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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)

Unaudited Financial Information for the nine months ended 30 September 2020

The board of directors (the "**Board**") of Guangdong Land Holdings Limited (the "**Company**") announces the unaudited financial information of the Company and its subsidiaries (the "**Group**") for the nine months ended 30 September 2020 together with comparative figures. This announcement is made by the Company on a voluntary basis in pursuance of its policy to achieve a higher level of corporate governance.

FINANCIAL HIGHLIGHTS

	For the nine months ended 30 September		
	2020	2019	
	HK$ '000	HK$ '000	Change
Revenue	**3,382,758**	765,084	+342.1%
Fair value gain on investment properties	**1,892,559**	3,650	+518 times
Profit/(loss) after tax	**1,728,812**	(52,477)	N/A
Profit/(loss) attributable to owners of the Company	**1,724,236**	(61,427)	N/A
	As at 30 September 2020	As at 31 December 2019	
	HK$ '000	HK$ '000	Change
Total assets	**16,652,240**	11,852,678	+40.5%
Equity attributable to owners of the Company	**6,617,137**	4,763,849	+38.9%

RESULTS

For the nine months ended 30 September 2020, the consolidated revenue of the Group was approximately HK$3,383 million (nine months ended 30 September 2019: HK$765 million), representing an increase of approximately 342.1% from the same period last year. The increase in revenue was mainly attributable to the increase in the sale of gross floor area ("**GFA**") of properties held for sale. During the period under review, the Group recorded a profit attributable to owners of the Company of approximately HK$1,724 million (nine months ended 30 September 2019: loss of approximately HK$61 million). During the period under review, profit attributable to owners of the Company before taking into account of the fair value gains on investment properties and the relevant deferred tax expense was approximately HK$305 million (nine months ended 30 September 2019: loss of approximately HK$64 million).

The major factors that affected the said results of the Group for the nine months ended 30 September 2020 include the following:

(a) completion of works (竣工備案) has been filed for the properties built on the Northwestern Land of the GDH City Project in June 2020 and the Group has started to deliver properties to the purchasers. Due to the relative high profit margin of the properties built on the Northwestern Land of the GDH City Project, resulting in a significant increase in revenue and profit as compared to the same period in 2019. Further, the Group accelerated the sale of residential units of the Laurel House Project during the period under review, which contributed to the revenue of the Group;

(b) from 30 June 2020, the fair value of the properties built on the Southern Land of the GDH City Project, which were classified as investment properties under development, could be reliably measured and the Group adopted a fair value model to measure such investment properties under development and changes in the fair value of such investment properties under development would be recognised in the consolidated statement of profit or loss. After taking into account the relevant deferred tax expense, the investment properties contributed approximately HK$1,419 million (nine months ended 30 September 2019: HK$2.738 million) in aggregate to the Group's profit after tax for the period under review;

(c) an increase in the selling and marketing expenses of approximately HK$75.74 million when comparing with the same period in 2019 due to the increase in sales activities; and

(d) the Group recorded net exchange gains of approximately HK$1.44 million (nine months ended 30 September 2019: HK$12.32 million). The net exchange gains recorded for the first nine months in 2019 was mainly resulted from the settlement of certain loans denominated in Renminbi ("**RMB**") due to the Company from a subsidiary of the Company. There was no such settlement during the period under review.

BUSINESS REVIEW

Completed Properties Held for Sale

Property project	Location	Usage	Interest held by the Group	Appro-ximate GFA (sq. m.)	Accu-mulated GFA contracted (sq. m.)	Approximate GFA delivered		The accumulated proportion of GFA delivered to GFA available for sale
						Period under review (sq. m.)	Accu-mulated (sq. m.)	
Northwestern Land of the GDH City	Shenzhen City, the PRC	Business apartment/ Commercial	100%	114,654	26,421	21,062	21,062	18.4%
Laurel House	Guangzhou City, the PRC	Residential	100%	65,636	55,896	25,470	48,188	73.4%
Baohuaxuan	Guangzhou City, the PRC	Residential	100%	3,884	3,884	123	3,681	94.8%
Ruyingju	Guangzhou City, the PRC	Residential	80%	94,617	94,519	2,325	94,424	99.8%
Ruyingju	Guangzhou City, the PRC	Car-parking spaces	80%	8,052	3,858	12	3,858	47.9%

During the period under review, the Group's properties recorded a total GFA contracted and delivered of approximately 40,000 square metres ("**sq. m.**") and 49,000 sq. m. respectively.

Properties Held for Sale and Investment Properties under Development

Property project	Location	Usage	Interest held by the Group	Approximate total site area (sq. m.)	Approximate GFA* (sq. m.)	Progress	Expected completion and filing date
Northern Land of the GDH City Project	Shenzhen City, the PRC	Commercial/ Offices/Mall	100%	33,802	146,551	Construction of main structure works of commercial buildings in progress	2nd half of 2022
Southern Land of the GDH City Project	Shenzhen City, the PRC	Offices/Mall	100%	16,044	199,500	Construction of basement structural works of commercial buildings in progress	2023
Chenyuan Road Project	Jiangmen City, the PRC	Residential/ Commercial service	100%	59,705	164,216	Construction of basement structural works in progress	2nd half of 2022
Zhuhai Jinwan Project	Zhuhai City, the PRC	Residential/ Commercial	100%	66,090	166,692	Piling works in progress	2024

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

The GDH City Project

The Group holds the GDH City Project, which is a multi-functional commercial complex with jewelry as the main theme, located in Luohu District, Shenzhen City in the People's Republic of China (the "**PRC**"). 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.

During the period under review, the Group paid close attention to the outbreak of Coronavirus Disease 2019 (the "**COVID-19 outbreak**") situation as well as the economic and market development, and while carrying out proper epidemic prevention and control, the Group also formulated timely sales and marketing plans for the project and kept the construction schedule on track. During the period under review, the Group actively commenced the preliminary sale works in relation to the bulk sale transaction of office buildings on the Northern Land of the second phase of the project, to communicate with customers and to pave the way for the official sale of the project.

As at 30 September 2020, the cumulative development costs and direct expenses of the GDH City Project amounted to approximately HK$5,265 million (31 December 2019: HK$4,490 million), representing a net increase of approximately HK$775 million during the period under review.

The Laurel House Project

In response to the impact of the COVID-19 outbreak, the Group promptly reviewed and optimised the sales proposal for the Laurel House Project and stepped up its marketing efforts. For the nine months ended 30 September 2020, the total GFA of residential units which had been delivered to customers amounted to approximately 25,470 sq. m. (nine months ended 30 September 2019: 7,348 sq. m.), representing an increase of approximately 246.6% as compared to the same period last year.

As at 30 September 2020, occupancy rate the commercial properties of the Laurel House Project was approximately 85.4%.

Material Acquisition – Successful Bidding for the Land Use Rights of a Land Parcel in Aviation New Town, Jinwan District, Zhuhai City

On 29 May 2020, the Group has succeeded in the bid for the land use rights of the land parcel at Aviation New Town, Jinwan District, Zhuhai City through the public Listing-for-Sale Process with consideration amounted to RMB2,295 million (equivalent to approximately HK$2,495 million). The land parcel is located at the land lot 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 GFA included in the calculation of the plot ratio of approximately 166,692 sq. m., which is expected to be used for commercial and residential purposes. All properties are expected to be held for sale.

The land piece is located in an area with high value potentials and 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 will have a positive impact on the sustainable development of the Group in the future, and is also in the interests of the Group and the shareholders of the Company as a whole. It is expected that the construction permit will be obtained in the second half of 2020 and completion of works of the project is expected to be filed in 2024.

FINANCIAL REVIEW

As at 30 September 2020, the total assets of the Group was approximately HK$16.65 billion (31 December 2019: HK$11.85 billion), representing an increase of approximately 40.5% from the year-end of 2019. Based on the number of shares in issue as at 30 September 2020, the net asset value per share attributable to owners of the Company at the end of the period was approximately HK$3.87 (31 December 2019: HK$2.78) per share, representing an increase of approximately 39.2% over the year-end of 2019.

As at 30 September 2020, the Group had total outstanding interest-bearing loans of approximately HK$5,868 million (31 December 2019: HK$3,159 million) with a gearing ratio[1] of approximately 54.2% (31 December 2019: 44.7%). As at 30 September 2020, the Group's financial position remained stable, and the aggregate available banking and other facilities to the Group were RMB2,237 million (equivalent to approximately HK$2,546 million). The Group reviews its funding needs from time to time according to the future development of the GDH City Project and other businesses and consider obtaining funds through various financing means and channels so as to secure adequate financial resources for business development.

OUTLOOK

According to the economic data for the third quarter of 2020 released by the PRC's National Bureau of Statistics, the macro-economic environment of the PRC improved continuously on a turnaround basis from the second quarter. The gross domestic product for the third quarter increased 4.9% over the same quarter last year and 2.7% over the last quarter. The national economy gradually recovered and returned to a positive growth. It is expected that the macro-economic policy for the fourth quarter and monetary policy will more or less maintain a balance. With the implementation of the appropriate fiscal policy, it is expected that the macro-economic environment will maintain a good recovery trend in the fourth quarter.

In the third quarter of 2020, the PRC government continues to adhere the direction of the overarching principle of "housing is for living, but not for speculation" (房住不炒) and does not use the real estate industry as the tool to stimulate the short-term economic growth. There were various measures to control real estate enterprises in the industry, including proper financial management, the test run of "three red lines" (i.e. the ratio of total liabilities (exclude receipt in advance) over total assets not exceeding 70%, gearing ratio not exceeding 100%, cash over short-term interest-bearing loans not less than 1), de-leverage and reduction of debts. Some of the hotspot cities that exhibited a market boom have led to a severe control measures, which stabilise the market expectation and reflected the proper implementation of localised policy. For the nine months ended 30 September 2020, the land supply in the PRC increased slightly from the same period last year, with the overall average selling price per GFA continued to increase. It is expected that there exists a good project development window in the fourth quarter of the year. In the short run, due to the implementation of localised policy, it is expected that there will be more control measures launched for those cities that exhibit a strong growth in real estate prices to stabilise the market expectation. Meanwhile, there will be an increase in the subsidies in respect of real estate purchase in other cities, strengthen the protection of housing to attract talents, relaxation of local citizenship registration restrictions. All of the above measures favor the development of real estate market.

The Group currently enjoys a healthy financial position, the support of a robust controlling shareholder and ample project and financial resources. As the sole capital development platform for the property development business of Guangdong Province's largest offshore conglomerate, GDH Limited, the Group will seize the market opportunity to further actively strive for and leverage on the resources of the controlling shareholder of the Company as well as the role and advantages of a listed company, and to capitalise on its well-established professional capacity, industry experience and abundant resources with a rational deployment to actively and prudently seek for business. We will actively seize the window period of land pieces supply to expand our land bank.

[1] Gearing ratio = (Interest-bearing loans + lease liabilities - cash and cash equivalents) ÷ Net assets

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

CAUTION STATEMENT

The Board wishes to remind shareholders of the Company and potential investors that the above financial information is based on the Company's internal records and management accounts. The above financial information for the nine months ended 30 September 2020 has not been audited or reviewed by the external auditor of the Company. Accordingly, any information contained in this announcement should in no way be regarded as to provide any indication of or assurance on the financial information of the Group for the nine months ended 30 September 2020.

Shareholders of the Company and potential investors are urged to exercise caution in dealing in the securities of the Company and are recommended to consult their own professional advisers if they are in doubt as to their investment positions.

By Order of the Board
Guangdong Land Holdings Limited
XU Yeqin
Chairman

Hong Kong, 29 October 2020

As at the date of this announcement, the Board comprises five Executive Directors, namely Mr. XU Yeqin, Mr. LI Yonggang, Mr. WU Mingchang, Ms. ZHU Guang and Mr. ZHANG Jun; and three Independent Non-Executive Directors, namely Mr. Alan Howard SMITH, Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho.