year; the gross floor area (“**GFA**”) of commodity housing sold were approximately 1,794 million square metres (“**sq. m.**”), representing a growth of 1.9% as compared to the previous year; and the sales revenue of commodity housing sold were RMB18.19 trillion, representing a growth of 4.8% as compared to the previous year. Under the multiple control mechanisms, the real estate market in the Guangdong-Hong Kong-Macao Greater Bay Area (the “**Greater Bay Area**”) has gradually returned to rationality and has become generally stable. In 2021, the average price of commodity housing in nine major cities of Guangdong increased by 14% year-on-year. In particular, the average selling price of commodity housing in Foshan, Shenzhen, Zhongshan, Dongguan and Guangzhou grew by more than 10%, while the average selling prices in cities such as Zhuhai, Huizhou and Jiangmen also saw steady increases.

## CHAIRMAN'S STATEMENT (continued)

### Results

During the year under review, the Group was engaged in property development and investment businesses. The Group currently holds a number of property development projects and certain investment properties in Guangdong Province and the Greater Bay Area.

In 2021, the Group recorded a revenue of approximately HK\$6,006 million (2020: HK\$4,000 million), representing an increase of approximately 50.1% from the previous year. The Group recorded a profit attributable to owners of the Company for the year under review of approximately HK\$1,402 million (2020: HK\$1,682 million), representing a decrease of approximately 16.6% from the previous year. For the year under review, profit attributable to owners of the Company before taking into account of the net fair value gains on investment properties and the relevant deferred tax expense was approximately HK\$1,098 million (2020: HK\$210 million).

During the year under review, the increase in revenue was mainly attributable to the increased GFA of properties sold as compared to the previous year. For details of the Group's property sales in 2021, please refer to the section headed "Business Review" in the Management Discussion and Analysis. Apart from the profit from property sales, the decrease in profit attributable to owners of the Company for the year under review was mainly attributable to the fact that the investment properties on the Southern Land of the Shenzhen GDH City Project were measured and carried at fair value for the first time last year. The aggregated fair value gains on investment properties contributed approximately HK\$1,472 million to the Group's profit after tax for last year, and it amounted to approximately HK\$304 million for the year under review, representing a significant decrease from that of 2020.

The Board recommends the payment of a final dividend of HK10.00 cents per share for the year ended 31 December 2021 (2020: HK1.53 cents). If approved by the shareholders of the Company at the forthcoming annual general meeting, the said final dividend will be paid on or about 21 July 2022.

### Business Review

The Group conducted its business as planned in 2021 and achieved satisfactory results.

The Group actively took effective countermeasures to speed up the destocking process, so as to quickly respond to the huge impacts on the real estate market caused by the COVID-19 pandemic. Through extensive contacts, cooperation and exchanges with project-related industries and business resources, the Group actively innovated and adjusted the operation methods of various businesses, implemented flexible operation strategies, expanded business channels, optimised customer structure, and actively broadened sources of income and reduced expenditure. It also implemented lean management, systematically carried out full-cycle, full-chain, closed-loop total cost control, and continuously optimised the project's product portfolio, thereby accentuating its competitive advantages. In 2021, the first phase of property sales of the Shenzhen GDH City project contributed approximately 60,553 sq. m. of the aggregate GFA of properties contracted for sale, representing approximately 52.8% of the GFA available for sale. On the basis of the cooperation between Luohu Government of Shenzhen and the Shanghai Diamond Exchange ("SDE"), the Group 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. Pursuant to the agreement, GDH Teem shall grant the Group the right to use the

## CHAIRMAN’S STATEMENT (continued)

name of “天河城” for the shopping mall under the Shenzhen GDH City Project and shall provide high-quality tenant procurement services. Its Guangzhou Laurel House Project, Ruyingju Project and Baohuaxuan Project in Guangzhou have completed the delivery of all residential units, and the occupancy rate of the commercial property “GD•Delin (粵海·得鄰)” in the Guangzhou Laurel House Project has reached 91.8% in 2021. Its Chenyuan Road Project, Jiangmen Ganhua Project, Zhuhai Jinwan Project, Zhongshan GDH City Project, and Foshan Laurel House Project have all officially commenced pre-sale during the year, with the total GFA contracted (including completed properties held for sale and properties held for sale under development) amounting to approximately 157,000 sq. m. in total. The superstructure of the properties of the Huizhou Dayawan Project was under construction. It is expected to commence pre-sale in the second quarter of 2022 and complete the filing for completion of construction in 2023.

In 2021, the Group succeeded in the bid for the land use right of a parcel of land at the Baiyun New Town, Baiyun District, Guangzhou City at the reserve price through the public Listing-for-Sale process, with an aggregate site area of approximately 116,471 sq. m. and a total GFA of approximately 506,000 sq. m. With the significant advantage of this parcel of land in terms of its location, environment, accessibility to transport network and the development of industries nearby, it has promising market prospects and is conducive to realising the Group’s regional development strategies in the Greater Bay Area. Through a scientific and effective diversified collaborative expansion model, the Group continued to expand its quality land bank and control land costs in an effective manner, thereby satisfying the Group’s future development needs.

In 2021, the Group established a project co-investment mechanism that focuses on both compliance and incentives, the project development cycle of which is in line with that of leading companies. In 2021, the Zhongshan GDH City Project, Foshan Laurel House Project, and Guangzhou Yungang City Project have implemented project co-investment to the employees; the completion rate of the first and second phases of the three projects has reached 100%. The Group, via cost optimisation, can effectively control the costs, the investment and operational risks, thereby effectively incentivising the project teams and accelerating the projects’ development.

### Outlook

In 2022, the global economy will face myriads of downside risks, including the resurgence of the pandemic caused by the rapid spread of the mutated COVID strain, Omicron, soaring inflation expectations, financial pressure from high debt levels, etc. Meanwhile, China’s economic development is facing shrinking demand, supply shock, and weakening expectations. Under the global COVID-19 pandemic and the downward economic pressure, the RPC government executed comprehensive pandemic control measures and adhered to the principle of focusing on stability while seeking progress. The macro policies need to be stable and effective; the micro policies need to continue to stimulate the market; the structural policies need to focus on smoothing the national circular economy and keep the economy going in a reasonable manner. The World Bank predicts that China’s economy will grow by 5% in 2022. In the face of a complex and trying economic environment, China’s long-run fundamentals remain positive. The favourable conditions for building a new development landscape remain unchanged, with new economic growth points continuing to emerge.

## CHAIRMAN’S STATEMENT (continued)

At the Central Economic Work Conference of the PRC government held in December 2021, the position that “housing is for living in, not for speculation” was reiterated. The PRC government will strengthen the guidance of expectations, explore new development models, facilitate both property rental and purchase, and accelerate the development of the long-term rental market. Moreover, it will promote the construction of affordable housing, support the commodity housing market to better meet the reasonable housing demands, and implement city-specific policies to foster a virtuous circle and healthy development of the real estate industry. The real estate industry will still play a stabilising role in China’s economic development. Going forward, it is expected that the PRC government will continue to maintain the consistency and stability of its overall policies on the real estate market. Generally, the sound fundamentals of China’s economy in the long run coupled with steady property development and investment will continue to facilitate the steady and healthy development of China’s residential and commercial property sectors. The real estate industry will no longer rely on the quantity-driven development that focuses on “high leverage and high turnover”; instead, it will continue to innovate business models and put more emphasis on product quality, so as to better meet the buyers’ reasonable demands.

With the full implementation of the development strategies in the Greater Bay Area, it has maintained a good momentum in economic growth and becomes the most attractive city cluster in China. The 14th Five-Year Plan strengthens the linkage between Guangzhou and Shenzhen and facilitates the integrated development of industries and transportation on the east and west sides of the Pearl River Estuary, with the aim of building the Greater Bay Area into a world-class bay area, which will offer a solid foundation for the development of the real estate industry. The development of the land market in 2022 is expected to remain stable, with the overall market popularity continuing to be at a low level. The land auction rules may continue to be optimised, and the city differentiations will be further highlighted. With the loosening of credit and the policies of maintaining stability, the demand in the Greater Bay Area remains resilient. The market is expected to recover in 2022, with the transaction volume rising slightly, which is conducive to the healthy development of the real estate industry in the Greater Bay Area.

The Group’s projects such as the Shenzhen GDH City, Guangzhou Yungang City, Guangzhou Laurel House, Zhuhai Jinwan, Jiangmen Chenyuan Road, Jiangmen Ganhua, Huizhou Dayawan, Foshan Laurel House and Zhongshan GDH City are all located in the core cities of the Greater Bay Area and will benefit from the strong development momentum of the area.

The Group will continue to seek progress while maintaining stability, make every effort to complete the construction, sales and operation of the existing projects, and leverage its status as a provincial state-owned enterprise and the resource advantages of its shareholders to seize business opportunities and innovate project development models. Through high-quality project mergers and acquisitions, cultivation of redevelopment projects, and strategic cooperation projects, the Group will continue to seek exceptional development opportunities in the Greater Bay Area. It will also continue to promote lean management, position itself strategically as “the influential, comprehensive development expert in the Greater Bay Area”, adhere to the spirit of ingenuity, and continuously create mid-to-high-end products that meet the needs of the markets and customers, so as to further strengthen the Company’s management in real estate development and operation, boost the brand awareness and reputation, and enhance the Company’s competitiveness in the industry under the management-driven era.

## **CHAIRMAN'S STATEMENT** (continued)

Last but not least, on behalf of the Board, I would like to acknowledge the contribution by management and staff over the previous year. 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 its shareholders as we did in the past.

**LAN Runing**  
*Chairman*

Hong Kong, 30 March 2022

# MANAGEMENT DISCUSSION AND ANALYSIS

## RESULTS

The consolidated revenue of the Group for 2021 amounted to approximately HK\$6,006 million (2020: HK\$4,000 million), representing an increase of approximately 50.1% from the previous year. The increase in revenue was mainly attributable to the increase in the sale of GFA of properties held for sale. Please refer to the section headed “Business Review” hereof for details of the Group’s property sale in 2021. During the year under review, the Group recorded a profit attributable to owners of the Company of approximately HK\$1,402 million (2020: HK\$1,682 million), representing a decrease of approximately 16.6% from the previous year. During the year under review, profit attributable to owners of the Company before taking into account of the net fair value gains on investment properties and the relevant deferred tax expense was approximately HK\$1,098 million (2020: HK\$210 million).

The major factors that affected the aforesaid anticipated results of the Group for the year ended 31 December 2021 include the following:

- (a) during 2020, the Group recorded fair value gains on investment properties (net of the relevant deferred tax expense) of approximately HK\$1,472 million, which was mainly attributable to the first-time adoption of the fair value model measurement of the investment properties under development built on the Southern Land of the Shenzhen GDH City Project as at 30 June 2020 and the fair value changes of these investment properties under development being recognised in the consolidated statement of profit or loss. After taking into account the relevant deferred tax expense, the Group recorded fair value gains on investment properties of approximately HK\$304 million during the year under review, representing a significant decrease from 2020;
- (b) the Group started to deliver the sold units in the buildings on the Northwestern Land of the Shenzhen GDH City Project to the purchasers since June 2020. During the year under review, the revenue and the profit derived from the sale of such properties increased as compared to 2020; and
- (c) an increase in the selling and marketing expenses, administrative expenses and net finance cost of approximately HK\$368 million, HK\$89.99 million and HK\$42.62 million, respectively when comparing with 2020 due to the increase in sales activities and business expansion of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### BUSINESS REVIEW

#### Completed Properties Held for Sale

Property project	Location	Use	Interest held by the Group	Approximate GFA of project (sq. m.)	Accumulated GFA contracted (sq. m.)	Approximate GFA delivered		The proportion of accumulated GFA delivered to GFA available for sale
						Year under review (sq. m.)	Accumulated (sq. m.)	
Northwestern Land of Shenzhen GDH City	Shenzhen City, the PRC	Business apartment/Commercial	100%	114,654	99,452	71,538	93,696	81.7%
Guangzhou Laurel House	Guangzhou City, the PRC	Residential	100%	65,636	65,636	11,440	65,636	100.0%
Guangzhou Laurel House	Guangzhou City, the PRC	Car-parking spaces	100%	2,764	2,197	1,779	1,779	64.4%
Baohuaxuan	Guangzhou City, the PRC	Residential	100%	3,884	3,884	199	3,884	100.0%
Ruyingju	Guangzhou City, the PRC	Residential	80%	94,617	94,617	193	94,617	100.0%
Ruyingju	Guangzhou City, the PRC	Car-parking spaces	80%	8,052	5,896	917	5,896	73.2%

#### Properties Held for Sale under Development and Investment Properties under Development

Property project	Location	Use	Interest held by the Group	Approximate total site area (sq. m.)	Approximate GFA* (sq. m.)	Progress	Expected completion and filing date
Southern Land of Shenzhen GDH City Project	Shenzhen City, the PRC	Offices/Mall	100%	16,044	199,500	Commercial shopping building structure topped out and the masonry works and renovation works in progress, and superstructure construction and masonry works and renovation of the office tower underway	2023

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Property project	Location	Use	Interest held by the Group	Approximate total site area (sq. m.)	Approximate GFA* (sq. m.)	Progress	Expected completion and filing date
Chenyuan Road Project	Jiangmen City, the PRC	Residential/ Commercial service	100%	59,705	164,216	Superstructure of all phases topped out, and renovation works in progress	2nd half of 2022
Zhuhai Jinwan Project	Zhuhai City, the PRC	Residential/ Commercial	100%	66,090	166,692	Superstructure construction works of the first phase of the properties in progress, and basement structural works for other properties underway	2024
Foshan Laurel House Project	Foshan City, the PRC	Residential/ Commercial	100%	43,284	151,493	Superstructure construction works of each phase of the properties in progress	2023
Zhongshan GDH City Project	Zhongshan City, the PRC	Residential	97.64%	98,811	247,028	Superstructure construction works of each phase of the properties in progress	2023
Jiangmen Ganhua Project (Jiangmen Land No. 3 – 5)	Jiangmen City, the PRC	Residential/ Commercial	51%	174,538	396,600	Superstructure of all properties on Land No. 3 topped out and renovation works in progress, and superstructure of some properties on Land No. 4 topped out and superstructure construction works of other properties in progress	2026
Huizhou Dayawan Project	Huizhou City, the PRC	Residential/ Commercial	100%	30,698	92,094	Superstructure construction works of each phase of the properties in progress	2023
Guangzhou Yungang City Project	Guangzhou City, the PRC	Residential/ Commercial	100%	114,463	506,000	Basement and earthwork excavation of each phase of the properties underway	2025

\*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.



## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### Projects Which Pre-sale Has Commenced

Property project	Location	Use	Interest held by the Group	Approximate GFA included in calculation of plot ratio (sq. m.)	Approximate GFA contracted		The proportion of accumulated GFA contracted to GFA available for sale	Date of pre-sale
					Year under review (sq. m.)	Accumulated (sq. m.)		
Chenyuan Road Project	Jiangmen City, the PRC	Residential/Commercial service	100%	164,216	30,605	30,605	18.6%	January 2021
Jiangmen Ganhua Project (Jiangmen Land No. 3 – 5)	Jiangmen City, the PRC	Residential/Commercial	51%	396,600	25,920	25,920	6.5%	May 2021
Zhuhai Jinwan Project	Zhuhai City, the PRC	Residential/Commercial	100%	166,692	12,945	12,945	7.8%	June 2021
Zhongshan GDH City Project	Zhongshan City, the PRC	Residential	97.64%	247,028	17,376	17,376	7.0%	September 2021
Foshan Laurel House Project	Foshan City, the PRC	Residential/Commercial	100%	151,493	3,301	3,301	2.2%	October 2021

During the year 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 157,000 sq. m. and 86,000 sq. m. respectively.

## **MANAGEMENT DISCUSSION AND ANALYSIS (continued)**

### **New Projects in 2021 - The Guangzhou Yungang City Project**

On 26 September 2021, the Group has successfully won the bid for the land use rights of the land parcel at Baiyun New Town, Baiyun District, Guangzhou City through the public listing-for-sale process, at a consideration of RMB10.187 billion (equivalent to approximately HK\$12.278 billion). Such land parcel consists of three pieces of land (namely Land Plot Nos. AB2910004, AB2909009 and AB2909011) located at the core area of Baiyun New Town, Baiyun District, Guangzhou City, the PRC, with an aggregate site area of approximately 116,471 sq. m. and a total GFA included in the calculation of the plot ratio of approximately 506,000 sq. m. The nature of the land is a state-owned construction land, of which Land Plot No. AB2909011 is planned for residential purpose, and Land Plot Nos. AB2910004 and AB2909009 are planned for business and commercial purpose.

The core area of Baiyun New Town, Baiyun District, Guangzhou City, the PRC, at which the land parcel 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 land parcel is located to the north of Yuncheng South Fourth Road and south of Qixin Road, and 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 Airport Avenue is expected to fully open within the year of 2022 while Guangzhou Metro Line 12 is expected to open in 2023, travel between such land parcel and its surrounding areas will be more convenient in due course. The land parcel 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 land parcel in terms of its location, environment, accessibility to transport network and the development of industries nearby, it has promising market prospects. The project has adopted a model of development by phases. As at 31 December 2021, the properties of each phase of the project are carrying out the construction work of basement and earthwork excavation, and the overall project is expected to be filed for completion in 2025.

### **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 has been in full swing. As at 31 December 2021, the superstructure of the office tower and the commercial shopping building on the Northern Land development was topped out and renovation works were in progress; and the superstructure construction and masonry works and renovation of the office tower on the Southern Land development were underway; and the commercial shopping building structure was topped out and the masonry works and renovation were in progress. In respect of the sale of the first phase properties of the Shenzhen GDH City

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Project, the total GFA of properties contracted for sale amounted to approximately 60,553 sq. m., representing approximately 52.8% of the GFA available for sale during the year under review.

For the search for potential commercial occupiers of the Shenzhen GDH City Project, the Group, Luohu Government of Shenzhen and the SDE have reached an agreement, pursuant to which the SDE agreed that the Shenzhen office of its extended service platform will be located in the GDH City and it will continue to support the marketing efforts for the GDH City and encourage its members to locate their offices in the GDH City. On this basis, the Group is planned to work with the SDE to make the Shenzhen GDH City Project home to the SDE innovative business. At present, 廣東粵海置地集團有限公司 (Guangdong Yuehai Land Holdings Limited), a wholly-owned subsidiary of the Company, has formally signed the cooperation and implementation agreement with the SDE. Further, the Group has entered into a property leasing services agreement with GDH Teem, a fellow subsidiary of the Company, in respect of the shopping mall of the Shenzhen GDH City Project. Pursuant to the agreement, GDH Teem shall grant the Group the right to use the name of “天河城” for the shopping mall under the Shenzhen GDH City Project and shall provide property leasing services for the shopping mall. 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 access the quality property leasing services to be provided by GDH Teem.

As at 31 December 2021, the accumulated development costs and direct expenses of the Shenzhen GDH City Project amounted to approximately HK\$6,918 million (31 December 2020: HK\$6,174 million), representing a net increase of approximately HK\$744 million during the year under review.

### **The Guangzhou Laurel House Project, the Ruyingju Project and the Baohuaxuan Project**

The Guangzhou Laurel House Project completed the delivery of all residential units, the total GFA of residential units which had been delivered to customers during the year amounted to approximately 11,440 sq. m. (2020: 31,477 sq. m.). All residential units of the Ruyingju Project and the Baohuaxuan Project had been delivered, and car-parking spaces of these projects will be sold in the future as planned.

During the year under review, the commercial property “GD•Delin (粵海•得鄰)” of the Guangzhou Laurel House Project has ushered in several leading businesses and brands with distinctive characters that perfectly fit the position and theme of the project, i.e. its core positioning “high-end education-oriented community”. As at 31 December 2021, the total GFA of lease contracts signed in respect of the commercial shopping building of the Guangzhou Laurel House Project were approximately 16,855 sq. m. with an occupancy rate of approximately 91.8%.

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

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### The Chenyuan Road Project

The Chenyuan Road 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 with a site area of approximately 59,705 sq. m. and a maximum total GFA included in the calculation of the plot ratio of approximately 164,216 sq. m. The proposed types of properties, including residential units, commercial units, and car-parking spaces, will all be for sale. 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 project is being developed in phases. As at 31 December 2021, the superstructure of all phases was topped out, and the renovation works were in progress. The pre-sale of properties of the first phase development commenced in January 2021, with the project promoted as Jiangmen One Mansion (江門粵海·壹桂府).

### The Zhuhai Jinwan Project

The Zhuhai Jinwan Project is located at the west to Jinhui Road and north to Jinhe East Road in Jinwan District, Zhuhai City, the PRC with a site area of approximately 66,090 sq. m. and a maximum total GFA included in the calculation of the plot ratio of approximately 166,692 sq. m. The project is planned for commercial and residential uses. The proposed types of properties, including residential units, commercial units and car-parking spaces, will all be for sale. The high value potentials of the area where the project is located will improve the future development of the project. It is expected that there will be sound living and education amenities in the area. With the significant advantage in terms of location resources, the project enjoys promising market prospects.

The project is being developed in phases. As at 31 December 2021, the superstructure of the first phase properties was under construction, and basement structure works for the other properties were underway. The filing for completion of construction of the project is expected to be made in 2024. The pre-sale of properties of the first phase development commenced in June 2021, with the project promoted as Zhuhai Laurel House (珠海粵海·拾桂府).

## **MANAGEMENT DISCUSSION AND ANALYSIS** (continued)

### **The Foshan Laurel House Project**

The Foshan Laurel House Project is located at west to Wenhua Road, south to Liming 2nd Road, Chancheng District, Foshan City, the PRC with a site area of approximately 43,284 sq. m. and a maximum total GFA included in the calculation of the plot ratio of approximately 151,493 sq. m. The project is planned for residential use compatible with commercial use. In addition, a nursery with area of 4,860 sq. m. is entrusted to be built with the project and gratuitously transferred to the government of Chancheng District, Foshan City upon completion. 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. 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 31 December 2021, the superstructure of each phase of the properties was under construction. The filing for completion of construction of the whole project is expected to be made in 2023. The pre-sale of properties of the first phase development commenced in October 2021, with the project promoted as Foshan Laurel House (佛山粵海·拾桂府).

### **The Zhongshan GDH City Project**

The Zhongshan GDH City Project is located at the starting area of Tsuihang New District, Zhongshan City, the PRC, with a site area of approximately 98,811 sq. m. and a maximum total GFA included in the calculation of the plot ratio of approximately 247,028 sq. m. The project is planned for town residential use. Sitting in the core centre of the Greater Bay Area, the project 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 and commercial facilities, the project is suitable to be developed as a low-density, ecological and 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 31 December 2021, the superstructure of each phase of the properties was under construction. The filing for completion of construction of the whole project is expected to be made in 2023. The pre-sale of properties of the first phase development commenced in September 2021, with the project promoted as Zhongshan GDH City (中山粵海城).

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### The Jiangmen Ganhua Project

The acquisition of 江門粵海置地有限公司 (Jiangmen Yuehai Land Co., Ltd.) (“**Jiangmen Yuehai**”) was completed on 13 January 2021. For details of the acquisition, please refer to the circular of the Company dated 25 November 2020. Jiangmen Yuehai mainly holds three adjoining parcels of land located at the east of Ganbei Road, Pengjiang District, Jiangmen City, Guangdong Province, the PRC with a total GFA of approximately 396,600 sq. m. (the “**Jiangmen Land No. 3 – 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 No. 3 – 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; and 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, among others, the resettlement of the residents. Jiangmen Yuehai shall be entitled to acquire the relevant land use right in respect of Jiangmen Land No. 6 without paying any land premium. The Jiangmen Ganhua 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 three phases. As at 31 December 2021, the superstructure of all properties on Land No. 3 was topped out and the renovation works were in progress; and the superstructure of some properties on Land No. 4 was topped out and the construction works of the superstructure of other properties were in progress. The filing for completion of construction of the whole project is expected to be made in December 2026. The pre-sale of properties of the first phase development commenced in May 2021, with the project promoted as Jiangmen GDH City (江門粵海城).

### The Huizhou Dayawan Project

The acquisition of 惠陽粵海房產發展有限公司 (Huiyang Yuehai Property Development Co., Ltd.) (“**Huiyang Yuehai**”) was completed on 18 January 2021. For details of the acquisition, please refer to the circular of the Company dated 25 November 2020. Huiyang Yuehai mainly holds the Huizhou Dayawan Project through its wholly-owned subsidiary, 惠州市粵海房地產開發有限公司 (Huizhou City Yuehai Property Development Co., Ltd.).

The Huizhou Dayawan Project is located at Mamiao, Aotou, Dayawan District, Huizhou City, Guangdong Province, the PRC with a GFA of approximately 92,094 sq. m. It is close to Xin’ao Avenue, a trunk road connecting Huiyang District and Dayawan District, and is only seven kilometres away from the Huizhou Highspeed Railway South 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 31 December 2021, the superstructure construction works of the development properties of the project were in progress. The pre-sale of properties is expected to commence in the second quarter of 2022. The filing for completion of construction of the project is expected to be made in 2023, with the project promoted as Huizhou One Mansion (惠州粵海·壹桂府).

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### FINANCIAL REVIEW

#### Key Financial Indicators

	<i>Note</i>	<b>2021</b>	2020	Change
Profit attributable to owners of the Company (HK\$'000)		<b>1,402,249</b>	1,681,922	-16.6%
Return on equity (%)	<i>1</i>	<b>18.3%</b>	29.0%	-36.9%

	<b>31 December 2021</b>	31 December 2020	Change
Net assets (HK\$ million)	<b>9,318</b>	6,955	+34.0%

*Note:*

1. Return on equity = Profit attributable to owners of the Company ÷ average equity attributable to owners of the Company

During the year under review, the Group recorded a decrease in profit attributable to owners of the Company as compared to the same period last year, which was mainly attributable to the first-time adoption of the fair value model measurement of the investment properties under development built on the Southern Land of the Shenzhen GDH City Project as at 30 June 2020 and the fair value changes of these investment properties under development being recognised in the consolidated statement of profit or loss, resulting in the significant fair value gains on investment properties. For details, please refer to the section headed “Results” in this Management Discussion and Analysis.

#### Operating Income, Expenses and Finance Costs

In 2021, the Group recorded selling and marketing expenses of approximately HK\$577 million (2020: HK\$209 million), representing an increase of approximately 176.1% from the previous year. The increase in selling and marketing expenses was mainly due to the increase in related sales activities and sales commissions in relation to the first phase development of the Shenzhen GDH City Project and the Guangzhou Laurel House Project as well as the increase in expenses of the related marketing and sales activities of five new projects which pre-sale commenced during the year. The Group’s administrative expenses for 2021 amounted to approximately HK\$282 million (2020: HK\$192 million), representing an increase of approximately 46.9% from the previous year. The increase of administrative expenses during the year under review was mainly attributable to an increase in wages and related expenditures, an increase in professional fees due to business development and acquisition activities and an increase in the business taxes and surcharges of approximately HK\$49.19 million (2020: HK\$35.18 million) due to an increase in revenue.

During the year under review, the Group borrowed loans to support its business development and recorded finance costs of approximately HK\$693 million (2020: HK\$225 million), of which approximately HK\$571 million was capitalised while the remaining portion of approximately HK\$122 million was charged to the statement of profit or loss.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### Capital Expenditure

The amount of capital expenditure paid by the Group during 2021 was approximately HK\$969 million (2020: HK\$776 million). The capital expenditure was mainly used for the investment properties under development of the Shenzhen GDH City Project.

### Financial Resources and Liquidity

As at 31 December 2021, the equity attributable to owners of the Company was approximately HK\$8,486 million (2020: HK\$6,836 million), representing an increase of approximately 24.1% over 2020. Based on the number of shares in issue as at 31 December 2021, the net asset value per share at the end of the year was approximately HK\$4.96 (2020: HK\$3.99) per share, representing an increase of approximately 24.3% over 2020.

As at 31 December 2021, the Group had cash and cash equivalents of approximately HK\$2,588 million (2020: HK\$2,647 million), representing a decrease of approximately 2.2% from the previous year. The decrease in cash and cash equivalents was mainly due to higher funding needs for the Group's business development during the year under review.

Of the Group's cash and bank balances (including restricted bank balances and cash and cash equivalents) as at 31 December 2021, approximately 99.5% was in RMB and approximately 0.5% was in HKD. Net cash outflows from operating activities for the year amounted to approximately HK\$9,643 million (2020: HK\$2,011 million).

As most of the transactions in the Group's daily operations in Mainland China are denominated in RMB, currency exposure from these transactions is low. During the year under review, the Group did not take the initiative to perform currency hedge for such transactions.

As at 31 December 2021, the Group had interest-bearing borrowings from certain banks and related parties of the Company amounting to approximately HK\$19,664 million (31 December 2020: HK\$7,762 million) in aggregate, with a gearing ratio<sup>1</sup> of approximately 183.3% (31 December 2020: 73.7%). According to the relevant loan agreements, approximately HK\$2,080 million of the interest-bearing loans are repayable within one year; approximately HK\$6,618 million are repayable within one to two years; the remaining approximately HK\$10,255 million are repayable within two to five years; and the remaining approximately HK\$711 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 31 December 2021, the weighted average effective interest rate of the Group's bank borrowings was 4.00% (31 December 2020: 4.59%) per annum. As at 31 December 2021, the banking facilities available to the Group were approximately RMB1,562 million (equivalent to approximately HK\$1,911 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.

---

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



## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### Asset Pledged and Contingent Liabilities

As at 31 December 2021, the Group's certain properties amounting to approximately HK\$11,506 million (31 December 2020: HK\$6,646 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 31 December 2021, the Group provided guarantees of approximately HK\$800 million (31 December 2020: HK\$1,087 million) to certain banks in relation to the mortgage loans on properties sold (please refer to note 11 to this announcement for details). Save for the above, the Group did not have any other material contingent liabilities as at 31 December 2021.

### RISKS AND UNCERTAINTIES

As the Group is engaged in property development and investment businesses in the Mainland China, the risks and uncertainties of its business are principally associated with the property market and property prices in the Mainland China, and the Group's income in the future will be directly affected accordingly. The property market in the Mainland China is affected by a number of factors which include, among others, economic environment, property supply and demand, the PRC government's fiscal and monetary policies, taxation policies and austerity measures on the real estate sector, etc. At present, property development 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 development 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 31 December 2021, the Group had total outstanding interest-bearing loans of approximately HK\$19,664 million (31 December 2020: HK\$7,762 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.

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 under development 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.

## **MANAGEMENT DISCUSSION AND ANALYSIS** (continued)

### **RELATIONSHIP WITH CUSTOMERS AND SUPPLIERS**

Holding the interest of every customer in high regard, the Group provides training to its sales staff on a regular basis. The Group also provides its customers with adequate information about its products and responds to any issue and question raised by customers or potential customers regarding the products offered with the aim of building customers' confidence in the Company's products.

The Group's properties in relation to the property business were largely designed or constructed by a variety of suppliers and contractors. The Group selects appropriate suppliers for its major projects through an open, fair and impartial tendering process, maintains databases of supplier information and brand information, and have proper procedures in place to assess and evaluate suppliers. Besides, the Group attaches great importance to anti-graft and anti-corruption measures, meets with suppliers regularly, and conveys such information to them.

### **POLICY AND PERFORMANCE ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE**

The Group strictly complies with the regulations enacted by the Mainland China and Hong Kong governments, including those in relation to environmental protection, social and governance. The Company's internal management for environmental, social and governance ("ESG") 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 "Significance 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.

## **MANAGEMENT DISCUSSION AND ANALYSIS** (continued)

To redouble its ESG efforts and uphold the corporate philosophy of sustainability, the Group has reviewed its ESG management structure during the year under review. In April 2021, 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 its ESG performance.

The Company is in the process of preparing its ESG report for the year ended 31 December 2021. The information contained in this announcement is based solely on the Company's ESG policies, performance, along with information of internal management. As at the date of this announcement, the ESG information of the Group for the year ended 31 December 2021 has yet to be finalised and may be subject to necessary adjustments. Such information, which may differ from the information contained in this announcement, is expected to be published in May 2022.

### **HUMAN RESOURCES**

The Group had 577 (31 December 2020: 401) employees as at 31 December 2021. The total employee remuneration and provident fund contributions (excluding directors' remuneration) in 2021 amounted to approximately HK\$283 million (2020: HK\$181 million).

The Group provides a range of basic benefits to its employees, and its incentive policy is designed to reward employees by reference to and integrating factors including the operating results of the Group and performance of individual employees. There was no share option scheme of the Company in operation during the year under review. The Group provides different training courses for its employees.

## **PROPOSED CHANGE OF INDEPENDENT AUDITOR**

PricewaterhouseCoopers (“PwC”) has been the Company’s independent auditor since 2018. In order to promote good corporate governance, the Company should consider change of its independent auditor after an appropriate period of time. Accordingly, PwC will retire as the auditor of the Company with effect from the conclusion of the 2022 Annual General Meeting of the Company.

The Board resolved, at the recommendation of the Audit Committee of the Company and, to propose the appointment of KPMG as the new independent auditor of the Company following the retirement of the auditor, PwC, to hold office until the conclusion of the next annual general meeting of the Company. Such a proposed appointment is subject to the approval of the shareholders of the Company at the 2022 Annual General Meeting. PwC will carry on the auditing for the year 2021 until the conclusion of the 2022 Annual General Meeting.

The Company is incorporated under the laws of Bermuda and to the knowledge of the Board there is no requirement under the laws of Bermuda for the retiring auditor to confirm whether or not there is any matter connected with its retirement which needs to be brought to the attention of the shareholders or creditors of the Company. PwC has therefore not issued such confirmation. The Board has confirmed that there is no matter in respect of the proposed change of auditor that needs to be brought to the attention of the shareholders of the Company.

The Board would like to express its appreciation to PwC for its services rendered to the Company in the past years.

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

### **Corporate Governance Code**

The Group recognises the importance of achieving the highest standard of corporate governance consistent with the needs and requirements of its businesses and the best interest of all of its stakeholders and is fully committed to doing so. It is also with these objectives in mind that the Group has applied the principles of the code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules.

In the opinion of the Directors, the Company has complied with the code provisions and, where appropriate, adopted the applicable recommended best practices set out in the CG Code throughout the year ended 31 December 2021.

### **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 year.

### **Closure of Register of Members**

The annual general meeting of the Company will be held at Concord Room, 8th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 23 June 2022 at 10:30 a.m. (the “**2022 Annual General Meeting**”).

The register of members of the Company will be closed and no transfer of shares will be effected during the period from Monday, 20 June 2022 to Thursday, 23 June 2022, both days inclusive, for determining the shareholders’ eligibility to attend and vote at the 2022 Annual General Meeting.

In order to qualify for attending and voting at the 2022 Annual General Meeting, unregistered holders of shares of the Company should ensure that all transfers 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 (the “**Branch Share Registrar**”), at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 17 June 2022.

### **Entitlement for Final Dividend**

The Board has resolved to recommend the payment of a final dividend of HK10.00 cents per ordinary share for the year ended 31 December 2021 which is expected to be paid on or about Thursday, 21 July 2022 to the shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 30 June 2022 subject to the final approval at the 2022 Annual General Meeting.

For the purpose of determining shareholders’ entitlements to the proposed final dividend for the year ended 31 December 2021, the register of members of the Company will be closed on Thursday, 30 June 2022 and no transfer of shares will be registered on that day. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Branch Share Registrar, at the above address not later than 4:30 p.m. on Wednesday, 29 June 2022.

## **Review of Annual Results**

The annual results of the Group for the year ended 31 December 2021 have been reviewed by the Audit Committee of the Company.

## **Review of Preliminary Announcement**

The figures in respect of the Group's consolidated balance sheet, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2021 as set out in this preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements and Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Company's auditor on this preliminary announcement.

By Order of the Board  
**Guangdong Land Holdings Limited**  
**LAN Runing**  
*Chairman*

Hong Kong, 30 March 2022

*In this announcement, 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.*

*As at the date of this announcement, the Board comprises six Executive Directors, namely Mr. LAN Runing, Mr. KUANG Hu, Mr. LI Yonggang, Mr. WU Mingchang, Ms. ZHU Guang and Mr. JIAO Li; and three Independent Non-Executive Directors, namely Mr. Alan Howard SMITH, Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho.*