GUANGDONG LAND HOLDINGS LIMITED
粵 海 置 地 控 股 有 限 公 司
(Incorporated in Bermuda with limited liability)
(Stock Code: 0124)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

HIGHLIGHTS

	For the six months ended 30 June		
	2015	2014	Change
	(Unaudited)	(Unaudited)	
Revenue, in thousand HK$	**239**	1,612	-85.2%
Net profit attributable to owners of the Company, in thousand HK$	**335,254**	71,906	+366.2%
Basic earnings per share, in HK cent	**19.6**	4.2	+366.7%
	As at 30 June 2015	As at 31 December 2014	
	(Unaudited)	(Audited)	
Current ratio	**7.2 times**	16.7 times	-56.9%
Gearing ratio[1]	**net cash**	net cash	-
Total assets, in million HK$	**6,394**	4,618	+38.5%
Book value per share[2], in HK$	**2.70**	2.53	+6.7%
Period-end number of employees	**238**	182	+30.8%

Notes:
1. Gearing ratio = (Interest-bearing debt — cash and cash equivalents) / Net assets
2. Book value per share = Equity attributable to owners of the Company / Number of issued shares

UNAUDITED INTERIM RESULTS

The board of directors (the "Board of Directors") of Guangdong Land Holdings Limited (the "Company") announces that the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2015 together with comparative figures are as follows. The interim financial information has not been audited, but has been reviewed by the Company's audit committee and the Company's auditors, Ernst & Young.

Condensed Consolidated Statement of Profit or Loss
For the six months ended 30 June 2015

	Notes	**2015 (Unaudited) HK$'000**	2014 (Unaudited) HK$'000
REVENUE	*4*	**239**	1,612
Other income and gains, net	*4*	**146,062**	125,640
Gain on bargain purchase	*10*	**233,862**	-
Selling and distribution expenses		**(1,072)**	-
Administrative expenses		**(36,012)**	(45,703)
Other expenses		**(7,975)**	(9,643)
PROFIT BEFORE TAX	*5*	**335,104**	71,906
Income tax expense	*6*	**(38)**	-
PROFIT FOR THE PERIOD		**335,066**	71,906
Attributable to:			
Owners of the Company		**335,254**	71,906
Non-controlling interests		**(188)**	-
		335,066	71,906
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*7*		
Basic		**19.6 HK cents**	4.2 HK cents
Diluted		**N/A**	N/A

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2015

	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
PROFIT FOR THE PERIOD	**335,066**	71,906
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassifed to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**22**	(5,255)
Release of exchange reserve upon settlement of intercompany balance	**(48,048)**	-
OTHER COMPREHENSIVE LOSS FOR THE PERIOD	**(48,026)**	(5,255)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**287,040**	66,651
Attributable to:		
Owners of the Company	**287,213**	66,651
Non-controlling interests	**(173)**	-
	287,040	66,651

Condensed Consolidated Balance Sheet
30 June 2015

	Notes	**30 Jun 2015 (Unaudited) HK$'000**	31 Dec 2014 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**9,164**	7,446
Investment properties		**29,471**	29,559
Deferred tax assets		**986**	-
Total non-current assets		**39,621**	37,005
CURRENT ASSETS			
Properties under development		**2,026,531**	25,152
Prepayments, deposits and other receivables		**733,407**	695,726
Due from a fellow subsidiary		**21**	-
Restricted bank balances		**265,130**	191
Cash and cash equivalents		**3,324,533**	3,831,580
		6,349,622	4,552,649
Assets held for sale		**5,178**	28,595
Total current assets		**6,354,800**	4,581,244
CURRENT LIABILITIES			
Trade payables	*9*	**(93,844)**	-
Other payables and accruals		**(209,004)**	(265,444)
Receipt in advance		**(272,038)**	-
Due to fellow subsidiaries		**(210,637)**	-
Tax payable		**(9,163)**	(9,160)
Interest-bearing bank borrowing		**(88,767)**	-
Total current liabilities		**(883,453)**	(274,604)
NET CURRENT ASSETS		**5,471,347**	4,306,640
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,510,968**	4,343,645

Condensed Consolidated Balance Sheet (continued)
30 June 2015

	30 Jun 2015 (Unaudited) HK$'000	31 Dec 2014 (Audited) HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	**5,510,968**	4,343,645
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**(520,283)**	(5,860)
Interest-bearing bank borrowing	**(179,995)**	-
Total non-current liabilities	**(700,278)**	(5,860)
Net assets	**4,810,690**	4,337,785
EQUITY		
Issued capital	**171,154**	171,154
Reserves	**4,453,844**	4,166,631
	4,624,998	4,337,785
Non-controlling interests	**185,692**	-
Total equity	**4,810,690**	4,337,785

Notes:

(1) Corporation Information

The Company is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at 18th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong. GDH Limited ("GDH") is the immediate holding company of the Company. In the opinion of the directors, the ultimate holding company of the Company is Guangdong Holdings Limited (廣東粵海控股集團有限公司), a company established in the People's Republic of China.

During the period, the Group was involved in property development and investment.

(2) Accounting Policies

The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2015 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". The accounting policies and basis of preparation adopted in the preparation of the interim financial information are the same as those used in the annual financial statements for the year ended 31 December 2014, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) as disclosed below.

<u>Changes in Accounting Policy and Disclosures</u>

The Group has adopted the following new and revised HKFRSs for the first time for the current period's unaudited interim financial information.

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Annual Improvements *2010-2012 Cycle*	Amendments to a number of HKFRSs
Annual Improvements *2011-2013 Cycle*	Amendments to a number of HKFRSs

The adoption of these new and revised HKFRSs has had no significant financial effect on the unaudited interim financial information.

(3) Operating Segment Information

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

(a) the property development and investment segment consists of property development for sale and property investment; and

(b) the other segment consists of corporate and other income and expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about the resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income is 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.

	Six months ended 30 June (unaudited)					
	Property development and investment		Other		Total	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:						
Sales to external customers	**239**	1,612	**-**	-	**239**	1,612
Segment results	**203,737**	863	**34,521**	(18,179)	**238,258**	(17,316)
Reconciliation:						
Interest income					**96,846**	89,222
Profit before tax					**335,104**	71,906

(3) Operating Segment Information (continued)

	Property development and investment		Other		Total	
	As at		As at		As at	
	30 Jun 2015 (Unaudited) HK$'000	31 Dec 2014 (Audited) HK$'000	**30 Jun 2015 (Unaudited) HK$'000**	31 Dec 2014 (Audited) HK$'000	**30 Jun 2015 (Unaudited) HK$'000**	31 Dec 2014 (Audited) HK$'000
Segment assets	**2,538,772**	303,238	**3,854,663**	4,315,011	**6,393,435**	4,618,249
Reconciliation:						
Unallocated assets					**986**	-
Total assets					**6,394,421**	4,618,249
Segment liabilities	**912,169**	24,450	**151,279**	250,154	**1,063,448**	274,604
Reconciliation:						
Unallocated liabilities					**520,283**	5,860
Total liabilities					**1,583,731**	280,464

(4) Revenue, Other Income and Gains

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

	For the six months ended 30 June	
	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
REVENUE		
Gross rental income	**239**	1,612
OTHER INCOME		
Gain on sale of scrap materials	**780**	1,360
Bank interest income	**76,788**	70,377
Imputed interest income	**20,058**	18,845
Others	**97**	(341)
	97,723	90,241
GAINS/(LOSS), NET		
Fair value loss on investment properties	**(114)**	-
Release of exchange reserve upon settlement of intercompany balance	**48,048**	-
Foreign exchange gain/(loss), net	**948**	(36,661)
Gain/(loss) on disposal of property, plant and equipment under assets held for sale	**(543)**	72,060
	48,339	35,399
	146,062	125,640

(5) Profit Before Tax

This is arrived at after charging:

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Depreciation	**426**	306
Minimum lease payments under operating lease in respect of land and buildings	**1,364**	1,883

(6) Income Tax

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current - Hong Kong	**-**	-
Current - Mainland China:		
Charge for the period	**-**	-
Underprovision in prior periods	**280**	-
Deferred	**(242)**	-
Total tax charge for the period	**38**	-

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2014: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the local jurisdictions in which the Group operates.

(7) Earnings Per Share

The calculation of the basic earnings per share for the six months ended 30 June 2015 and 2014 are based on:

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit attributable to ordinary equity holders of the Company	**335,254**	71,906

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Number of shares:		
Weighted average number of ordinary shares in issue during the period for the purpose of basic earnings per share calculation	**1,711,536,850**	1,711,536,850

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2015 and 2014.

(8) Interim Dividend

The Board of Directors of the Company resolved not to declare the payment of an interim dividend for the six months ended 30 June 2015 (2014: Nil).

(9) Trade Payables

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 Jun 2015	31 Dec 2014
	(Unaudited)	(Audited)
	HK$'000	HK$'000
Within 3 months	**1,544**	-
3 to 6 months	**1,465**	-
Over 6 months	**90,835**	-
	93,844	-

The trade payables are non-interesting-bearing.

(10) Business Combination

On 27 April 2015, the Group acquired a 100% interest in Triumphant Success Limited and its subsidiaries ("Triumphant Success Group") from GDH, the immediate holding company of the Company. The acquisition was in line with the Group's core business of property development and investment in the PRC.

The purchase consideration for the acquisition in form of cash of RMB403,091,000 (equivalent to approximately HK$509,674,000) which was fully settled during the period.

The Group has elected to measure the non-controlling interests in Triumphant Success Group at the non-controlling interests' proportionate share of Triumphant Success Group's identifiable net assets.

The fair value of the identifiable assets and liabilities of Triumphant Success Group as at the date of acquisition were as follows:

	Fair value recognised on acquisition HK$'000
Property, plant and equipment	276
Properties under development	1,949,721
Prepayments, deposits and other receivables	31,587
Cash and bank balances	5,677
Trade payables	(112,696)
Other payables and accruals	(5,623)
Amount due to the ultimate holding company	(59,597)
Amounts due to fellow subsidiaries	(138,081)
Interest bearing bank borrowings	(228,186)
Deferred tax liabilities	(513,677)
Shareholder's loan	(189,851)
Total identifiable net assets at fair value	739,550
Non-controlling interest	(185,865)
	553,685
Gain on bargain purchase recognised in the consolidated statement of profit or loss	(233,862)
Assignment of shareholder's loan	189,851
Satisfied by cash	509,674

As at the date of acquisition, the fair value of the receivables was also their gross contractual amounts of HK$11,150,000. No other receivables were expected to be uncollectible.

The Group incurred transaction cost of HK$3,542,000 for this acquisition. The costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

MANAGEMENT DISCUSSION AND ANALYSIS

Results and Key Operating Data

During the period under review, the Group was engaged in the business of property development and investment. Currently, the Group is holding a number of investment properties in Shenzhen, a property project in Buxin, Shenzhen and a residential property project in the Panyu District of Guangzhou City, both are under development.

During the period under review, the Group acquired a 100% of the equity interest in Triumphant Success Limited from GDH Limited, the controlling shareholder of the Company, at a discount on the fair value of the acquired net assets (details of which were set out in the announcement and circular of the Company dated 16 March 2015 and 2 April 2015, respectively) for a total consideration of approximately HK$510 million. The major asset of Triumphant Success Limited includes an 80% interest in the Ruyingju (如英居) residential property project in Panyu District of Guangzhou City, the PRC. As the acquisition consideration was less than the fair value of the net assets acquired, an accounting gain on bargain purchase of HK$234 million was recognised in the unaudited condensed consolidated statement of profit or loss for the six months ended 30 June 2015. For details, please refer to note 10 above in this announcement.

In the first half of 2015, the Group recorded a consolidated revenue of HK$239,000 derived from rental income of investment properties (2014: HK$1.61 million), representing a decrease of 85.2% over the same period last year. The decrease in consolidated revenue was due to the Group's strategy to gradually reduce its rental business over its investment properties. The investment properties situated on the land parcel of the Buxin Project, which forms part of the Buxin Project development, will be demolished together with other existing buildings, while the rest are intended to be disposed of. During the period under review, the Group's unaudited net profit attributable to owners of the Company was HK$335 million (2014: HK$71.91 million), representing an increase of approximately 366% year-on-year.

The board of directors of the Company resolved not to declare the payment of an interim dividend for the six months ended 30 June 2015 (2014: Nil).

Business and Financial Review

In the first half of 2015, the Group's interest income from bank deposits was HK$76.79 million (2014: HK$70.38 million), representing an increase of approximately 9.1% as compared with the same period last year. In the first half of 2015, the estimated interest income from fair value changes of other receivables amounted to HK$20.06 million (2014: HK$18.85 million), representing an increase of approximately 6.4% as compared with the same period last year.

During the 6 months ended 30 June 2015, the Group recorded a combined net foreign currency exchange gain of HK$49.00 million (2014: net foreign exchange loss of HK$ 36.66 million), representing a significant improvement as compared with the same period last year. The increase of net foreign currency exchange gain during the period under review was mainly due to the settlement of certain loans denominated in RMB by the Company and its subsidiary, together with a slight appreciation of the RMB against the HK dollar at the end of June 2015, which resulted in exchange gains.

During the period under review, the Group recorded selling and distribution expenses of HK$1.07 million (2014: Nil). The Group's administrative expenses for the first half of the year was HK$36.01 million (2014: HK$ 45.70 million), representing a decrease of 21.2% as compared with the same period last year. The decrease in administrative expenses was mainly attributable to the progressive implementation of staff redundancy plan in 2014. The decrease in the number of employees in the first half of 2015 as compared with the same period last year, resulted in the decrease of wage costs and related expenditures.

During the period under review, 廣州市番禺粵海房地產有限公司 (Guangzhou Panyu Yuehai Real Estate Company Limited), a newly acquired subsidiary of the Company, has borrowed bank loans. As the interest for the bank loans of HK$3.02 million was fully capitalized, the Group recorded no finance costs. For the same period last year, the Group did not have any borrowing from banks, and, therefore recorded no finance costs.

During the first half of 2014, the Group implemented an employee quarters allocation plan as approved by the local government, and sold staff quarters to eligible employees who met certain prerequisites and criteria in accordance with procedures and approved prices stipulated by the relevant authority of the local government. The sale of staff quarters contributed a gain of approximately HK$72.06 million to the Group in the first half of 2014. During the period under review, the Group did not record any gain generated from the sale of staff quarters.

The Buxin Project

The Buxin Project is located at Buxin Area, Luohu District, Shenzhen, the PRC. The total site area is about 87,075 square meters. The Buxin Project is an industrial commercial complex with jewellery as the main theme and will be constructed in two phases. During the period under review, the Group has revised the urban renewal unit planning proposal, which had been submitted to the Shenzhen Municipal Government for review and approval in May 2015. The Group anticipates that review and approval process of the proposal will be completed in the second half of 2015.

The Group has commenced preparatory promotion works such as preliminary market research and visits the potential customers in accordance with the market positioning of the Buxin Project, and has received warm response and support from potential customers. Based on current information and recent communication with the relevant government authorities, it is estimated that infrastructure works, including demolish of the old buildings, for phase one (which takes up a majority of the area available for development) will commence in the fourth quarter of 2015. Pre-sale and rental processes are expected to kick off in 2017. The Group will update the schedule of the project from time to time as appropriate according to the progress of the Buxin Project.

The Ruyingju Project

The Ruyingju Project is located in South of Sanzhi Xiangshui Road, Dongxiang Village, Dashi Town, Panyu District, Guangzhou, the PRC. The total site area is approximately 38,771 square meters, and the total aggregate gross floor area is approximately 127,597 square meters, with approximately 917 residential units and 651 car-parking spaces available for sale. The Ruyingju Project is located in the Panyu District of Guangzhou with mature transportation network and beautiful environment. On 30 June 2015, all the main structural constructions of the Ruyingju Project had been completed. Decoration works of all the residential units are currently in progress, which is expected to be completed by the end of October 2015.

Some of the residential units of the Ruyingju Project were put up for pre-sale since May 2015. As at 30 June 2015, approximately 195 units were successfully sold during the pre-sale. The aggregate floor area of the units sold during the pre-sale was approximately 20,201 square meters, representing approximately 21.5% of the total saleable floor area of the residential units. The average pre-sale price was RMB18,215 (equivalent to approximately HK$23,047) per square meter. Response to the pre-sale was satisfactory, and it is estimated that the project will bring certain revenue and profit to the Group within the year upon delivery of the completed properties.

Capital Expenditure

The Group’s general capital expenditure, on a cash basis, for the period under review was approximately HK$1.86 million (2014: HK$0.90 million). In addition, the capital expenditures related to the Buxin Project and the Ruyingju Project (from the date of completion of the acquisition up to 30 June 2015) were approximately HK$11.9 million and HK$39.8 million, respectively.

Financial Resources and Liquidity

As at 30 June 2015, the Group's cash and bank balances was HK$3,590 million (which included restricted bank balances of HK$265 million), almost all of which were denominated in Renminbi. As the Group intends to use Renminbi to invest in the PRC in the future, the fund available denominated in Renminbi remove the currency exchange rate risk. During the period under review, net cash outflow from operating activities was HK$39.66 million. The Group is in a sound financial position and possesses sufficient financial resources to finance its short-term business development. The Group will review its funding needs according to progress of business development from time to time, so as to ensure that adequate financial resources will be available to support business development.

As at 30 June 2015, the Group's total bank loan balances denominated in RMB was HK$269 million, with partial properties of the Ruyingju Project as collaterals. The repayment dates of these bank loans lie in one to two years. As at 30 June 2015, the unutilised banking facilities available to the Group were approximately HK$200 million. As at 30 June 2015, the Group did not record any material contingent liabilities.

Human Resources

As at 30 June 2015, the Group had a total of 238 employees (31 December 2014: 182). Reasonable remuneration packages with reference to business performance, market practices and market conditions were offered to employees of the Group. In addition, discretionary bonuses were also granted based on the performance of the Group and that of the individual employee.

Outlook

With the medium-to-high growth rate of the PRC economy, the rising living standards of its people, and the greater need for real estate properties to cope with urbanization development, the Group firmly believes that the trend will continue to provide impetus to the growth of property development in the Mainland China, including real estate development.

Apart from developing the current Buxin Project and Ruyingju Project, the Group will also consider and identify other property development and investment opportunities in the PRC, mainly in Guangdong Province and other first-tier cities in Mainland China.

Last but not least, the Company's Board of directors recognises the efforts made by the management and staff during the period under review. Under the leadership of the Board, the Company successfully acquired the Ruyingju Project during the period under review, which improved the quality of the Group's assets and diversified its operational risks. The Group is confident in the prospects of its future business development, and will proactively drive the development of real estate business with the objective to create a better return for its shareholders.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance Code

The Company has complied with the code provisions and, where appropriate, the applicable recommended best practices set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 30 June 2015.

Review of Interim Results

The Audit Committee of the Company has reviewed the unaudited interim financial information of the Group and the Company's interim report for the six months ended 30 June 2015. In addition, the Company's external auditors, Ernst & Young, have also reviewed the aforesaid unaudited interim financial information.

Purchase, Sale and Redemption of Listed Securities

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2015.

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

Hong Kong, 25 August 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.