GDH

GUANGDONG LAND HOLDINGS LIMITED
粵 海 置 地 控 股 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Stock Code: 0124)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

HIGHLIGHTS

	For the year ended 31 December		
	2014	2013	Change
Net gain on disposal of subsidiaries, in thousand HK$	**-**	3,935,995	N/A
Profit from discontinued operation, in thousand HK$	**-**	3,399,876	N/A
Profit for the year attributable to owners of the company, in thousand HK$	**81,773**	3,426,966	-97.6%
Basic earnings per share, in HK cent	**4.78**	200.00	-97.6%
	As at 31 December		
	2014	2013	Change
Current ratio	**16.7 times**	4.0 times	+317.1%
Total assets, in million HK$	**4,618**	5,483	-15.8%
Net asset value per share, in HK$	**2.53**	2.49	+1.6%
Year-end number of employees	**182**	546	-66.7%

FINANCIAL RESULTS

The Board of Directors 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 2014 together with comparative figures for 2013 as follows:

Consolidated Statement of Profit or Loss

Year ended 31 December 2014

	Notes	**2014 HK$'000**	2013 HK$'000
CONTINUING OPERATIONS			
REVENUE	3	**3,422**	-
Other income and gains		**251,294**	71,293
Administrative expenses		**(94,779)**	(29,498)
Other operating expenses		**(69,039)**	(14,110)
Finance costs		**-**	(595)
PROFIT BEFORE TAX	4	**90,898**	27,090
Income tax expense	5	**(9,125)**	-
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**81,773**	27,090
DISCONTINUED OPERATION			
Profit for the year from discontinued operation		**-**	3,399,876
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**81,773**	3,426,966
EARNINGS PER SHARE	6		
Basic			
- For profit for the year		**4.78 HK cents**	HK$2.00
- For profit from continuing opeartions		**4.78 HK cents**	1.58 HK cents
Diluted			
- For profit for the year		**N/A**	N/A
- For profit from continuing opeartions		**N/A**	N/A

Details of the dividends for the year are disclosed in note 7 of the announcement.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2014

	2014 HK$'000	2013 HK$'000
PROFIT FOR THE YEAR	**81,773**	3,426,966
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(2,572)**	68,761
Release of exchange reserve upon disposal of subsidiaries	**-**	(477,382)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(2,572)**	(408,621)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	**79,201**	3,018,345

Consolidated Balance Sheet
31 December 2014

	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	**7,446**	7,205
Investment properties	**29,559**	29,673
Prepayments and other receivables	**-**	608,830
Total non-current assets	**37,005**	645,708
CURRENT ASSETS		
Properties under development	**25,152**	19,812
Prepayments, deposits and other receivables	**695,726**	1,539,073
Restricted bank balances	**191**	695,191
Cash and cash equivalents	**3,831,580**	2,409,213
	4,552,649	4,663,289
Assets of discontinued operation classified as held for sale	**28,595**	174,218
Total current assets	**4,581,244**	4,837,507
CURRENT LIABILITIES		
Tax payable	**(9,160)**	-
Other payables, accruals and provision	**(265,444)**	(1,218,771)
Total current liabilities	**(274,604)**	(1,218,771)
NET CURRENT ASSETS	**4,306,640**	3,618,736
TOTAL ASSETS LESS CURRENT LIABILITIES	**4,343,645**	4,264,444
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**(5,860)**	(5,860)
Net assets	**4,337,785**	4,258,584
EQUITY		
Issued capital	**171,154**	171,154
Reserves	**4,166,631**	4,087,430
Total equity	**4,337,785**	4,258,584

Notes:

(1) Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

(2) Changes in Accounting Policy and Disclosures

The Group has adopted the following revised standards and new interpretations for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

[1] Effective from 1 July 2014

(3) Revenue, Other Income and Gains

Revenue, which is the Group's turnover, represents rental income during the year.

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

	2014 HK$'000	2013 HK$'000
REVENUE		
Gross rental income	**3,422**	-
OTHER INCOME		
Gain on sale of scrap materials	**1,359**	-
Bank interest income	**136,621**	29,350
Imputed interest income	**38,241**	11,032
Gross rental income	**-**	3,323
Others	**4,603**	-
	180,824	43,705
GAINS		
Fair value gains on investment properties	**-**	1,389
Gain on disposal of property, plant and equipment under assets held for sale	**73,384**	-
Foreign exchange differences, net	**(2,914)**	26,199
	70,470	27,588
	251,294	71,293

The Group's principal business segment is corporate and others segment which comprises corporate income and expenses and property development. Accordingly, no separate analysis of operating segment information is presented.

(4) Profit Before Tax

The Group's profit before tax from continuing operations is arrived at after charging:

	2014 **HK$'000**	2013 HK$'000
Depreciation	**770**	-
Impairment of property, plant and equipment under assets held for sale	**5,800**	-
Adjustments on other receivables	**32,583**	-
Provisions for the Disposal Transactions	**24,547**	-

(5) Income Tax

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year. In the prior year, Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during that year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the local jurisdictions in which the Group operates.

Land appreciation tax ("LAT") was 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 value, with certain allowable deductions.

	2014 **HK$'000**	2013 HK$'000
Group:		
Current - Hong Kong	**-**	-
Current - Elsewhere	**-**	-
LAT in Mainland China	**9,125**	-
Total tax charge for the year	**9,125**	-

(6) Earnings Per Share

The calculation of basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 1,711,536,850 (2013: 1,711,536,850) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2014 and 2013.

(7) Dividend

	2014	2013
	HK$'000	HK$'000
Special dividend – Nil (2013: HK$1) per ordinary share	**-**	1,711,537

The Board of Directors did not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: Nil).

(8) Post Balance Sheet Event

On 16 March 2015, the Company entered into a sale and purchase agreement with GDH Limited ("GDH"), pursuant to which the Company has conditionally agreed to acquire from GDH the entire issued share capital of Triumphant Success Limited ("Target Company"), a wholly-owned subsidiary of GDH, and the outstanding loan due to GDH from Triumphant Success (Hong Kong) Limited, a wholly-owned subsidiary of both Triumphant Success Limited and GDH, for the aggregate consideration of RMB404,590,800 (equivalent to approximately HK$509,881,000), subject to adjustment (if any) in accordance with the terms and conditions of the sale and purchase agreement.

The principal asset of the Target Company is its indirect 80% equity interest in Guangzhou Panyu Yuehai Real Estate Company Limited, which in turn holds certain commodity residential properties and the related ancillary facilities located in Panyu District, Guangzhou, the PRC with a total site area of approximately 38,771 square metre. The properties comprise, among others, ten residential buildings and 651 car-parking spaces, with an aggregate gross floor area of approximately 127,597 square metre. Upon the completion of the aforementioned transactions, the Target Company will become a wholly-owned subsidiary of the Company. Further details of the above transaction were disclosed in the Company's announcement released on 16 March 2015.

CHAIRMAN'S STATEMENT

Results

Since the completion of the disposal of the entire equity interests in 9 previous subsidiaries that engaged in the production and sale of beer in September 2013, the Group has changed its principal business to property development and investment. The Group holds certain investment properties that generate rental income in Shenzhen, Guangdong Province. In addition, the Group holds a parcel of land in Shenzhen for the Buxin Project which is under preparation for construction has not generated any revenue for the Group during the year.

The Group's results for the year ended 31 December 2014 was derived from the business of property development and investment, whereas the results for the corresponding period of last year was derived from the sold business of production, distribution and sale of beer.

The net profit from continuing operations was HK$81.77 million in 2014 (2013: HK$27.09 million), representing an increase of 201.8% over the corresponding period of last year. Due to the completion of the disposal of the entire equity interests in 9 previous subsidiaries, the discontinued operation recorded a net profit of HK$3,400 million in 2013, whereas no such profit was recorded during 2014. Under the combined effect of the above two factors, profit for the year attributable to owners of the Company amounted to HK$81.77 million (2013: HK$3,427 million), down by 97.6% from the corresponding period of last year.

In view of the Company's future business development needs, the board of directors did not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: nil).

Business Review

During the year under review, the Group implemented an employee quarters allocation plan as approved by local government and disposed of the staff quarters to the eligible employees who meet certain prerequisites and criteria in accordance with the required procedures and approved prices stipulated by the relevant department of the local government. The disposal contributed a gain of approximately HK$73.38 million to the Group. The disposal process of certain staff quarters has not been completed as of the end of 2014.

During the year under review, the Group worked very closely with the relevant urban renewal authorities to adjust the urban renewal unit planning proposal in relation to the Buxin Project, with the aim to coordinate with the urban renewal authorities in its reviewing process. The Buxin Project is an industrial commercial and trade complex themed on jewelry industry. With the aim of securing a higher developmental plot ratio and favourable construction specifications (such as the proportion of different types of property as well as the sale and rental allocation ratio, etc.), the Group is currently undergoing discussions with relevant government authorities, and the planning and design for the project was adjusted in response to those discussions. As a result, the approval time has taken longer than expected. At the same time, the Buxin Project will be constructed in two phases to complement its development. The Group has commenced preparatory promotion works such as preliminary market research and visits on potential customers in accordance with the market positioning of the Buxin Project, and has received warm responses for the Buxin Project from the potential customers. Based on the existing information and latest communications with the relevant government authorities, it is estimated that infrastructure works for phase one (which takes up a majority of the area available for development under the project) will commence in the fourth quarter of 2015 and pre-sale and rental processes is expected to kick off in 2017.

During the year under review, the Group has entered into an agreement with an independent third party in relation to the disposal of the legacy beer production machinery and equipment of the Shenzhen Plant 1. It is expected that the disposal of the equipment will complete in the first half of 2015.

Outlook

Against a background of the relatively high speed of growth in the PRC economy and the rising living standards of its people and coupled with urbanisation, the Company believes that there will be an increasing demand for properties which will in turn drive the growth of property development, including the development of commercial real estates.

The disposal of the brewery business by the Group last year has made available a large amount of funds to build a solid foundation for the future property development and investment business of the Group. The Company is confident about the development of property and investment businesses in Mainland China. Apart from the development of the Buxin Project on hand, the Group is also proactively considering and examining other opportunities of property development and investment in the Mainland China, with the aim of diversifying the operating risks and enhancing the investment return. On the date hereof, the Company has conditionally agreed to purchase a property project comprising, inter alia, certain commodity residential properties located in the Panyu District, Guangzhou, the PRC. For further details, please refer to the announcement of the Company dated 16 March 2015.

Last but not least, on behalf of the Board, I would like to thank the efforts made by the management and our staff during the past year. In the year ahead, I am confident that under the leadership of the Board, the Group will continue its efforts to strive to create better returns to its shareholders.

HUANG Xiaofeng
Chairman

Hong Kong, 16 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's results for the year ended 31 December 2014 was derived from the businesses of property development and investment, whereas the results for the corresponding period of last year was derived from the sold businesses of production, distribution and sale of beer.

In 2014, the Group recorded consolidated revenue of HK$3.42 million derived from the rental income from investment properties (2013: nil). During the year under review, net profit from the continuing operations amounted to HK$81.77 million (2013: HK$27.09 million), representing an increase of 201.8% from the corresponding period last year. Due to the completion of the disposal of the entire equity interests in 9 previous subsidiaries, the Group recorded a net profit from discontinued operation of HK$3,400 million in 2013, whereas no such profit was recorded during the year. Under the combined effect of the above two factors, profit for the year attributable to owners of the Company amounted to HK$81.77 million (2013: HK$3,427 million), down by 97.6% from the corresponding period last year.

Operating Income, Expenses and Finance Costs

Due to the increase in average bank balances, the Group recorded a bank interest income of HK$137 million during the year under review (2013: HK$29.35 million), representing an increase of 366.8% as compared to the corresponding period last year. During the year under review, a gain of approximately HK$73.38 million was recorded from the disposal of the staff quarters (2013: nil).

The Group's administrative expenses in 2014 were HK$94.78 million (2013: HK$29.50 million), representing an increase of 221.3%, which was mainly attributable to the exclusion of administrative expenses of PRC subsidiaries from the administrative expenses of the continuing operations in last year and the inclusion of the administrative expenses generated from Shenzhen Plant 1 retained by the Group during the year. Moreover, the Group has entered into an agreement with an independent third party in relation to the disposal of the legacy beer production equipment of the Shenzhen Plant 1 during the year under review. The Group has made a provision for impairment of HK$5.8 million for the aforementioned machinery and equipment as the anticipated proceeds of disposal are expected to be lower than the carrying amount of the beer production equipment.

In respect of the completion of the transactions related to the disposal of the equity interests in 9 previous subsidiaries engaged in the production and sale of beer by the Group in 2013, the consideration of the disposal transaction is subject to adjustment as stipulated in the relevant agreements. During the year under review, the aggregate settlement amount of the consideration of the transactions is mildly downward adjusted by HK$32.58 million that results in the reduction of consideration receivable. Such reduction has been charged to the statement of profit or loss for the year. Also, the Group has made an additional provision of HK$24.55 million in accordance with the relevant compensation mechanism as stated in the master agreement of the transactions. The sum of the above two items amounted to HK$57.13 million, accounting for approximately 0.8% of the aggregated considerations of RMB5.38 billion (equivalent to approximately HK$6.73 billion) from the disposal transactions in last year.

The Group has recorded no finance cost as it did not have any bank loan for the year (2013: HK$595 thousand).

Taxation

During the year, one of a wholly-owned subsidiaries of the Group operating in the PRC has made a provision of land appreciation tax of HK$9.13 million due to the disposal of staff quarters (2013: nil).

Capital Expenditure

The Group's capital expenditure, on a cash basis, for the year was approximately HK$1.05 million (2013: HK$136 million), representing a decrease of 99.2% over that of 2013. In addition, capital expenditure related to the Buxin Project was approximately HK$5.39 million (2013: HK$6.00 million).

Financial Resources and Liquidity

As at 31 December 2014, the Group's net asset value was HK$4.34 billion (2013: HK$4.26 billion), representing an increase of 1.9% over that of 2013. Based on the number of ordinary shares in issue as at 31 December 2014, the net asset value per share of the Group was HK$2.53 (2013: HK$2.49), an increase of 1.6% from that of 2013.

As at 31 December 2014, the Group had cash and bank balances of HK$3,832 million (2013: HK$3,104 million), representing an increase of 23.5% over that of 31 December 2013. Of which, restricted bank balances amounted to HK$191 thousand (2013: HK$695 million). Of the Group's cash and bank balances as at 31 December 2014, 97.9% was in RMB and 2.1% in USD. Net cash flows used in operating activities for the year were HK$240 million (2013: HK$4.00 million).

As most of the transactions from the Group's daily operations were denominated in Renminbi, there will be low transaction exposure. During the year under review, the Group did not perform currency hedge of the transactions actively. The consolidated financial statements of the Group are presented in Hong Kong dollars, and changes in the exchange rate of HK$ against RMB generated exchange differences upon currency translation in the book, but the said exchange differences arising from the currency translation will pose no effect on the daily operations of the Group. In 2014, the Group recorded net foreign exchange losses of HK$2.91 million (2013: net foreign exchange gains HK$26.20 million).

As at the end of 2014, the Group did not have any outstanding bank loan. Given the Group's existing amount cash and bank balances, the Group will have sufficient financial resources to finance its existing continuing operations in the coming year.

None of the assets of the Group was pledged to any creditors and there was no material contingent liability recorded as at the end of 2014.

Human Resources

The Group had 182 (2013: 546, representing the aggregate number of employees from the head office in Hong Kong and Shenzhen Plant 1) employees as at the end of 2014. The total employee remuneration and provident fund contributions (excluding directors' remuneration) of the continuing operations in 2014 was HK$63.38 million (2013: HK$82.40 million, representing the aggregate relevant expenditures from the head office in Hong Kong and Shenzhen Plant 1). The Group carried out a staff redundancy plan continuously during 2014 and, as a result, the total number of employees of the Group gradually dropped to 182 at the end of 2014. Various basic benefits were provided to the Group's staff with an incentive policy which was designed to remunerate staff by combined references to the Group's operating results as well as the performance of the individual staff member.

CORPORATE GOVERNANCE CODE

The Group recognizes 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 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

In the opinion of the directors of the Company, the Company was in compliance with the applicable code provisions in the CG Code for the year ended 31 December 2014 and, where appropriate, the applicable recommended best practices of the CG Code, save and except for code provision A.6.7 as one Executive Director was unable to attend the annual general meeting of the Company held on 20 June 2014 as he had other engagement.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed and no transfer of shares will be effected during the period from Wednesday, 17 June 2015 to Friday, 19 June 2015, both days inclusive, for determining the shareholders' eligibility to attend and vote at the Annual General Meeting of the Company to be held on Friday, 19 June 2015.

In order to qualify for attending and voting at the forthcoming Annual General Meeting of the Company to be held on Friday, 19 June 2015, 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 in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 16 June 2015.

REVIEW OF ANNUAL RESULTS

The annual results of the Group for the year ended 31 December 2014 have been reviewed by the Audit Committee of the Company.

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 ended 31 December 2014.

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

Hong Kong, 16 March 2015

As at the date of this announcement, the Board comprises three non-executive directors, namely Mr. HUANG Xiaofeng, Mr. HUANG Zhenhai and Mr. LUO Fanyu; three executive directors, namely Mr. YE Xuquan, Ms. ZHAO Chunxiao and Mr. LI Wai Keung; and three independent non-executive directors, namely Mr. Alan Howard SMITH, Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho.