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粵海置地

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

(Incorporated in Bermuda with limited liability)
(Stock Code: 00124)

2020 Annual Results Announcement

HIGHLIGHTS

	Year ended 31 December		
	2020	2019	Change
Revenue (HK$ '000)	**4,000,332**	1,836,676	+117.8%
Gross profit (HK$ '000)	**1,230,004**	316,428	+288.7%
Fair value gain on investment properties (HK$ '000)	**1,962,563**	575,640	+240.9%
Profit attributable to owners of the Company (HK$ '000)	**1,681,922**	341,063	+393.1%
Basic earnings per share (HK cent)	**98.27**	19.93	+393.1%
Proposed final dividend (HK cent)	**1.53**	-	N/A
	As at 31 December 2020	As at 31 December 2019	Change
Current ratio	**2.3 times**	2.7 times	-14.8%
Gearing ratio[1]	**73.7%**	44.7%	+29.0 ppt
Total assets (HK$ million)	**20,863**	11,853	+76.0%
Net asset value per share[2] (HK$)	**3.99**	2.78	+43.5%
Number of employees	**401**	269	+49.1%

Notes:
1. Gearing ratio = (Interest-bearing loans + Lease liabilities - Cash and cash equivalents) ÷ Net assets
2. Net asset value per share = Equity attributable to owners of the Company ÷ Number of issued shares

FINANCIAL RESULTS

The board of directors (the "**Board**") of Guangdong Land Holdings Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2020 together with comparative figures for 2019 as follows:

Consolidated Statement of Profit or Loss
For the year ended 31 December 2020

	Notes	**2020** **HK$'000**	2019 HK$'000
REVENUE	*4*	**4,000,332**	1,836,676
Cost of sales		**(2,770,328)**	(1,520,248)
Gross profit		**1,230,004**	316,428
Other income	*4*	**788**	-
Other gains, net	*4*	**7,866**	11,844
Fair value gains on investment properties		**1,962,563**	575,640
Selling and marketing expenses		**(208,748)**	(86,037)
Administrative expenses		**(192,146)**	(117,939)
Operating profit		**2,800,327**	699,936
Finance income	*5*	**32,094**	11,168
Finance cost	*5*	**(75,969)**	(76,279)
Finance cost, net		**(43,875)**	(65,111)
PROFIT BEFORE TAX	*6*	**2,756,452**	634,825
Income tax expense	*7*	**(1,068,898)**	(285,336)
PROFIT FOR THE YEAR		**1,687,554**	349,489
Attributable to:			
Owners of the Company		**1,681,922**	341,063
Non-controlling interests		**5,632**	8,426
		1,687,554	349,489
EARNINGS PER SHARE			
Basic and diluted	*8*	**HK98.27 cents**	HK19.93 cents

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2020

	2020	2019
	HK$'000	HK$'000
PROFIT FOR THE YEAR	**1,687,554**	349,489
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassifed to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**397,165**	(116,752)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**2,084,719**	232,737
Total comprehensive income for the year attributable to:		
Owners of the Company	**2,071,934**	226,740
Non-controlling interests	**12,785**	5,997
	2,084,719	232,737

Consolidated Balance Sheet
As at 31 December 2020

	Note	**2020 HK$'000**	2019 HK$'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		**40,726**	44,702
Construction in progress		**48,692**	-
Right-of-use assets		**10,484**	18,780
Intangible asset		**23,319**	-
Investment properties		**5,953,642**	2,941,373
Deferred tax assets		**393,045**	192,951
Total non-current assets		**6,469,908**	3,197,806
CURRENT ASSETS			
Completed properties held for sale		**3,111,389**	3,349,289
Properties held for sale under development		**5,284,351**	3,648,306
Prepayments, land and other deposits and other receivables		**3,198,422**	184,780
Contract assets		**54,645**	26,119
Tax recoverable		**-**	103,313
Pledged bank deposit		**-**	42,895
Restricted bank balances		**96,681**	298,712
Cash and cash equivalents		**2,647,323**	1,001,458
Total current assets		**14,392,811**	8,654,872
Total assets		**20,862,719**	11,852,678
LIABILITIES			
CURRENT LIABILITIES			
Trade payables	*10*	**(101,213)**	(1,565)
Other payables, accruals and provisions		**(1,371,635)**	(532,730)
Contract liabilities		**(2,106,881)**	(1,444,888)
Lease liabilities		**(6,542)**	(9,078)
Tax payable		**(1,468,852)**	(506,345)
Bank borrowings		**(735,152)**	(234,423)
Loan from a fellow subsidiary		**(475,280)**	(446,520)
Total current liabilities		**(6,265,555)**	(3,175,549)
NET CURRENT ASSETS		**8,127,256**	5,479,323
TOTAL ASSETS LESS CURRENT LIABILITIES		**14,597,164**	8,677,129

Consolidated Balance Sheet (continued)
As at 31 December 2020

	2020	2019
	HK$'000	HK$'000
NON-CURRENT LIABILITIES		
Bank borrowings	**(1,941,119)**	(1,495,842)
Loans from a fellow subsidiary	**(4,610,216)**	(982,344)
Lease liabilities	**(4,209)**	(10,415)
Deferred tax liabilities	**(1,071,175)**	(1,318,518)
Other payable	**(15,134)**	-
Total non-current liabilities	**(7,641,853)**	(3,807,119)
Total liabilities	**(13,907,408)**	(6,982,668)
Net assets	**6,955,311**	4,870,010
EQUITY		
Equity attributable to owners of the Company		
Share capital	**171,154**	171,154
Reserves	**6,664,629**	4,592,695
	6,835,783	4,763,849
Non-controlling interests	**119,528**	106,161
Total equity	**6,955,311**	4,870,010

Notes:

(1) Corporation Information

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. In the opinion of the directors, the ultimate holding company of the Company is 廣東粵海控股集團有限公司 (Guangdong Holdings Limited, "**Guangdong Holdings**"), a company established in the People's Republic of China (the "**PRC**").

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

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

(2) Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") under the historical cost convention, as modified by the revaluation of completed investment properties and investment properties under development which are carried at fair value as of 31 December 2020.

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

The Group has adopted the following new amendments to standards and framework which are mandatory for the financial year beginning 1 January 2020.

HKAS 1 and HKAS 8 (Amendments)	*Definition of Material*
HKFRS 3 (Amendments)	*Definition of a Business*
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	*Interest Rate Benchmark Reform*
Conceptual Framework for Financial Reporting 2018	*Revised Conceptual Framework for Financial Reporting*

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

(2) Basis of Preparation (continued)

(ii) Early adoption of Amendment to Hong Kong Financial Reporting Standard 16 on COVID-19-Related Rent Concessions ("**Amendment to HKFRS 16**")

The Group has early adopted Amendment to HKFRS 16 retrospectively from 1 January 2020. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (b) any reduction in lease payments affects only payments due on or before 30 June 2021; and (c) there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions. They have been accounted for as negative variable lease payments and recognised in administrative expenses in the consolidated statement of profit or loss for the year ended 31 December 2020, with a corresponding adjustment to the lease liability. There is no impact on the opening balance of equity at 1 January 2020.

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

The Group has not early adopted the following new standards, amendments to standards and interpretations that have been issued but are not yet effective for financial periods beginning on or after 1 January 2020:

		Effective for accounting periods beginning on or after
HKFRS 17	*Insurance Contracts*	1 January 2023
Annual Improvements to HKFRSs (Amendments)	*Annual Improvements to HKFRSs 2018 - 2020 Cycle*	1 January 2022
HKFRS 3, HKAS 16 and HKAS 37 (Amendments)	*Narrow-scope Amendments*	1 January 2022

(2) Basis of Preparation (continued)

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

		Effective for accounting periods beginning on or after
HKAS 1 (Amendments)	*Classification of Liabilities as Current or Non-current*	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	*Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture*	To be determined

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

(3) Segment Information

For management purposes, the Group is organised into business units based on the projects and has two reportable segments as follows:

(a) the property development 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 resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that finance and interest income and finance cost are excluded from such measurement.

Segment assets exclude deferred tax assets as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities as these liabilities are managed on a group basis.

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

(3) Segment Information (continued)

	Property development and investment		Others		Total	
	2020	2019	**2020**	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:						
Sales to external customers	**4,000,332**	1,836,676	**-**	-	**4,000,332**	1,836,676
Segment results	**2,842,632**	724,733	**(42,305)**	(24,797)	**2,800,327**	699,936
Reconciliation:						
Finance income					**32,094**	11,168
Finance cost					**(75,969)**	(76,279)
Profit before tax					**2,756,452**	634,825

As at 31 December	Property development and investment		Others		Total	
	2020	2019	**2020**	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**20,417,322**	11,563,487	**52,352**	96,240	**20,469,674**	11,659,727
Reconciliation:						
Unallocated assets					**393,045**	192,951
Total assets					**20,862,719**	11,852,678
Segment liabilities	**(12,797,805)**	(5,624,333)	**(38,428)**	(39,817)	**(12,836,233)**	(5,664,150)
Reconciliation:						
Unallocated liabilities					**(1,071,175)**	(1,318,518)
Total liabilities					**(13,907,408)**	(6,982,668)
Other information:						
Fair value gains on investment properties	**1,962,563**	575,640	**-**	-	**1,962,563**	575,640
Depreciation	**(20,558)**	(18,668)	**(3,193)**	(453)	**(23,751)**	(19,121)
Capital expenditure	**(45,222)**	(220,535)	**(113)**	(204)	**(45,335)**	(220,739)

Geographical information

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

Information about major customers

No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's total revenue for each of the years ended 31 December 2020 and 2019.

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

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

	2020 **HK$'000**	2019 HK$'000
REVENUE		
From contract with customers:		
- Sale of properties recognised at a point in time	**3,983,827**	1,826,370
From other sources:		
- Rental income	**16,505**	10,306
	4,000,332	1,836,676
OTHER INCOME		
Entrusted management services income	**788**	-
OTHER GAINS, NET		
Loss on disposal of property, plant and equipment	**(87)**	(59)
Exchange gains, net	**4,930**	10,704
Sales deposits forfeiture	**791**	966
Loss on disposal of a subsidiary	**(396)**	-
Others	**2,628**	233
	7,866	11,844

(5) Finance Income/(Cost)

	2020 **HK$'000**	2019 HK$'000
FINANCE INCOME		
- bank interest income	**32,094**	11,168

	2020 **HK$'000**	2019 HK$'000
FINANCE COST		
- interest expenses on bank loans	**107,564**	115,748
- interest expenses on loan from a fellow subsidiary	**115,860**	13,914
- others	**1,731**	681
Total finance cost incurred	**225,155**	130,343
Less: amount capitalised under property development projects	**(149,186)**	(54,064)
Total finance cost expensed during the year	**75,969**	76,279

For the year ended 31 December 2020, the capitalised interest rate applied to funds borrowed and used for the development of properties is between 3.83% and 4.75% (2019: 4.35% and 4.75%) per annum.

(6) Profit Before Tax

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

	2020 HK$'000	2019 HK$'000
Cost of sales		
- properties	**2,764,975**	1,516,504
- others	**5,353**	3,744
Depreciation of property, plant and equipment	**17,065**	14,057
Depreciation of right-of-use assets	**6,686**	5,064
Rental expenses (associated with short-term leases)	**758**	3,443
Business taxes and surcharges	**35,182**	18,385
Auditor's remuneration		
- audit services	**2,260**	2,200
- non-audit services	**4,392**	1,750
Directors' emoluments	**8,281**	1,640
Staff costs		
- wages and salaries	**171,173**	95,124
- provident fund contributions	**10,049**	10,627
- forfeited contributions	**(22)**	(28)
	181,200	105,723
Less: amount capitalised under property development projects	**(58,447)**	(31,273)
Total staff costs expensed during the year	**122,753**	74,450

(7) Income Tax

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2019: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. PRC corporate income tax has been provided at the rate of 25% (2019: 25%) on the estimated assessable profit for the year.

Land appreciation tax ("**LAT**") has been provided in accordance with the requirements set forth in the relevant PRC laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation values, with certain allowable deductions.

(7) Income Tax (continued)

	2020 HK$'000	2019 HK$'000
Current income tax		
- PRC taxation	**533,827**	164,610
Under-provision of corporate income tax in Mainland China	**323**	1,197
LAT in Mainland China	**1,027,158**	478,965
Withholding income tax	**-**	4,549
Deferred income tax	**(492,410)**	(363,985)
	1,068,898	285,336

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK$1,681,922,000 (2019: HK$341,063,000) and the number of ordinary shares of 1,711,536,850 (2019: 1,711,536,850) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2020 and 2019.

(9) Dividend

The Board proposed a final dividend of HK1.53 cents (2019: Nil) per ordinary share for the year ended 31 December 2020 totaling to HK$26,187,000 based on 1,711,536,850 ordinary share in issue as at 31 December 2020, subject to the approval of the Company's shareholders at the forthcoming annual general meeting. The actual amount of final dividend payable in respect of the year ended 31 December 2020 will be subject to the actual number of ordinary shares of the Company in issue on the record date, which is expected to be on or about 25 June 2021.

(10) Trade Payables

Trade payables are non-interest bearing. An aging analysis of the balance as at the end of the reporting period, based on the invoice date, is as follows:

	31 December 2020 HK$'000	31 December 2019 HK$'000
Not yet due	**29,705**	62
1 to 3 months	**2,048**	-
Over 3 months	**69,460**	1,503
	101,213	1,565

(11) Guarantees

As at 31 December 2020, the Group provided guarantees to certain banks in respect of mortgage granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by any of these purchasers, the Group is responsible for repaying the relevant outstanding mortgage principals together with the accrued interest and penalty owed by the defaulting purchasers to the banks, and the Group is entitled but not limited to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of the real estate ownership certificates. As at 31 December 2020, the Group's outstanding guarantees amounted to HK$1,087,082,000 (31 December 2019: HK$653,856,000) in respect of these guarantees.

(12) Post Balance Sheet Event

Reference is made to the Company's circular dated 25 November 2020 (the "**Circular**") in respect of the Acquisitions and the announcement of the Company dated 15 December 2020 in respect of the poll results of the Special General Meeting. Unless otherwise specified, capitalised terms used in this note shall have the same meanings as those defined in the Circular.

On 29 October 2020, the Group entered into sale and purchase agreement with Yuegang Investment, a wholly-owned subsidiary of Guangdong Holdings, the ultimate holding company of the Company, to acquire 51% equity interest of Jiangmen Yuehai at a consideration of RMB954,179,553 (of which including RMB306,000,000 to buy out 51% of the shareholder loan from Yuegang Investment). The acquisition was completed on 13 January 2021 and Jiangmen Yuehai has become a 51% owned subsidiary of the Company.

On 29 October 2020, the Group entered into sale and purchase agreement with Huizhou Vendors, wholly-owned subsidiaries of Guangdong Holdings, to acquire the entire equity interest of Huiyang Yuehai at a consideration of RMB273,797,700. The acquisition was completed on 18 January 2021 and Huiyang Yuehai has become a wholly-owned subsidiary of the Company.

Jiangmen Yuehai and Huiyang Yuehai are principally engaged in properties development activities. Upon the completion of the above-mentioned connected transactions, the assets, liabilities, results and cash flows of Jiangmen Yuehai and Huiyang Yuehai will be consolidated into the Group's consolidated financial statements.

CHAIRMAN'S STATEMENT

Battered by the outbreak of Coronavirus Disease 2019 ("**COVID-19**" or "**pandemic**"), the global economy shrank by approximately 4.3% in 2020, the worst recession since the Great Depression of the 1930s. In 2020, the People's Republic of China (the "**PRC**" or "**Mainland China**") effectively coped with the fallout of the COVID-19 outbreak and the grim and complicated situations at home and abroad by adopting a string of policy measures, and became the first country to bring the pandemic under control, allow businesses to resume operations and production and turn its economy around, making it the only major economy in the world to record positive economic growth. In 2020, the aggregate gross domestic product ("**GDP**") of the PRC exceeded RMB100 trillion, up by 2.3% as compared to the previous year; and its GDP per capita amounted to US$11,000, with per capita disposable income of residents increasing by 4.7% in nominal terms as compared to the previous year.

In 2020, the PRC government adhered to the overarching principles that "housing is for living in, not for speculation" and "property policies should be city-specific", and reiterated that the property sector will not be used as a means of short-term stimulus for economic growth and that efforts will be made to stabilise land prices, housing prices and market expectations for promoting the stable and healthy development of the property market. Further, the government vowed to maintain the continuity, consistency and stability of property financial policies and speed up the formulation of long-term rules for governing real estate finance. The credit policy for the real estate sector in the first half of the year was neutral or slightly proactive, as the People's Bank of China, lowered reserve requirement ratios three times, and cut loan prime rates twice. In the second half of 2020, the Ministry of Housing and Urban-Rural Development of the PRC and the People's Bank of China set up the "three red lines" for property developers, i.e. liability-to-asset ratio (excluding receipt in advance) shall not exceed 70%, net gearing ratio shall not exceed 100%, and cash to short-term debt ratio shall not be less than 1. These restrictions on borrowing are designed to curb the growth of interest-bearing debts of property developers and reduce the scale of financing through trusts, forcing real estate enterprises to deleverage and reduce liabilities. According to the statistic data for the whole year of 2020, the total investment in real estate development across Mainland China amounted to approximately RMB14.1 trillion, representing a growth of 7.0% as compared to the previous year; while the gross floor area ("**GFA**") and sales revenue of commodity housing sold were approximately 1,761 million square metres ("**sq. m.**") and RMB17.36 trillion, respectively, both hitting record highs. Thanks to the introduction of the "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area" and the "Three-Year Action Plan of Guangdong Province for Building the Guangdong-Hong Kong-Macao Greater Bay Area", the updates of housing purchase policies for high-calibre talent and the relaxation of housing purchase restrictions in certain cities, the average price of commodity housing in nine major cities of Guangdong (which is part of the Guangdong-Hong Kong-Macao Greater Bay Area (the "**Greater Bay Area**")) increased by 19.80% year-on-year in 2020. In particular, the average selling price of commodity housing in each of Guangzhou and Foshan grew by more than 20%, while the average selling prices in cities like Shenzhen, Zhuhai, Zhongshan, Jiangmen and Huizhou also saw steady increases.

Results

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

In 2020, the Group recorded a revenue of approximately HK$4,000 million (2019: HK$1,837 million), representing an increase of approximately 117.8% from the previous year. The Group recorded a profit attributable to owners of the Company for the year under review of approximately HK$1,682 million (2019: HK$341 million), representing an increase of approximately 393.1% from the previous year. For the year under review, profit attributable to owners of the Company before taking into account the fair value gains on investment properties and related deferred tax expense was approximately HK$210 million (2019: loss of HK$91 million).

During the year under review, the increase in revenue was mainly attributable to the increased GFA of properties sold as compared to the previous year. For details of the Group's property sales in 2020, please refer to the section headed "Business Review" in the Management Discussion and Analysis. Apart from the profit from property sales, the increase in profit attributable to owners of the Company for the year under review was mainly attributable to the fact that the investment properties on the Southern Land of the GDH City Project were measured and carried at fair value for the first time. The aggregated fair value gains on investment properties contributed approximately HK1,472 million (2019: HK$432 million) to the Group's profit after tax for the year.

The Board recommends the payment of a final dividend of HK1.53 cents per share for the year ended 31 December 2020 (2019: Nil). If approved by the shareholders of the Company at the forthcoming annual general meeting, the said final dividend will be paid on or about 16 July 2021.

Business Review

The Group conducted its business as planned in 2020 and achieved satisfactory results.

The Group holds a 100% interest in the GDH City Project, which is a multi-functional commercial complex with jewellery as the main theme, located in Luohu District, Shenzhen City in the PRC. The project, comprising business apartments, commercial units, shopping area and office premises, is developed in two phases, and the delivery of the properties of the first phase started in June 2020 and revenue recognition was made. Meanwhile, the Group further stepped up its efforts in seeking potential commercial occupiers for the project through extensive communications and collaborative interactions with industrial and commercial resources related to the project, and continuously optimised its product portfolio to showcase the competitive edge of the project.

The Group holds a 100% interest in the Laurel House Project, which is located in Yuexiu District, Guangzhou City, the PRC, with a GFA of approximately 119,267 sq. m., and comprises residential units, commercial properties and car-parking spaces. As at 31 December 2020, the aggregate GFA of the residential units contracted for sale accounted for approximately 95.6% of the total GFA of all the residential units of the Laurel House Project, and the occupancy rate of the commercial property, "GD・Delin (粵海・得鄰)", was approximately 85.4%.

The Group holds a 100% interest in the Chenyuan Road Project, which is located in Pengjiang District, Jiangmen City, the PRC, with a site area of approximately 59,705 sq. m. and a maximum total GFA included in the calculation of the plot ratio of approximately 164,216 sq. m. The project comprises residential units, commercial properties and car-parking spaces. The pre-sale of the properties of the first phase commenced in January 2021.

In 2020, the Group succeeded in the bids for the land use rights of three parcels of land located at Aviation New Town, Jinwan District of Zhuhai City, Wanhua, Chancheng District of Foshan City and Tsuihang New District of Zhongshan City, respectively, through the public Listing-for-Sale Process. Further, in October 2020, the Group entered into agreements with certain subsidiaries of Guangdong Holdings, the ultimate controlling shareholder of the Company, to acquire 51% interest in 江門粵海置地有限公司 (Jiangmen Yuehai Land Co., Ltd.) ("**Jiangmen Yuehai**") which holds the land parcel of the Jiangmen Ganhua Project, and 100% interest in 惠陽粵海房產發展有限公司 (Huiyang Yuehai Property Development Co., Ltd.) ("**Huiyang Yuehai**") and its wholly-owned subsidiary 惠州市粵海房地產開發有限公司 (Huizhou City Yuehai Property Development Co., Ltd.) ("**Huizhou Yuehai**") which holds the land parcel of the Huizhou Dayawan Project, respectively. The two acquisitions were completed in January 2021. The acquisition and investment in the development of the above projects complement the Group's project portfolio in the strategic development regions, which is conducive to the sustainable development of the Group and the realisation of the Group's regional development strategy in the Greater Bay Area, and represents a major move of the Group to seize the opportunities arising from the development of the Greater Bay Area and establish a strong presence in the core region of the Greater Bay Area.

In June 2020, the Group entered into an entrusted management services agreement with Guangdong Holdings, the ultimate controlling shareholder of the Company, pursuant to which the Group is entrusted with certain matters of three wholly-owned subsidiaries of Guangdong Holdings which are engaged in property development and investment in the PRC. The entering into of the agreement further clarified the intention of Guangdong Holdings to develop the Group as its sole listed real estate flagship, and eventually to become a competitive and influential PRC property development and investment arm in the Greater Bay Area. It will be beneficial to the Group in understanding the businesses and various projects of the entrusted companies and enhancing the Group's capability in the integrated management and development of real estate business, and will enable the Group to better evaluate the compatibility of its existing business with the entrusted companies' assets and the feasibility for future integration. Besides, the entering into of the agreement has already contributed to the successful acquisitions of the Jiangmen Ganhua Project and the Huizhou Dayawan Project.

Outlook

In 2020, China's economy suffered severe shock due to the global outbreak of the COVID-19 and the complex and grim internal and external environment. Faced downward pressure on the economy, the PRC government managed to bring the pandemic under control in a relatively short period of time, strengthened counter-cyclical measures, and became the first country to achieve economic recovery. With its long-run fundamentals remaining positive, economic growth of the PRC remained stable. The World Bank projected that the PRC's economy will expand by 7.9% in 2021, the strong recovery momentum reflecting the release of pent-up demand and a quicker-than-expected resumption of production and exports.

At the Central Economic Work Conference of the PRC government held in December 2020, the position that "housing is for living in, not for speculation" was reiterated. City-specific measures and multiple policies would be implemented to promote the stable and healthy development of the property market. Going forward, it is expected that the PRC government will continue to maintain the consistency and stability of its overall policies on the real estate market. The "three red lines" requirements will apply to all enterprises in 2021, which will facilitate the healthy development of the real estate sector in China. In general, the sound fundamentals of China's economy in the long run coupled with steady property development and investment will continue to facilitate the steady and healthy development of China's residential and commercial property sectors.

As the development strategy in the Greater Bay Area was fully put in place, the development of the cities in the Greater Bay Area has speeded up, with significant improvements seen in connectivity of infrastructure and a raft of policies concerning finance, human resources and cooperation and innovation in scientific research being launched. In particular, 27 reform measures and a first batch of 40 authorised initiatives were unveiled for Shenzhen to implement comprehensive pilot reforms. The development dividends of the Greater Bay Area have been expanding. With increasingly mature industries, the Greater Bay Area has seen an influx of population, which resulted in a steadily growing demand in the property market. Since 2020, the land supply in the Greater Bay Area has been on the rise with a series of hot land auctions, and more new projects have commenced construction, indicating strong momentum on both supply and demand sides. As such, it is expected that the property market in the Greater Bay Area will further expand in 2021.

The Group's projects such as Shenzhen GDH City, Guangzhou Laurel House, Zhuhai Jinwan Project, Jiangmen Chenyuan Road Project, Jiangmen Ganhua Project, Huizhou Dayawan Project, Foshan Laurel House and Zhongshan GDH City are all located in the central cities of the Greater Bay Area or covered by the "Core, Coastal Belt and Zone Initiative" (which fosters the optimised development of the Pearl River Delta Core Area, connects Eastern Guangdong, Western Guangdong and cities within the Pearl River Delta as a coastal economic belt like a beaded bracelet, and establishes the mountainous areas of Northern Guangdong as an ecological development zone), and will benefit from the strong development momentum of these areas.

Through the development, construction and management of projects such as the GDH City Project in Shenzhen and the Laurel House Project in Guangzhou, etc., the Group has strategically entered the markets of major cities in the Greater Bay Area such as Zhuhai, Jiangmen, Huizhou, Foshan and Zhongshan, developed sound cooperative relationships with the local governments, built up professional development teams and established an operating model for project development. Building on its professional capabilities, industry experience and resource advantages, the Group will leverage its status as a provincial state-owned enterprise and the resource advantages of its shareholders to seize business opportunities and innovate project development models. Moreover, the Group will continue to seek opportunities for acquiring good development projects in the Greater Bay Area, increase efforts in brand building and enhancement, and further enhance its product quality and competitive competence, with a view to growing itself into an "influential property developer in the Greater Bay Area" and paving the way for the stable development of the Company in the long run.

Last but not least, on behalf of the Board, I would like to acknowledge the contribution by management and staff during the previous year. Under the leadership of the Board, the Group is confident in the prospect of its business development and will actively promote the development of its property business in order to create greater returns for its shareholders as we did in the past.

XU Yeqin
Chairman

Hong Kong, 26 March 2021

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The consolidated revenue of the Group for 2020 amounted to approximately HK$4,000 million (2019: HK$1,837 million), representing an increase of approximately 117.8% from the previous year. The increase in revenue was mainly attributable to the increase in the sale of GFA of properties held for sale. Please refer to the section headed "Business Review" hereof for details of the Group's property sale in 2020. The Group recorded a profit attributable to owners of the Company for the year under review of approximately HK$1,682 million (2019: HK$341 million), representing an increase of approximately 393.1% from the previous year. For the year under review, profit attributable to owners of the Company before taking into account the net fair value gains on investment properties and related deferred tax expense was approximately HK$210 million (2019: loss of HK$91 million).

The major factors affecting the results of the Group for the year ended 31 December 2020 include the following:

(a) the deliveries of the properties built on the Northwestern Land of the GDH City Project commenced following the filing for completion in respect of construction in June 2020, the aggregate GFA of the properties delivered to purchasers in 2020 amounting to approximately 22,159 sq. m.;

(b) the properties built on the Southern Land of the GDH City Project are classified as investment properties under development and the construction permit in relation to the main construction was obtained on 15 January 2020. As at 30 June 2020, as the fair value of such investment properties under development could be reliably measured, the Group adopted a fair value model to measure such investment properties for the first time with changes in the fair value recognised in the consolidated statement of profit or loss. After taking into account the relevant deferred tax expense, the investment properties contributed approximately HK$1,472 million (2019: HK$432 million) in aggregate to the Group's profit after tax for the year, mainly attributable to the fair value gains on the investment properties under development of the Southern Land development under the GDH City Project; and

(c) an increase in the selling and marketing expenses of approximately HK$123 million as compared to 2019 due to the increases in revenue and sales activities.

BUSINESS REVIEW

New Projects in 2020 – Zhuhai Jinwan Project

On 29 May 2020, the Group succeeded in the bid for the land use rights of a parcel of land at Aviation New Town, Jinwan District, Zhuhai City through the public Listing-for-Sale Process at a consideration of 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 total GFA included in the calculation of the plot ratio of approximately 166,692 sq. m. It is planned for commercial and residential uses, and the properties to be built thereon will all be for sale.

The land parcel is located in an area with high value potentials that will facilitate the future development of the project. It is expected that there will be sound living and educational amenities in the area. With the significant advantage in terms of location resources, the project enjoys promising market prospects.

During the year under review, the construction permit for foundation pit support works for the first phase of the project and the comprehensive construction permit for part of the land were obtained on 19 November 2020. Currently, the works of foundation pit support and underground structures are underway, and the filing for completion of construction of the project is expected to be made in 2024.

New Projects in 2020 – Foshan Laurel House Project

On 27 November, 2020, the Group succeeded in the bid for the land use rights of a parcel of land located at Wanhua, Chancheng District, Foshan City through the public Listing-for-Sale Process at a consideration of approximately RMB2,707 million (equivalent to approximately HK$3,191 million). The land parcel is located at west of Wenhua Road, south of Liming 2nd Road, Chancheng District, Foshan City, the PRC with a site area of approximately 43,284 sq. m. and a maximum total GFA included in the calculation of the plot ratio of approximately 151,493 sq. m. It is a state-owned construction land planned for residential use, compatible with commercial use. In addition, a nursery with area of 4,860 sq. m. is entrusted to be built on the land and gratuitously transferred to the government of Chancheng District, Foshan City upon completion.

The area where the land situated is positioned as a modern, top-notch and strong central area of Foshan City, ideal for living, starting business and fostering innovation. In addition, the project is adjacent to Wanhua Station, the interchange station of Line 2 and Line 3 of Foshan Metro and enjoys easy access to well-established educational, medical and commercial facilities nearby, making it well-positioned to be developed into a residential community near metro and featuring quality lifestyle. With the significant advantage in terms of location resources, the project boasts promising market prospects.

During the year under review, the Group set up a wholly-owned subsidiary to develop the Foshan Laurel House Project. Currently, preliminary work such as project positioning and design study is in progress. It is expected that the construction permit for the project will be obtained in the first half of 2021 and the filing for completion of construction works will be made in 2023.

New Projects in 2020 – Zhongshan GDH City Project

On 28 December 2020, a 80%-owned subsidiary of the Group succeeded in the bid for the land use rights of a parcel of land at Qibu Zone, Tsuihang New District, Zhongshan City, the PRC through the public Listing-for-Sale Process, at a consideration of approximately RMB3,705 million (equivalent to approximately HK$4,404 million). The land parcel has a site area of approximately 98,811 sq. m. and a total GFA included in the calculation of the plot ratio of approximately 247,028 sq. m. It is a state-owned construction land planned for town residential use.

The area where the land situated sits in the core centre of the Greater Bay Area, and is the bridgehead at the west bank of the Pearl River connecting to the Shenzhen-Zhongshan Bridge. It therefore has been experiencing rapid development, generating huge demand for the property market. The project enjoys a superior seaview and rich ecological landscape resources, which, coupled with the increasingly developed educational, medical and commercial facilities in the area, makes it suitable to be developed into a low-density, eco-friendly quality residential community. With the significant advantage in terms of location, industries and transportation resources, the project has promising market prospects.

During the year under review, preliminary work such as project positioning and design study is in progress. It is expected that the construction permit for the project will be obtained in 2021 and the filing for completion of construction works will be made in 2023. In January 2021, the Group established a subsidiary to develop the project and advance the development and construction works.

Material Acquisitions - Jiangmen Yuehai and Huiyang Yuehai

On 29 October, 2020, the Group acquired from the subsidiaries of Guangdong Holdings, the ultimate controlling shareholder of the Company, (i) 51% interest in Jiangmen Yuehai and its shareholder's loan at a total consideration of approximately RMB954 million (equivalent to approximately HK$1,086 million); and (ii) 100% interest in Huiyang Yuehai at a consideration of approximately RMB274 million (equivalent to approximately HK$316 million).

Jiangmen Yuehai mainly holds three adjourning parcels of land located at the east of Ganbei Road, Pengjiang District, Jiangmen City, Guangdong Province, the PRC with an aggregate site area of approximately 174,538 sq. m. (the "**Jiangmen Land No. 3 - 5**"). The Jiangmen Land No. 3 - 5 has been approved for city and town residential and other commercial and service uses. In addition, there is a parcel of land adjacent to the Jiangmen Land No. 3 - 5 with an aggregate site area of approximately 18,115 sq. m. (the "**Jiangmen Land No. 6**"), which has been approved for medical and health, and commercial service uses; and, subject to the approval of the relevant government authorities in accordance with the policy of "Three Olds" Renovation (「三舊」改造) in relation to, among other things, the resettlement of the residents. Jiangmen Yuehai shall be entitled to acquire the relevant land use right in respect of Jiangmen Land No. 6 without paying any land premium.

Huiyang Yuehai mainly holds the Huizhou Dayawan Project through its wholly-owned subsidiary, Huizhou Yuehai. With an estimated aggregate GFA of approximately 92,094 sq. m., the project is positioned to be a quality urban residential community with natural slope land garden view. The filing for completion of construction of the Huizhou Dayawan Project is expected to be made in October 2023 and the pre-sale of the Huizhou Dayawan Project is expected to commence in March 2022.

The acquisitions of Jiangmen Yuehai and Huiyang Yuehai constituted a connected transaction and a major transaction of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), and were approved by the shareholders of the Company by way of poll at the special general meeting of the Company held on 15 December 2020. For details of the acquisitions, please refer to the circular of the Company dated 25 November 2020.

As at 31 December 2020, the earthworks and piling works of the Jiangmen Ganhua Project were completed, with basement structural works in progress; and the earthworks of the Huizhou Dayawan Project is underway. The acquisitions of Jiangmen Yuehai and Huiyang Yuehai were completed on 13 January 2021 and 18 January 2021, respectively. From the dates of completion, the assets, liabilities, results and cash flows of these companies are included in the consolidated financial statements of the Company.

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 proportion of GFA delivered to GFA available for sale
						Year under review (sq. m.)	Accu-mulated (sq. m.)	Accumulated
Northwestern Land of the GDH City	Shenzhen City, the PRC	Business apartment/ Commercial	100%	114,654	38,902	22,159	22,159	19.3%
Laurel House	Guangzhou City, the PRC	Residential	100%	65,636	62,741	31,478	54,196	82.6%
Baohuaxuan	Guangzhou City, the PRC	Residential	100%	3,884	3,884	126	3,684	94.9%
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	4,979	1,138	4,979	61.8%

During the year under review, the Group's properties recorded a total GFA contracted and delivered of approximately 60,000 sq. m. and 57,000 sq. m. respectively.

Properties Held for Sale and Investment Properties under Development

Property project	Location	Usage	Interest held by the Group	Approxi-mate total site area (sq. m.)	Approxi-mate 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	Commercial properties superstructure topped out, and construction works of tower superstructure 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 works of tower superstructure and commercial shopping building's basement structure in progress	2023
Chenyuan Road Project	Jiangmen City, the PRC	Residential/ Commercial service	100%	59,705	164,216	Earthworks, piling, superstructure construction and masonry works all underway	2nd half of 2022
Zhuhai Jinwan Project	Zhuhai City, the PRC	Residential/ Commercial	100%	66,090	166,692	Foundation works for the first phase properties completed, and earthworks and foundation pit support works for other properties underway	2024
Foshan Laurel House Project	Foshan City, the PRC	Residential/ Commercial	100%	43,284	151,493	Preliminary work such as project positioning and design study underway	2023
Zhongshan GDH City Project	Zhongshan City, the PRC	Residential	80%	98,811	247,028	Preliminary work such as project positioning and design study underway	2023

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

The filing for completion of construction of the first phase of the GDH City Project was made in June 2020. The construction of the second phase has been in full swing. On the Northern Land development, the superstructure of the commercial shopping building and the offices units has been topped out and the superstructure of the office tower is under construction; and on the Southern Land, the basement structure of "Guangdong Land Building (粵海置地大廈)", the office tower, has been completed, and the superstructure of the office tower and the basement structure of the commercial shopping building are under construction. In respect of the sale of properties of the project, the pre-sale of the properties of the first phase had commenced in December 2018. For the year ended 31 December 2020, the aggregate GFA of properties contracted for sale amounted to approximately 38,902 sq. m.

In relation to the search for potential commercial occupiers of the GDH City Project, the Group, Luohu Government of Shenzhen and the Shanghai Diamond Exchange ("**SDE**") have reached an agreement, pursuant to which SDE agreed that the Shenzhen office of its extended service platform will be located in the GDH City and it will continue to support the marketing efforts for the GDH City and encourage its members to locate their offices in the GDH City. On this basis, the Group is planned to work with the SDE to make the GDH City Project home to the SDE innovative business. Further, the Group has entered into a property leasing services agreement with 廣東粵海天河城（集團）股份有限公司 (GDH Teem (Holdings) Limited) ("**GDH Teem**"), a fellow subsidiary of the Company, in relation to tenant sourcing for the shopping mall of the GDH City Project. Pursuant to the agreement, GDH Teem shall grant the Group the right to use the name of "天河城" for the shopping mall under the GDH City Project and shall provide property leasing services for the shopping mall. GDH Teem is principally engaged in the provision of property leasing services, property investment and development, department stores operation, hotel ownership and operations in the PRC, and has extensive industry experience. The agreement will enable the Group to access the quality property leasing services to be provided by GDH Teem.

As at 31 December 2020, the cumulative development costs and direct expenses of the GDH City Project amounted to approximately HK$6,174 million (31 December 2019: HK$4,490 million), representing a net increase of approximately HK$1,684 million during the year under review.

The Laurel House Project, the Baohuaxuan Project and the Ruyingju Project

In response to the impact of the COVID-19 outbreak, the Group promptly reviewed and optimised the sales plan for the Laurel House Project and stepped up its marketing efforts. The total GFA of residential units delivered to customers in the year amounted to approximately 31,478 sq. m. (2019: 4,440 sq. m.), representing an increase of approximately 609.0% as compared to the previous year.

During the year under review, the Group took proactive measures to cushion the impacts of the COVID-19 outbreak on the tenants of GD・Delin (粵海・得鄰), the commercial property under the Laurel House Project, by providing rental concessions in a timely manner. In addition, the Group has ushered in several leading businesses and brands with distinctive characteristics that perfectly fit the position and theme of the project, i.e. its core positioning "education-oriented high-end community services". As at 31 December 2020, the total GFA of lease contracts signed in respect of the commercial property of the Laurel House Project was approximately 15,692 sq. m. with an occupancy rate of approximately 85.4%.

The residential units of the Ruyingju Project and the Baohuaxuan Project have been almost sold out, and the car-parking spaces of these projects will be put on sale in accordance with the sale plan.

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

The Chenyuan Road Project

In September 2019, the Group acquired the 100% interest of the land use rights of the Chenyuan Road Project. The land parcel has a site area of approximately 59,705 sq. m. and a maximum total GFA included in the calculation of the plot ratio of approximately 164,216 sq. m. The proposed types of properties, including residential units, commercial units, and car-parking spaces, will all be for sale.

The Chenyuan Road Project commenced construction in the second quarter of 2020 and is being developed in phases. As at 31 December 2020, the superstructure construction and masonry works of the first phase are underway, the basement structural works of the second and third phases were completed and piling works of the fourth phase are in progress. The pre-sale permit for properties of the first phase development was obtained on 6 January 2021 and pre-sale commenced on 9 January 2021.

FINANCIAL REVIEW

Key Financial Indicators

	Note	**2020**	2019	Change
Profit attributable to owners of the Company (HK$'000)		**1,681,922**	341,063	+393.1%
Return on equity (%)	1	**29.0%**	7.3%	+297.3%

	31 December 2020	31 December 2019	Change
Net assets (million HK$)	**6,955**	4,870	+42.8%

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

During the year under review, the above three key financial indicators improved over the previous year. The improvement was mainly attributed to the increase in revenue from property sales and the fair value appreciation of investment properties. For the analysis of the profit attributable to owners of the Company for the year, please refer to the section headed "Results" in this Management Discussion and Analysis.

Operating Income, Expenses and Finance Costs

The Group's selling and marketing expenses in 2020 amounted to approximately HK$209 million (2019: HK$86 million), representing an increase of approximately 143.0% from the previous year. The increase in selling and marketing expenses was mainly due to the first phase of the GDH City Project and the Laurel House Project had increased their related marketing activities and sales commissions. The Group's administrative expenses in 2020 amounted to approximately HK$192 million (2019: HK$118 million), representing an increase of approximately 62.7% from the previous year. During the year under review, the increase in administrative expenses was mainly due to increased wages and related expenditures, increased professional fees as a result of business expansion and acquisition activities and incurred the business taxes and surcharges of approximately HK$35.18 million (2019: HK$18.38 million) due to an increase in revenue.

The Group recorded net exchange gains of approximately HK$4.93 million (2019: HK$10.70 million) during the year under review. The net exchange gains for the year mainly arose from the settlement of certain loans denominated in Renminbi due to the Company from a subsidiary of the Company.

The Group obtained interest-bearing loans to meet its business development needs, which led to an increase in total finance costs. During the year under review, the Group recorded finance costs of approximately HK$225 million (2019: HK$130 million), of which approximately HK$149 million was capitalised while the remaining portion of approximately HK$76 million was charged to the statement of profit or loss.

Capital Expenditure

The Group's capital expenditure in 2020 amounted to approximately HK$745 million (2019: HK$215 million), which was mainly used for the development of the investment properties of the GDH City Project.

Financial Resources and Liquidity

As at 31 December 2020, the equity attributable to owners of the Company was approximately HK$6,836 million (2019: HK$4,764 million), representing an increase of approximately 43.5% over 2019. Based on the number of shares in issue as at 31 December 2020, the net asset value per share at the end of the year was approximately HK$3.99 (2019: HK$2.78) per share, representing an increase of approximately 43.5% over 2019.

As at 31 December 2020, the Group had cash and cash equivalents of approximately HK$2,647 million (2019: HK$1,001 million), representing a year-on-year increase of approximately 164.4%. The increase in the cash and cash equivalents mainly due to the receipt of proceeds from property sales and newly-raised bank and other borrowings during the year under review.

Of the Group's cash and bank balances (including pledged bank deposits, restricted bank balances and cash and cash equivalents) as at 31 December 2020, 98.4% was in Renminbi, 1.4% in United States dollars and 0.2% was in Hong Kong dollars. Net cash outflows from operating activities for the year amounted to approximately HK$2,011 million (2019: HK$312 million).

As most of the transactions conducted in the ordinary course of business of the Group in Mainland China are denominated in Renminbi, currency exposure from these transactions is low. During the year under review, the Group did not take the initiative to perform currency hedge for such transactions.

As at 31 December 2020, the Group had interest-bearing borrowings from certain banks and a fellow subsidiary of the Company amounting to approximately HK$7,762 million (31 December 2019: HK$3,159 million) in aggregate, with a gearing ratio[1] of approximately 73.7% (31 December 2019: 44.7%). According to the relevant loan agreements, approximately HK$1,211 million of the interest-bearing loans are repayable within one year; approximately HK$84 million are repayable within one to two years; and the remaining approximately HK$6,467 million are repayable within two to five years. The Group obtained funds for business development through different financing channels and effectively controlled its finance costs. As at 31 December 2020, the weighted average effective interest rate of the Group's bank and other borrowings was 4.66% (31 December 2019: 4.83%) per annum. As at 31 December 2020, the banking facilities available to the Group were approximately RMB1,888 million (equivalent to approximately HK$2,243 million). The Group will review its funding needs from time to time and consider obtaining funds through various financing means and channels according to the future development of its existing projects and new investments, so as to ensure adequate financial resources for business development.

Asset Pledged and Contingent Liabilities

As at 31 December 2020, the Group's certain properties amounting to approximately HK$5,748 million (31 December 2019: HK$2,167 million) and the entire share capital of 廣東粵海房地產開發有限公司 (Guangdong Yuehai Property Development Co., Ltd.) were pledged to secure certain bank loans.

In addition, as at 31 December 2020, the Group provided guarantees of approximately HK$1,087 million (31 December 2019: HK$654 million) to certain banks in relation to the mortgage loans of the properties sold (please refer to note 11 of this announcement for details). Save for the above, the Group did not have any other material contingent liabilities as at 31 December 2020.

RISKS AND UNCERTAINTIES

As the Group is engaged in the business of property development and investment in Mainland China, the risks and uncertainties of its business are principally associated with the property market and property prices in Mainland China, and the Group's income in the future will be directly affected by such risks and uncertainties. The property market in Mainland China is affected by a number of factors which include, among others, economic environment, property supply and demand, the PRC government's fiscal and monetary policies, taxation policies and austerity measures on the real estate sector, etc. Currently, the property projects held by the Group are all located in first-tier cities or the Greater Bay Area and comprise different property types and uses, which effectively diversifies the Group's operating risks.

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

As property projects have a relatively long development period, the Company may need to seek external funding to partially finance the development of such projects. As such, financing channels and finance costs will be subject to the prevailing market conditions, loan interest rates and the Group's financial position. As at 31 December 2020, the Group had outstanding interest-bearing loans amounting to approximately HK$7,762 million in aggregate.

Investment properties of the Group were carried at fair value according to the applicable accounting standards. The fair values of these investment properties are subject to the prices in the property markets in which they are located as at the end of each reporting period. The fair value changes of the investment properties are recognised in the statement of profit or loss and affected the profit for the Group.

As property development business has a relatively long product life cycle, the Group's future results and cash flows will be relatively volatile. In order to reduce the volatility of its revenue and profit, the commercial properties of the Laurel House Project and investment properties under development of the GDH City Project held by the Group are for rental purpose, which would contribute a stable rental income to the Group in the future.

RELATIONSHIP WITH CUSTOMERS AND SUPPLIERS

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

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

POLICY AND PERFORMANCE ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Group strictly complies with the laws enacted by the Mainland China and Hong Kong governments, including those in relation to environmental protection, social and governance. The Company's internal management for environmental, social and governance ("**ESG**") takes into consideration the views of various stakeholders, especially for important ESG issues, and is supported by staff members from all levels and departments of the Group. Staff members jointly implement and execute relevant internal policies and promptly respond to the expectations of stakeholders.

To further refine its ESG policies, the Group has been actively communicating with stakeholders such as employees, customers, business partners and suppliers, shareholders and investors, government authorities and regulators through various channels in order to gather comments and suggestions from them. Coupled with the management's expectations on development, the Group identifies and analyses important topics at two dimensions, namely "Significance to our Stakeholders" and "Importance to Guangdong Land's Development", by conducting proactive and comprehensive stakeholder communication from multiple perspectives in various ways, such as face-to-face communication, email correspondence, telephone interviews, questionnaires and on-site visits, with the assistance of independent third-party professional consultant(s), thereby allowing the Group to envisage changes in the operating environment and consequently achieve the goals of sustainable development and proper risk management.

The Group operates in the real estate industry and it is very important to strictly comply with environmental laws and regulations on construction works. Any failure to observe the relevant environmental laws and regulations may result in the relevant authorities' rejection of the Group's applications for construction projects. The Group ensures that all newly constructed buildings comply with the environmental protection and energy conservation requirements set by the central and local governments. It also spares no efforts in contributing to environmental protection by actively collaborating with the main contractors of its development projects.

The Company is in the process of preparing its ESG report for the year ended 31 December 2020. The information contained in this announcement is based solely on the Company's ESG policies, performance, along with information of internal management. As at the date of this announcement, the ESG information of the Group for the year ended 31 December 2020 has yet to be finalised and may be subject to necessary adjustments. Such information, which may differ from the information contained in this announcement, is expected to be published in May 2021.

HUMAN RESOURCES

The Group had 401 (2019: 269) employees as at 31 December 2020. The total employee remuneration and provident fund contributions (excluding directors' remuneration) in 2020 amounted to approximately HK$181 million (2019: HK$106 million).

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

Corporate Governance Code

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

In the opinion of the Directors, the Company has complied with the code provisions and, where appropriate, adopted the applicable recommended best practices set out in the CG Code throughout the year ended 31 December 2020.

Purchase, Sale and Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

Closure of Register of Members

The annual general meeting of the Company will be held at Concord Room, 8th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Friday, 18 June 2021 at 10:30 a.m. (the "**2021 Annual General Meeting**").

The register of members of the Company will be closed and no transfer of shares will be effected during the period from Tuesday, 15 June 2021 to Friday, 18 June 2021, both days inclusive, for determining the shareholders' eligibility to attend and vote at the 2021 Annual General Meeting.

In order to qualify for attending and voting at the 2021 Annual General Meeting, unregistered holders of shares of the Company should ensure that all transfers documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited (the "**Branch Share Registrar**"), at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 11 June 2021.

Entitlement for Final Dividend

The Board has resolved to recommend the payment of a final dividend of HK1.53 cents per ordinary share for the year ended 31 December 2020 which is expected to be paid on or about Friday, 16 July 2021 to the shareholders whose names appear on the register of members of the Company at the close of business on Friday, 25 June 2021 subject to the final approval at the 2021 Annual General Meeting.

For the purpose of determining shareholders' entitlements to the proposed final dividend for the year ended 31 December 2020, the register of members of the Company will be closed on Friday, 25 June 2021 and no transfer of shares will be registered on that day. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Branch Share Registrar, at the above address not later than 4:30 p.m. on Thursday, 24 June 2021.

Review of Annual Results

The annual results of the Group for the year ended 31 December 2020 have been reviewed by the Audit Committee of the Company.

Review of Preliminary Announcement

The figures in respect of the Group's consolidated balance sheet, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2020 as set out in this preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements and Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Company's auditor on this preliminary announcement.

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

Hong Kong, 26 March 2021

In this announcement, the English names of the PRC entities are translations of their Chinese names, and are included herein for identification purposes only. In the event of any inconsistency, the Chinese names shall prevail.

As at the date of this announcement, the Board comprises 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.