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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 2017

HIGHLIGHTS

	For the six months ended 30 June		
	2017	2016	Change
Revenue, in thousand HK\$	27,798	654,997	-95.8%
Profit/(loss) for the period,			
in thousand HK\$	1,482	(6,973)	N/A
Loss attributable to owners of the Company, in thousand HK\$	(249)	(9,565)	-97.4%
Basic loss per share, in HK cent	(0.01)	(0.56)	-98.2%
	As at	As at	
	30 June 2017	31 December 2016	
Current ratio	7.9 times	2.6 times	+203.8%
Gearing ratio ¹	net cash	net cash	-
Total assets, in million HK\$	5,022	6,474	-22.4%
Net asset value per share ² , in HK\$	2.52	2.45	+2.9%
Number of employees	225	229	-1.7%
Notes:			
1. Gearing ratio = (Interest-bearing debt — cash and bank balances) / Net assets			
2. Net asset 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 2017 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, Messrs. Ernst & Young.

Condensed Consolidated Statement of Profit or Loss For the six months ended 30 June 2017

		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
	Notes		
REVENUE	4	27,798	654,997
Cost of sales		(17,476)	(606,123)
Gross profit		10,322	48,874
Other income and gains, net	4	36,578	44,053
Selling and distribution expenses		(3,194)	(8,083)
Administrative expenses		(34,885)	(40,641)
Other operating expenses		(177)	(21,876)
PROFIT BEFORE TAX	5	8,644	22,327
Income tax expense	6	(7,162)	(29,300)
PROFIT/(LOSS) FOR THE PERIOD		1,482	(6,973)
Attributable to:			
Owners of the Company		(249)	(9,565)
Non-controlling interest		1,731	2,592
		1,482	(6,973)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic and diluted		(HK0.01 cent)	(HK0.56 cent)

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2017

	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
PROFIT/(LOSS) FOR THE PERIOD	<u>1,482</u>	<u>(6,973)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) <i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<u>128,013</u>	<u>(93,649)</u>
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	<u>129,495</u>	<u>(100,622)</u>
Attributable to:		
Owners of the Company	123,264	(93,799)
Non-controlling interest	<u>6,231</u>	<u>(6,823)</u>
	<u>129,495</u>	<u>(100,622)</u>

Condensed Consolidated Balance Sheet
30 June 2017

		30 Jun 2017 (Unaudited) HK\$'000	31 Dec 2016 (Audited) HK\$'000
	<i>Note</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		6,125	8,112
Investment properties		1,095,134	1,057,327
Deferred tax assets		77,355	70,047
Total non-current assets		1,178,614	1,135,486
CURRENT ASSETS			
Completed properties held for sale		260,494	265,386
Properties under development		1,708,046	1,633,600
Prepayments, deposits and other receivables		19,203	26,108
Available-for-sale financial assets		1,043,506	447,160
Restricted bank balances		169,519	563,073
Cash and bank balances		642,962	2,402,840
Total current assets		3,843,730	5,338,167
CURRENT LIABILITIES			
Trade payables	9	(27,041)	(1,528,040)
Other payables, accruals and provisions		(117,498)	(155,310)
Receipts in advance		(2,074)	(20,245)
Due to a non-controlling shareholder		(28,805)	(27,948)
Tax payable		(313,814)	(336,502)
Total current liabilities		(489,232)	(2,068,045)
NET CURRENT ASSETS		3,354,498	3,270,122
TOTAL ASSETS LESS CURRENT LIABILITIES		4,533,112	4,405,608
NON-CURRENT LIABILITIES			
Deferred tax liabilities		(70,187)	(72,178)
Net assets		4,462,925	4,333,430
EQUITY			
Equity attributable to owners of the Company			
Issued capital		171,154	171,154
Reserves		4,139,917	4,016,653
		4,311,071	4,187,807
Non-controlling interest		151,854	145,623
Total equity		4,462,925	4,333,430

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. Guangdong Investment Limited has become the immediate holding company of the Company since 18 April 2017 as further detailed in the Company's announcement dated 18 April 2017. 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), a company established in the People's Republic of China (the "PRC").

During the period under review, 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 2017 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 unaudited condensed consolidated interim financial information are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations).

Changes in Accounting Policies and Disclosures

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

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to HKFRS 12 included in <i>Annual Improvement 2014-2016 Cycle</i>	<i>Disclosure of Interests in Other Entities</i>

The adoption of the revised HKFRSs has had no material financial effect on the unaudited condensed consolidated 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 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.

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

(3) Operating Segment Information (cont'd)

	Six months ended 30 June (unaudited)					
	Property development and investment		Other		Total	
	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:						
Sales to external customers	27,798	654,997	-	-	27,798	654,997
Segment results	(15,377)	13,992	(12,381)	(31,906)	(27,758)	(17,914)
Reconciliation:						
Interest income					36,402	40,241
Profit before tax					8,644	22,327

	Property development and investment		Other		Total	
	As at		As at		As at	
	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec
	2017	2016	2017	2016	2017	2016
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	4,773,892	5,997,460	171,097	406,146	4,944,989	6,403,606
Reconciliation:						
Unallocated assets					77,355	70,047
Total assets					5,022,344	6,473,653
Segment liabilities	(462,638)	(2,041,067)	(26,594)	(26,978)	(489,232)	(2,068,045)
Reconciliation:						
Unallocated liabilities					(70,187)	(72,178)
Total liabilities					(559,419)	(2,140,223)

(4) Revenue, Other Income and Gains, net

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

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
REVENUE		
Sale of properties	26,987	654,301
Rental income	811	696
	27,798	654,997
OTHER INCOME		
Bank interest income	15,114	40,241
Interest income from available-for-sale financial assets	21,288	-
Others	165	229
	36,567	40,470
GAINS, NET		
Fair value gains/(losses) on investment properties	11	(273)
Gain on disposal of items of property, plant and equipment	-	3,856
	11	3,583
	36,578	44,053

(5) Profit Before Tax

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

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of properties sold	17,476	606,123
Depreciation	801	736
Minimum lease payments under operating lease	1,580	1,363
Foreign exchange differences, net	177	21,753

(6) 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 period (six months ended 30 June 2016: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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.

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current - Hong Kong	-	-
Current - Elsewhere:		
Charge for the period	6,363	62,699
LAT in Mainland China	6,484	101,290
Deferred	(5,685)	(134,689)
Total tax charge for the period	<u>7,162</u>	<u>29,300</u>

(7) Loss per Share Attributable to Ordinary Equity Holders of the Company

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the Company and the number of ordinary shares of 1,711,536,850 (six months ended 30 June 2016: 1,711,536,850) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2017 and 2016.

(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 2017 (six months ended 30 June 2016: 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 2017 (Unaudited) HK\$'000	31 Dec 2016 (Audited) HK\$'000
Within 1 month	8,989	483
1 to 2 months	1,168	-
2 to 3 months	-	-
Over 3 months	16,884	1,527,557
	<u>27,041</u>	<u>1,528,040</u>

The trade payables are non-interest bearing.

(10) Contingent Liabilities

As at 30 June 2017, 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 held for sale. 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 30 June 2017, the Group's outstanding guarantees amounted to HK\$881,613,000 (31 December 2016: HK\$914,039,000) in respect of these guarantees.

According to the master agreement dated 5 February 2013 relating to the disposal of the Group's then brewery business, the Group had undertaken to bear any losses arising from the brewery subsidiaries disposed of for additional obligations in relation to, among others, taxes, government levies, staff welfare and uncollectible trade receivables that occurred prior to the date of completion of the said disposal. The financial impact of the contingent liabilities that may arise from such arrangement is not disclosed as, in the opinion of the directors of the Company, the estimate of which is not practicable to do so.

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the Group is engaged in property development and investment. The Group currently mainly holds the Buxin Project (a property development project) in Shenzhen and the Ruyingju Project (a residential property project) in Panyu, Guangzhou.

According to the information of the National Bureau of Statistics of the PRC, the preliminary statistical figure of the national gross domestic product (“GDP”) for the first half of 2017 had a year-on-year increase of approximately 6.9%, and the nominal disposable income per capita increased by 8.8% as compared with those in the same period last year. According to the price index of newly built residential properties in 70 large to medium-sized cities in June 2017, the residential price index of Guangzhou city had an increase of approximately 17.9% and that of Shenzhen city had an increase of approximately 2.7% as compared with those in June 2016.

RESULTS

During the period under review, the unaudited consolidated revenue of the Group was approximately HK\$27.80 million (six months ended 30 June 2016: HK\$655 million), representing a decrease of approximately 95.8% from the same period last year. The decrease in revenue was mainly due to the fact that, in terms of the gross floor area (“GFA”), approximately 90.6% of the residential units under the Ruyingju Project was sold before the end of 2016. As a result, only a handful of residential units under the Ruyingju Project were sold during the period under review. During the period under review, the Group’s loss attributable to owners of the Company was approximately HK\$0.25 million (six months ended 30 June 2016: HK\$9.57 million), representing a decrease of approximately 97.4% from the same period last year.

When comparing to the same period last year, the major factors that affected the results of the Group for the period under review include the following:

- (a) for the six months ended 30 June 2016, Renminbi (“RMB”) depreciated against HK\$ and resulted in the recognition of net exchange losses of approximately HK\$21.75 million by the Group. Since 2016, the Group had gradually remitted its RMB deposits previously held in Hong Kong into its subsidiary responsible for the development of the Buxin Project in the PRC, resulting in a significant decrease in the amount of net foreign exchange differences recognised in the statement of profit or loss by the Group. Therefore, for the six months ended 30 June 2017, the Group recorded a net exchange losses of approximately HK\$0.18 million only, representing a decrease of 99.2% from that of the same period last year; and
- (b) a decrease of revenue generated from the sale of residential units under the Ruyingju Project when compared to the same period last year. This was mainly due to the fact that, in terms of the GFA, approximately 90.6% of the residential units under the Ruyingju Project were sold before the end of 2016. For the six months ended 30 June 2017, the contribution from the Ruyingju Project was smaller than that for the same period last 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 2017 (six months ended 30 June 2016: Nil).

BUSINESS REVIEW

The Buxin Project

The Group holds a 100% interest in the Buxin Project, which is a multi-functional commercial complex with jewellery as the main theme, located in Buxin Area, Luohu, Shenzhen, the PRC. The total site area of such a land amounts to approximately 66,526 square meters (“sq. m.”), and the GFA included in the calculation of plot ratio amounts to approximately 432,051 sq. m. In addition, an underground area of 30,000 sq. m. will be developed for commercial use.

The Northwestern Land which is under the first phase of the development of the Buxin Project has a GFA of approximately 166,000 sq. m., of which the total saleable GFA is approximately 116,000 sq. m. The construction permit for its land pile foundation works was obtained in December 2016 and such land pile foundation works was completed by the end of March 2017. In the second quarter of 2017, the Group has completed the tender and engagement of the main contractor for the Northwestern Land development as detailed in the circular of the Company dated 19 June 2017. Based on the Group’s current development plan, except for the car-parking spaces, properties built within the Northwestern Land will be for sale upon their completion. During the period under review, the Group formed a sales management team and has been preparing to establish a sales center. Meanwhile, we continued to visit potential customers and promoted the Buxin Project actively, and positive feedback has been received.

As at 30 June 2017, the cumulative development costs and fees of the Buxin Project amounted to approximately HK\$2,777 million (31 December 2016: HK\$2,666 million), representing a net increase of approximately HK\$111 million during the period under review. As at 30 June 2017, approximately HK\$1,708 million and HK\$1,069 million were attributable to the “Properties under development” under the current assets and the “Investment properties” under the non-current assets, respectively.

The Group’s wholly-owned subsidiary 粵海置地（深圳）有限公司 (Guangdong Land (Shenzhen) Co., Ltd.* (“GSL”)) entered into three land use rights agreements with 深圳市羅湖區更新局 (Shenzhen City Luohu District Urban Renewal Authority* (the “Shenzhen Luohu Renewal Authority”), being an agent of 深圳市規劃和國土資源委員會 (Urban Planning, Land and Resources Commission of Shenzhen Municipality*) (the “Shenzhen Urban Planning Committee”)) in June 2016, for the purpose of acquiring the relevant land use rights for the development of the Buxin Project as detailed in the circular of the Company dated 22 June 2016. At the request of the Shenzhen Luohu Renewal Authority, the said land use rights agreements were re-signed on the same terms with the Shenzhen Urban Planning Committee replacing the Shenzhen Luohu Renewal Authority as a party to such agreements, which will not affect the rights and obligations of GSL under the original agreements.

The Ruyingju Project

The Group holds an 80% interest in the Ruyingju Project, which is located in Panyu district, Guangzhou city, the PRC, with a GFA of approximately 127,597 sq. m. The Ruyingju Project includes residential units and car-parking spaces for sale. As at 31 December 2016, approximately 90.6% of the GFA of the residential units under the Ruyingju Project were sold. For the six months ended 30 June 2017, sale contracts of residential units under the Ruyingju Project with an aggregate GFA of approximately 140 sq. m. were signed (six months ended 30 June 2016: 27,300 sq. m.), representing a decrease of approximately 99.5% from the same period last year. As at 30 June 2017, the accumulated GFA of sale contracts signed represented approximately 91.5% of GFA of the residential units in aggregate.

For the six months ended 30 June 2017, GFA of residential units delivered under the Ruyingju Project was approximately 899 sq. m. (six months ended 30 June 2016: 29,000 sq. m.), representing a decrease of approximately 96.9% from the same period last year. As at 30 June 2017, the accumulated GFA sold represented approximately 91.5% of GFA of the residential units in aggregate. During the period under review, based on the residential units sold, the contracted average selling price denoted in RMB increased by approximately 30.4% over that of 2016.

The Group acquired the equity interest in the Ruyingju Project in April 2015. As the acquisition price paid was determined with reference to the then market value of the Ruyingju Project (but at a discount), the carrying value (and future costs of sales) of the Ruyingju properties consists of its development costs and the fair value increases as of the completion date of acquisition.

FINANCIAL REVIEW

During the period under review, the Group recorded a profit for the period of approximately HK\$1.48 million (six months ended 30 June 2016: a loss of approximately HK\$6.97 million). The profit attributable to non-controlling interest of approximately HK\$1.73 million (six months ended 30 June 2016: HK\$2.59 million) was recorded because the relevant subsidiary recorded a net profit for the period.

Key Financial Ratios

	Note	Six months ended 30 June		Change
		2017	2016	
Loss attributable to owners of the Company, in HK\$'000		(249)	(9,565)	-97.4%
Return on equity, %	1	(0.01%)	(0.22%)	+0.21pp
		2017 30 June	2016 31 December	
Net assets, in million HK\$		4,463	4,333	+3.0%

Note:

1. Return on equity = loss attributable to owners of the Company / average equity attributable to owners of the Company

During the first half of 2017, the loss attributable to owners of the Company decreased from that of the same period last year. The decrease was mainly affected by the decrease in net exchange losses and the decrease in the revenue of residential units under the Ruyingju Project. Please refer to the “RESULTS” section of the Management Discussion and Analysis in this announcement. In addition to the factor of results of the period under review, the increase in the net assets of the Group was mainly due to the appreciation of RMB against HK\$ during the period under review, resulting in the increase in the net asset value denominated in HK\$.

Operating Income, Expenses and Finance Costs

During the period under review, the Group recorded an aggregate interest income from bank and available-for-sale financial assets of approximately HK\$36.40 million (six months ended 30 June 2016: HK\$40.24 million) in aggregate, representing a decrease of approximately 9.5% from the same period last year. The decrease in interest income was mainly due to the decrease in the cash and bank balances of the Group. During the period under review, there was no gain on disposal of items of property, plant and equipment (six months ended 30 June 2016: HK\$3.86 million) recorded by the Group.

In the first half of 2017, the Group recorded selling and distribution expenses of approximately HK\$3.19 million (six months ended 30 June 2016: HK\$8.08 million), representing a decrease of approximately 60.5% from the same period last year. The decrease was mainly due to the decrease in sales activities under the Ruyingju Project during the period under review. The Group's administrative expenses were approximately HK\$34.89 million (six months ended 30 June 2016: HK\$40.64 million) in the first half 2017, representing a decrease of approximately 14.1% from the same period last year. The decrease was mainly due to the decrease in wages and professional expenses.

During the period under review, the Group did not borrow any bank loan. There was no finance cost recorded during the period under review (six months ended 30 June 2016: Nil).

Capital Expenditure

In the first half of 2017, the Group paid general capital expenditure for purchase of property, plant and equipment of approximately HK\$0.42 million (six months ended 30 June 2016: HK\$0.34 million), representing an increase of 23.5% from the same period last year. In addition, capital expenditure in relation to investment properties in the Buxin Project of approximately HK\$513 million (six months ended 30 June 2016: HK\$493 million) was paid in the first half of 2017.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2017, the equity attributable to owners of the Company was approximately HK\$4.31 billion (31 December 2016: HK\$4.19 billion), representing an increase of approximately 2.9% from the end of 2016. Based on the number of shares in issue as at 30 June 2017, the net asset value per share attributable to owners of the Company at the period end was approximately HK\$2.52 (31 December 2016: HK\$2.45 per share), representing an increase of approximately 2.9% from the end of 2016.

As at 30 June 2017, the Group had cash and bank balances of approximately HK\$0.81 billion (31 December 2016: HK\$2.97 billion), representing a decrease of approximately 72.7%. The aforementioned amount included restricted bank balances of approximately HK\$170 million (31 December 2016: HK\$563 million). The decrease in cash and bank balances was mainly due to the payment of the second instalment of the Buxin Land of approximately RMB1,350 million (equivalent to approximately HK\$1,528 million) and a net increase of available-for-sale financial assets of approximately HK\$596 million during the period under review. Of the Group's cash and bank balances as at 30 June 2017, approximately 79.3% was in RMB, 20.3% was in USD and 0.4% in HK\$.

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

As at 30 June 2017, the Group did not have any outstanding bank loan. Given the construction works of the Northwestern Land of the Buxin Project under the first phase of the development will be in full swing in 2017, the Group will review its funding needs and may obtain the funds through various financing channels from time to time according to the progress of its future business development, so as to ensure that adequate financial resources will be available to support its business development.

ASSET PLEDGED AND CONTINGENT LIABILITIES

None of the assets of the Group was pledged to any creditors as at 30 June 2017. Except for the disclosure in note 10 of this announcement regarding the guarantees made to certain banks in relation to the mortgages of the properties sold of approximately HK\$882 million (31 December 2016: HK\$914 million) as at 30 June 2017 and undertakings made in the master sales agreement relating to the disposal of brewery subsidiaries, there was no material contingent liability recorded as at 30 June 2017.

RISKS AND UNCERTAINTIES

Given that the Group is engaged in property development and investment in the PRC, risks and uncertainties of its business are principally associated with the property market and property prices in the PRC, and the Group's revenue in the future will be directly affected by such factors. The property market in the PRC is affected by a number of factors which include, *inter alia*, economic environment, property supply and demand, fiscal and monetary and taxation policies of the PRC government and austerity measures of real estate sector, etc. The GDP of the PRC has maintained a year-on-year growth, and the demand of property in the market will maintain a healthy growth. Currently, the property projects of the Group are all located in tier-1 cities with different categories and usages, effectively diversifying operational risks.

The Buxin Project in Shenzhen requires a large investment amount and has a relatively prolonged development period, and the Company may seek external fund to partially finance its development. As such, the financing channels and financing costs will be subject to the prevailing market conditions, loan interest rate level and the Group's financial position. As at 30 June 2017, the Group did not have any outstanding interest-bearing loan.

As the property development business has a relatively long product life cycle, the volatility of the Group's future results and cash flows will be relatively high.

POLICY AND PERFORMANCE ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE

As a responsible enterprise, the Group will definitely incorporate the views of various stakeholders into our strategic decisions, especially for the important issues in relation to environmental, social and governance. Through formulating communication objectives with stakeholders the Group collects from multiple channels their views and suggestions of the Group's development, and jointly implement and execute the relevant policies.

The Group strictly complies with laws and regulations of the places where our business operates, including environmental laws and regulations in respect of constructions, to ensure that our construction sites comply with the relevant laws and regulations in respect of environmental protection, sewage treatment, noise control, etc. The Group actively fulfills our corporate social responsibilities and obligations in order to comply with the requirements of the relevant regulatory authorities. The flagship Buxin Project of the Group incorporates elements of energy savings, health and environmental protection, etc., with a view to achieving green construction.

The Group prepared its first Environmental, Social and Governance report and published it in July 2017. Such a report summarised the Group's efforts and achievements in the areas of environmental, social and governance during 1 January to 31 December 2016. The aspects reported included social responsibility management, environmental protection, caring for employees, quality management and caring for the community, etc.

HUMAN RESOURCES

As at 30 June 2017, the Group had 225 (31 December 2016: 229) employees. Various basic benefits were provided to the Group's staff. As to the staff incentive policy, it was determined with reference to both the Group's operating performance as well as the performance of the individual staff member. The Group offers various training to its employees.

OUTLOOK

Notwithstanding the complex global economic environment, the economy of the PRC maintains a steady growth. Coupled with the steadily increasing people's living standard and urbanization level which further drive greater demands for consumptions and improvement of the living environment, the Group believes that the aforesaid trends will continue to drive the steady growth of the residential property and commercial property sector in the PRC.

Located in Luohu, Shenzhen, the Buxin Project has an enormous development potential, and the development works of the first phase of the development of the Northwestern Land have commenced. The Group will invest appropriate resources to develop the project in order to create and release its value, and will consider arranging external financing to support the development of the project.

Subject to the local government's price guidance on the property sale and the Group's intention of not lowering the selling price of the remaining residential units under the Ruyingju Project, the time for the sale of the remaining residential units under the Ruyingju Project may be postponed as compared with the original schedule. It is estimated that the Group's revenue in 2017 will be less than that of 2016. In addition to developing the existing Buxin Project and Ruyingju Project, the Group will also consider, study and look for other opportunities in property development and investment projects in the PRC, considering investing mainly in Guangdong Province and other first-tier cities in the PRC.

Under the leadership of the Board, the Group is confident in the prospect of its future business development and will actively promote the development of its real estate business in order to create greater returns for its shareholders as we did in the past.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2017, 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.

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 2017. In addition, the Company's external auditors, Messrs. Ernst & Young, have also reviewed the aforesaid unaudited interim financial information.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S 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 2017.

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

Hong Kong, 28 August 2017

* *In this announcement, the English name of the entity marked with an * is a translation of its Chinese name, and is included herein for identification purposes only. In the event of any inconsistency, the Chinese name shall prevail.*

As at the date of this announcement, the Board comprises one Non-Executive Director, namely Mr. HUANG Xiaofeng; four Executive Directors, namely Ms. ZHAO Chunxiao, Mr. LI Wai Keung, Mr. WU Mingchang and Mr. ZENG Yi; and three Independent Non-Executive Directors, namely Mr. Alan Howard SMITH, Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho.