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)

2022 Annual Results Announcement

HIGHLIGHTS

	Year ended 31 December		
	2022	2021	Change
Revenue (HK$'000)	**1,377,691**	6,006,392	-77.1%
Gross profit (HK$'000)	**549,555**	3,469,341	-84.2%
Fair value gains on investment properties (HK$'000)	**762,820**	405,582	+88.1%
Profit attributable to owners of the Company (HK$'000)	**392,688**	1,402,249	-72.0%
Basic earnings per share (HK cents)	**22.94**	81.93	-72.0%
Proposed final dividend (HK cents)	**8.00**	10.00	-20.0%

	As at 31 December 2022	As at 31 December 2021	Change
Current ratio	**2.1 times**	2.1 times	0.0%
Gearing ratio[1]	**275.7%**	183.3%	+92.4 ppt
Total assets (HK$ million)	**48,920**	46,308	+5.6%
Net asset value per share[2] (HK$)	**4.55**	4.96	-8.3%
Net asset value per share (RMB)	**4.06**	4.06	0.0%
Number of employees	**579**	577	+0.3%

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 2022 together with comparative figures for 2021 as follows:

Consolidated Statement of Profit or Loss
For the year ended 31 December 2022

	Notes	**2022** **HK$'000**	2021 HK$'000
Revenue	*4*	**1,377,691**	6,006,392
Cost of sales		**(828,136)**	(2,537,051)
Gross profit		**549,555**	3,469,341
Other income	*4*	**1,320**	1,524
Other gains, net	*4*	**105,892**	14,696
Fair value gains on investment properties		**762,820**	405,582
Selling and marketing expenses		**(319,990)**	(576,515)
Administrative expenses		**(242,502)**	(282,137)
Operating profit		**857,095**	3,032,491
Finance income	*5*	**22,097**	35,687
Finance costs	*5*	**(209,365)**	(122,182)
Finance costs, net		**(187,268)**	(86,495)
Profit before tax	*6*	**669,827**	2,945,996
Income tax expense	*7*	**(264,853)**	(1,568,649)
Profit for the year		**404,974**	1,377,347
Attributable to:			
Owners of the Company		**392,688**	1,402,249
Non-controlling interests		**12,286**	(24,902)
		404,974	1,377,347
Earnings per share			
Basic and diluted	*8*	**HK22.94 cents**	HK81.93 cents

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2022

	2022 **HK$'000**	2021 HK$'000
Profit for the year	**404,974**	1,377,347
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent year:		
Exchange differences on translation of Mainland China operations	**(882,993)**	276,642
Total comprehensive income for the year	**(478,019)**	1,653,989
Attributable to:		
Owners of the Company	**(475,717)**	1,687,088
Non-controlling interests	**(2,302)**	(33,099)
Total comprehensive income for the year	**(478,019)**	1,653,989

Consolidated Statement of Financial Position
As at 31 December 2022

	Note	**2022 HK$'000**	2021 HK$'000
Assets			
Non-current assets			
Property, plant and equipment		**12,750**	13,507
Construction in progress		**81,816**	67,910
Right-of-use assets		**4,999**	5,164
Intangible assets		**19,668**	22,746
Investment properties		**8,461,145**	7,535,154
Equity investments designated at fair value through other comprehensive income (FVOCI)		**37,650**	-
Deferred tax assets		**940,374**	858,736
Total non-current assets		**9,558,402**	8,503,217
Current assets			
Completed properties held for sale		**4,308,925**	656,899
Properties held for sale under development		**30,665,014**	33,183,235
Other contract costs		**67,964**	62,201
Prepayments, land and other deposits and other receivables		**863,312**	820,701
Tax recoverable		**247,222**	49,443
Restricted bank balances		**548,456**	444,029
Cash and cash equivalents		**2,660,932**	2,588,393
Total current assets		**39,361,825**	37,804,901
Total assets		**48,920,227**	46,308,118
Liabilities			
Current liabilities			
Trade and other payables and accruals	*10*	**(4,616,707)**	(11,283,890)
Contract liabilities		**(5,593,884)**	(2,287,380)
Lease liabilities		**(2,218)**	(4,439)
Tax payable		**(2,488,659)**	(2,777,274)
Bank and other borrowings		**(2,638,347)**	(1,505,140)
Loans from related parties		**(3,502,474)**	(574,724)
Total current liabilities		**(18,842,289)**	(18,432,847)
Net current assets		**20,519,536**	19,372,054
Total assets less current liabilities		**30,077,938**	27,875,271

Consolidated Statement of Financial Position (continued)
As at 31 December 2022

	2022 **HK$'000**	2021 HK$'000
Non-current liabilities		
Bank and other borrowings	**(4,835,887)**	(5,488,816)
Loans from related parties	**(15,438,783)**	(12,094,889)
Lease liabilities	**(3,113)**	(1,035)
Deferred tax liabilities	**(1,166,489)**	(956,561)
Other payables	**(15,794)**	(15,579)
Total non-current liabilities	**(21,460,066)**	(18,556,880)
Total liabilities	**(40,302,355)**	(36,989,727)
Net assets	**8,617,872**	9,318,391
Equity		
Equity attributable to owners of the Company		
Share capital	**171,154**	171,154
Reserves	**7,616,274**	8,314,491
	7,787,428	8,485,645
Non-controlling interests	**830,444**	832,746
Total equity	**8,617,872**	9,318,391

Notes:

(1) General Information

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, 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's shares are listed on The Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**").

(2) Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on Hong Kong Stock Exchange.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 16, Property, plant and equipment: Proceeds before intended use
- Amendments to HKAS 37, Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value:

- investment property, including interests in leasehold land and buildings held as investment property where the Group is the registered owner of the property interest; and
- investments in equity securities.

(3) Segment Information

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

(a) the property development segment consists of property development;

(b) the property investment segment consists of property investment, leasing and management operations; and

(c) 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.

The bank and other borrowings pledged by the assets of the property investment segment used in financing the property development activities were considered as segment liabilities in property development segment by management.

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

	Property development HK$'000	Property investment HK$'000	Others HK$'000	Total HK$'000
Year ended 31 December 2022				
Segment revenue:				
Sales to external customers	**1,351,831**	**25,860**	**-**	**1,377,691**
Segment results	**73,246**	**827,005**	**(43,156)**	**857,095**
Reconciliation:				
Finance income				**22,097**
Finance costs				**(209,365)**
Profit before tax				**669,827**

(3) Segment Information (continued)

	Property development HK$'000	Property investment HK$'000	Others HK$'000	Total HK$'000
Year ended 31 December 2021				
Segment revenue:				
Sales to external customers	5,986,116	20,276	-	6,006,392
Segment results	2,685,896	388,135	(41,540)	3,032,491
Reconciliation:				
Finance income				35,687
Finance costs				(122,182)
Profit before tax				2,945,996

	Property development HK$'000	Property investment HK$'000	Others HK$'000	Total HK$'000
As at 31 December 2022				
Segment assets	**39,290,016**	**8,590,217**	**99,620**	**47,979,853**
Reconciliation:				
Unallocated assets				**940,374**
Total assets				**48,920,227**
Segment liabilities	**(37,795,687)**	**(7,743)**	**(1,332,436)**	**(39,135,866)**
Reconciliation:				
Unallocated liabilities				**(1,166,489)**
Total liabilities				**(40,302,355)**
Other information				
Fair value gains on investment properties	**-**	**762,820**	**-**	**762,820**
Depreciation	**(5,140)**	**-**	**(3,151)**	**(8,291)**
Amortisation	**(1,199)**	**-**	**-**	**(1,199)**
Capital expenditure	**(22,294)**	**(771,349)**	**(2,449)**	**(796,092)**

(3) Segment Information (continued)

	Property development HK$'000	Property investment HK$'000	Others HK$'000	Total HK$'000
As at 31 December 2021				
Segment assets	37,862,567	7,553,461	33,354	45,449,382
Reconciliation:				
Unallocated assets				858,736
Total assets				46,308,118
Segment liabilities	(34,988,415)	(10,065)	(1,034,686)	(36,033,166)
Reconciliation:				
Unallocated liabilities				(956,561)
Total liabilities				(36,989,727)
Other information				
Fair value gains on investment properties	-	405,582	-	405,582
Depreciation	(7,025)	-	(3,193)	(10,218)
Amortisation	(1,239)	-	-	(1,239)
Capital expenditure	(23,489)	(945,035)	(211)	(968,735)

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 2022 and 2021.

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

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

	2022 **HK$'000**	2021 HK$'000
Revenue		
From contract with customers:		
- Sale of properties recognised at a point in time	**1,351,831**	5,986,116
From other sources:		
- Rental income	**25,860**	20,276
	1,377,691	6,006,392
Other income		
Entrusted management service income	**1,320**	1,524
Other gains, net		
Gain on disposal of investment property	**102,519**	-
Loss on disposal of property, plant and equipment	**(254)**	(1,394)
Exchange (loss)/gains, net	**(8,285)**	4,383
Sales deposits forfeiture	**1,131**	2,624
Others	**10,781**	9,083
	105,892	14,696

(5) Finance Income/Costs

	2022 **HK$'000**	2021 HK$'000
Finance income		
- bank interest income	**22,097**	35,687

	2022 **HK$'000**	2021 HK$'000
Finance costs		
- interest expenses on bank borrowings	**331,775**	229,018
- interest expenses on other borrowings	**913,360**	461,918
- others	**2,431**	2,179
Total finance costs incurred	**1,247,566**	693,115
Less: amount capitalised under property development projects	**(1,038,201)**	(570,933)
Total finance costs expensed	**209,365**	122,182

For the year ended 31 December 2022, the capitalised interest rate applied to funds borrowed and used for the development of properties is between 2.05% and 6.65% (2021: 1.21% and 6.50%) per annum.

(6) Profit Before Tax

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

	2022 **HK$'000**	2021 HK$'000
Cost of sales		
- properties	**822,889**	2,535,683
- others	**5,247**	1,368
Depreciation of property, plant and equipment	**3,776**	4,215
Depreciation of right-of-use assets	**4,515**	6,003
Amortisation of intangible assets	**1,199**	1,239
Rental expenses (short-term leases)	**6,630**	4,240
Taxes and surcharges	**15,950**	49,937
Auditor's remuneration		
- audit services	**1,680**	2,600
- non-audit services	**1,040**	1,656
Directors' emoluments	**7,271**	15,966
Rentals income from investment properties less direct outgoings of HK$5,030,000 (2021: HK$1,265,000)	**15,714**	16,979
Staff costs		
- wages and salaries	**283,831**	250,263
- provident fund contributions	**45,769**	33,210
- forfeited contributions	**-**	(17)
	329,600	283,456
Less: amount capitalised under property development projects	**(131,680)**	(95,496)
Total staff costs expensed	**197,920**	187,960

(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 (2021: 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% (2021: 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.

	2022 **HK$'000**	2021 HK$'000
Current income tax		
- PRC taxation	**16,956**	1,066,288
LAT in Mainland China	**94,492**	1,093,456
Deferred income tax	**142,249**	(591,095)
Withholding tax	**11,156**	-
	264,853	1,568,649

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to equity holders of the Company of HK$392,688,000 (2021: HK$1,402,249,000) and the number of ordinary shares of 1,711,536,850 (2021: 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 2022 and 2021.

(9) Dividend

The Board proposed a final dividend of HK8.00 cents (2021: HK10.00 cents) per ordinary share for the year ended 31 December 2022 totaling to HK$136,923,000 (2021: HK$171,154,000) based on 1,711,536,850 ordinary share in issue as at 31 December 2022, 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 2022 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 26 June 2023.

(10) Trade and Other Payables and Accruals

The Group's trade and other payables and accruals are non-interest bearing, except for bills payables are interest-bearing. Included in the Group's trade and other payables and accruals as at 31 December 2022 are trade and bills payables of HK$147,426,000 (2021: HK$320,430,000). An aging analysis of the Group's trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	31 December 2022 HK$'000	31 December 2021 HK$'000
Not yet due	**46,148**	452
Within 1 month	**31,357**	-
1 to 3 months	**56,315**	3,755
Over 3 months	**13,606**	316,223
	147,426	320,430

(11) Guarantees

As at 31 December 2022, the Group provided guarantees to certain banks in respect of mortgages 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 outstanding mortgage principals together with the accrued interest and penalties 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 2022, the Group's outstanding guarantees amounted to HK$2,580,254,000 (2021: HK$799,803,000) in respect of these guarantees.

In 2022, due to the superimposed adverse effects of multiple unexpected factors such as downtrend of macro economy, global tighter liquidity, and deduction of international situations and geopolitical conflicts, the global economy experienced a sluggish growth. Meanwhile, the economy of the People's Republic of China (the "**PRC**" or "**Mainland China**") had faced a triple pressure of "contracting demand, supply slumps and weakening market expectations". Under this severe situation, adhering to the general principle of prudent development, the PRC scientifically coordinated the economic and social development, strengthened the cross-cyclical adjustment of macro policies, enhanced support on real economy, thus the development of national economy has continued to recover. In 2022, the aggregate gross domestic product ("**GDP**") of the PRC exceeded RMB121 trillion, representing a year-on-year growth of 3.0%; while GDP per capita amounted to RMB86,000, with per capita disposable income of residents increased by 5% in nominal terms as compared to the previous year.

In 2022, based on the unchanged general principles of "housing is for living in, not for speculation" and "property policies should be city-specific", the PRC government regulated the national real estate market comprehensively and accurately, continued to roll out more stimulating policies to stabilise the property industry on both supply and demand sides, so as to explicitly release the signal of "stabilising land prices, and stabilising economy". Besides, it also reaffirmed the status of real estate as a pillar industry of the national economy, emphasising "stabilising the real estate market" and mentioning the policy of "guaranteeing property delivery" for the first time. Multiple regulators had successively introduced the big positive news, successively released policies of providing the credit support, bond financing support and equity financing support for real estate enterprises at the financing end to insure the credit risks of real estate enterprises. Despite the continuous improvement of policy environment, the weak expectation of residents' income and the wait-and-see sentiment on house purchasing had remained unchanged, therefore the whole year witnessed the continuous downtrend on the property market.

According to the National Bureau of Statistics, in 2022, the gross floor area ("**GFA**") of commodity housing sold in the PRC was approximately 1.358 billion square metres ("**sq. m.**"), with a year-on-year decrease of 24.3%; and the sales revenue of commodity housing sold were approximately RMB13.33 trillion, representing a decrease of 26.7% as compared to the previous year. Due to the adverse effects of the downtrend of the overall industry, sluggishness was witnessed on both the supply and demand on the property market of Guangdong-Hong Kong-Macao Greater Bay Area (the "**Greater Bay Area**"). According to data released by CRIC, the house supply of nine cities in the Greater Bay Area had a year-on-year decrease of 43%, and their transaction has a year-on-year decline of 34%; the annual supply of operating land had a year-on-year decrease of 43%, and the transaction had a year-on-year decrease of 36%. Besides, Guangzhou, Shenzhen and Dongguan had launched the concentrated land supply for four times, and the land acquisition scale, total price and premium rate dropped obviously year-on-year.

In 2022, the Group strived to overcome difficulties and challenges such as the downturn in the real estate market, and resolutely implemented its work plans to achieve multiple breakthroughs in management improvement. In terms of investment management, the Group improved the land acquisition strategy of "city classification, regional grading, and one policy for one district", and promoted the standardisation of land acquisition in the whole procedure from preliminary cost management, project cooperation to land acquisition and auction, so as to continuously improve the quality and efficiency of investment management; in terms of marketing and brand management, the Group improved the marketing management system, strengthened brand management, and achieved a decline both in the marketing expenses and the marketing expense rate through measures such as full-cycle dynamic control; in terms of design management, the Group promoted design standardisation and achieved the standardisation of design for residential units, demonstration areas and offices, realising the purpose of fast development and cost reduction; in terms of production safety, the Group took solid and meticulous steps on production safety, focused on key processes to consolidate production safety, and successfully obtained the certification of ISO 45001 Occupational Health Safety Management System; in terms of financial and capital management, the Group coordinated and optimised capital management and successfully issued the first Commercial Mortgage-Backed Securities ("**CMBS**") with an amount of RMB330 million.

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 the Greater Bay Area.

In 2022, the Group recorded a revenue of approximately HK$1,378 million (2021: HK$6,006 million), representing a decrease of approximately 77.1% from the previous year. The Group recorded a profit attributable to owners of the Company for the year under review of approximately HK$393 million (2021: HK$1,402 million), representing a decrease of approximately 72.0% from the previous year. For the year under review, the decrease in revenue and profit attributable to owners of the Company was mainly attributable to the decreased GFA of properties sold as compared to the previous year, which was in line with the development progress of the Group's various projects. For details of the Group's property sales in 2022, please refer to the section headed "Business Review" in the Management Discussion and Analysis.

The Board recommends the payment of a final dividend of HK8.00 cents per share for the year ended 31 December 2022 (2021: HK10.00 cents). If approved by the shareholders of the Company at the forthcoming annual general meeting, the said final dividend will be paid on or about 24 July 2023. Aggregating such dividend with the interim dividend of HK3.00 cents per share paid in 2022, the total dividend for the entire year will be HK11.00 cents (2021: HK10.00 cents) per share.

Business Review

The Group conducted its business as planned in 2022 and achieved satisfactory results.

In 2022, the real estate industry entered into the most difficult period since China's real estate marketisation reform. Under the dual challenges of lack of customer confidence and overall fragile market, the Group actively took effective countermeasures according to actual conditions of each project to speed up the rental and sales destocking process and the destocking speed of many projects for sale was faster than competing products in the same region. It actively promoted the work of "guaranteeing property delivery", and the customer on-visit delivery rate in 2022 was as high as 96.5%. The delivery of real estate properties is aimed at quality assurance, and the timeframe and quality of delivery have won a good reputation among customers.

The Group continued to optimise its business structure and is gradually changing to a two-wheel-driven model of quick turnover projects in combination with commercial operations. At the present stage, the Group has considerable commercial office assets. In 2022, the occupancy rate of the commercial property "GD•Delin (粵海・得鄰)" in the Guangzhou Laurel House Project reached 91.7%, exceeding 90% for two consecutive years and achieving stable operation. The "Shenzhen Teem Shopping Mall" of the Shenzhen GDH City Project jointly established under the name of 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), officially opened on 24 December 2022, with regional initial brand presence ratio exceeding 40%, the occupancy rate exceeding 90%, and the operating rate reaching 87%. The Industrial Heritage as the main exhibition venue of the "Hong Kong-Shenzhen Bi-city Biennale", successfully launched the "GDH•Jinpifang (粵海城・金啤坊)" brand, which was rated as a city-level characteristic culture street and a check-in place for Internet celebrities, highlighting the unique charm of GDH brand. The urban renewal experience of the project was also reported and replicated in depth by senior media such as Xinhua News Agency. Meanwhile, the Group strengthened internal resource coordination to enhance leasing promotion and operation capabilities by leveraging GDH Teem and external leasing promotion agencies, and therefore attracted leases in commercial and office products and improved the property service system, customer experience and reputation dissemination, and enhanced the added value of project sales. The Group also highlighted the competitive advantages of projects to promote the leasing of existing properties in combination with accurate and effective ways and countermeasures for leasing promotion and leasing operation.

Outlook

In 2023, uncertainties still lingers along the global situation under factors such as uncertainty of geopolitical conflicts. There is a certain risk of economic recession, while the PRC remains under many difficulties and challenges in economic development with facing triple upward pressure from contracting demand, supply slumps and weakening market expectations. Under the background of economic downturn, the Chinese government, with adhering to the principle of focusing on stability while seeking progress, increases efforts in macro policy regulation and strengthens the coordination of various policies to create the synergy of promoting high-quality development with prioritising the tasks of stabilising growth, employment and prices. Recently, a professional institution has predicted that the growth rate of GDP in the PRC will increase from 4.5% to 5.2% in 2023. Overall, with the introduction of《擴大內需戰略規劃綱要（2022-2035 年）》(The Outline of the Strategic Plan for Expanding Domestic Demand (2022-2035)), the domestic consumer demand will see a considerable rebound and the economy will continue to pick up.

In December 2022, the Chinese government proposed to "support improved housing consumption", indicating the urgency and importance of stabilising the real estate market. In addition, it further emphasises the requirement to ensure the stable development of the real estate market, and steadily promotes various tasks for "guaranteeing property delivery, securing people's livelihood and stabilising economic fundamentals" to meet the reasonable financing needs of the industry and promote industry restructuring, mergers and acquisitions, thereby effectively preventing and resolving the risks of leading real estate entities, and improving their asset and liability position. It requires the support for rigid and improved housing needs by adopting city-specific policies, in bid to solve the housing problems faced by new citizens and youths, while exploring the development of long-term rentals market. In general, the real estate industry is expected to return to its positioning as a pillar industry of the national economy in 2023. The PRC may further increase the scope and strength of its real estate stimulus policies based on the keynote of "housing is for living in, not for speculation" to reverse the residents' wait-and-see sentiment and boost demand rebound.

After years of development, the Greater Bay Area has already achieved a milestone in construction, and the "one-hour living circle" has basically taken shape. In June 2022, the State Council of the PRC announced《廣州南沙深化面向世界的粵港澳全面合作總體方案》(The Master Plan of Guangzhou Nansha on Deepening Comprehensive Cooperation between Guangdong, Hong Kong and Macao with Global Perspective), another major strategic deployment for the Greater Bay Area following the introduction of the two cooperation plans for Hengqin and Qianhai in 2021, which will further consolidate the development prospects of the Greater Bay Area. In the future, benefiting from the increasingly obvious effect of the metropolitan circle, the population and industries will continue to concentrate in the metropolitan circle. It is expected that in 2023, the major cities in the Greater Bay Area will further loosen the restrictions on property purchasing and lending, and launch policies such as lowering down payment and interest rates to stimulate the market, with a view to rebounding the property market. In the long run, the land market in the core cities and core areas of the Greater Bay Area will still be a place of strategic importance for major real estate entities, the population of the Greater Bay Area will maintain a positive growth trend, and reasonable housing demand will remain the main target of policy support and encouragement. Therefore, there is still certain room for rigid and improved housing demand for "ensuring people's livelihood and improving living quality".

The Group's projects such as the Shenzhen GDH City, Guangzhou Yungang City, Guangzhou Laurel House, Foshan Laurel House, Foshan Jihua, Zhuhai Jinwan, Zhongshan GDH City, Jiangmen Chenyuan Road, Jiangmen Ganhua, Huizhou Dayawan, Ruyingju and Baohuaxuan are all located in high-quality areas in core cities of the Greater Bay Area and will benefit from the strong development momentum of the Area.

In 2023, the Group will further position itself strategically as "the influential, comprehensive development expert in the Greater Bay Area", continue to leverage its status as a provincial state-owned enterprise in the Greater Bay Area, and develop steadily by property rentals and sales with a correct assessment of the situation to boost the Group's brand reputation and awareness. It will innovate in marketing and take multiple measures to accelerate the destocking process of the existing projects. Through a prudent forecast of the market situation, it will strengthen the expansion of high-quality projects, enhance medium and long-term cultivation efforts such as urban renewal and cooperation with state-owned enterprises, and steadily promote new business research and pilot projects such as affordable housing and light asset construction to provide new momentum for the Group's development. It will also improve the operation system, strengthen lean management, and increase efforts to reduce costs and increase efficiency.

Last but not least, on behalf of the Board, I would like to acknowledge the contribution by management and staff to the Group over 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.

LAN Runing
Chairman

Hong Kong, 30 March 2023

RESULTS

The consolidated revenue of the Group for 2022 amounted to approximately HK$1,378 million (2021: HK$6,006 million), representing a decrease of approximately 77.1% from the previous year. The decrease in revenue was mainly attributable to the decrease in the sale of GFA of properties held for sale, which was in line with the development progress of the Group's various projects. Please refer to the section headed "Business Review" hereof for details of the Group's property sale in 2022. During the year under review, the Group recorded a profit attributable to owners of the Company of approximately HK$393 million (2021: HK$1,402 million), representing a decrease of approximately 72.0% from the previous year.

The major factors that affected the aforesaid anticipated results of the Group for the year ended 31 December 2022 include the following:

(a) the GFA of the sold units in the buildings on the Northwestern Land of the Group's Shenzhen GDH City Project delivered during the year under review decreased as compared to 2021, the revenue and the profit derived from the sale of such properties decreased as compared to 2021;

(b) during the year under review, the Group recorded fair value gains on investment properties (net of the relevant deferred tax expense) of Shenzhen GDH City Project of approximately HK$745 million, representing an increase as compared to 2021;

(c) pursuant to the relocation compensation agreement (the "**Relocation Compensation Agreement**") entered into between a subsidiary of the Company and a third party on 1 September 2022, the subsidiary handed over the existing property under the Relocation Compensation Agreement and recognised a gain on disposal in the amount of approximately HK$103 million;

(d) as the GFA delivered by the Group during the year under review decreased as compared to 2021, the selling and marketing expenses decreased by approximately HK$257 million when comparing with 2021; and

(e) due to business expansion of the Group, net finance costs increased by approximately HK$101 million when comparing with 2021.

BUSINESS REVIEW

General Information of the Projects

Name of the property project	Status	Use	Interest held by the Group	Approximate GFA of project (sq. m.)	Approximate GFA included in calculation of plot ratio* (sq. m.)	Expected completion and filing date
Shenzhen City						
Northwestern Land of Shenzhen GDH City	Completed	Business apartment/ Commercial	100%	167,008	122,083	N/A
Northern Land of Shenzhen GDH City	Completed	Commercial/ Offices	100%	218,854	153,126	N/A
Southern Land of Shenzhen GDH City	Under development	Offices/Mall	100%	255,308	199,500	2023
Guangzhou City						
Guangzhou Yungang City	In sale	Residential/ Commercial	100%	730,000	506,000	2025
Guangzhou Laurel House	Completed	Car-parking spaces	100%	N/A	N/A	N/A
Ruyingju	Completed	Car-parking spaces	80%	N/A	N/A	N/A
Foshan City						
Foshan Laurel House	In sale	Residential/ Commercial	100%	200,385	151,493	2023
Foshan Jihua	Under development	Residential/ Commercial/ Offices	51%	150,382	118,122	2026
Zhuhai City						
Zhuhai Jinwan	In sale	Residential/ Commercial	100%	249,918	166,692	2024
Zhongshan City						
Zhongshan GDH City	In sale	Residential	97.64%	321,456	247,028	2025
Jiangmen City						
Chenyuan Road	Completed	Residential/ Commercial service	100%	222,684	164,216	N/A
Chenyuan Road	Completed	Car-parking spaces	100%	N/A	N/A	N/A
Jiangmen Ganhua (Land No. 3)	Completed	Residential	51%	163,511	122,331	N/A
Jiangmen Ganhua (Land No. 4)	In sale	Residential	51%	299,623	207,419	2023
Jiangmen Ganhua (Land No. 5)	Under development	Residential	51%	89,201	63,150	2026
Huizhou City						
Huizhou Dayawan	In sale	Residential/ Commercial	100%	140,163	92,094	2024

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

Sales of the Projects

Name of the property project	Approximate GFA available for sale (sq. m.)	Approximate GFA contracted		The proportion of accumulated GFA contracted to GFA available for sale	Approximate GFA delivered		The proportion of accumulated GFA delivered to GFA available for sale
		Year under review (sq. m.)	Accumulated (sq. m.)		Year under review (sq. m.)	Accumulated (sq. m.)	
Shenzhen City							
Northwestern Land of Shenzhen GDH City	114,986	1,225	100,678	87.6%	6,932	100,628	87.5%
Northern Land of Shenzhen GDH City	84,246	-	-	0.0%	-	-	0.0%
Southern Land of Shenzhen GDH City	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Guangzhou City							
Guangzhou Yungang City	506,000	26,339	26,339	5.2%	-	-	N/A
Guangzhou Laurel House	2,764	447	2,644	95.7%	865	2,644	95.7%
Ruyingju	8,052	605	6,502	80.8%	605	6,502	80.8%
Foshan City							
Foshan Laurel House	151,493	36,504	39,805	26.3%	-	-	N/A
Foshan Jihua	118,122	N/A	N/A	N/A	N/A	N/A	N/A
Zhuhai City							
Zhuhai Jinwan	138,429	21,418	34,363	24.8%	-	-	N/A
Zhongshan City							
Zhongshan GDH City	247,028	12,238	29,615	12.0%	-	-	N/A
Jiangmen City							
Chenyuan Road	158,407	41,030	71,634	45.2%	53,281	53,281	33.6%
Chenyuan Road (Car-parking spaces)	41,834	N/A	N/A	N/A	N/A	N/A	N/A
Jiangmen Ganhua (Land No. 3)	119,334	26,124	49,826	41.8%	13,962	13,962	11.7%
Jiangmen Ganhua (Land No. 4)	205,078	1,800	4,017	2.0%	-	-	N/A
Jiangmen Ganhua (Land No. 5)	62,254	N/A	N/A	N/A	N/A	N/A	N/A
Huizhou City							
Huizhou Dayawan	89,240	1,540	1,540	1.7%	-	-	N/A

During the year under review, the Group's properties recorded the total GFA contracted (including completed properties held for sale and properties held for sale under development) and delivered of approximately 169,000 sq. m. and 76,000 sq. m. respectively.

The Shenzhen GDH City Project

Located in Buxin Area, Luohu District, Shenzhen City in the PRC, the Shenzhen GDH City Project is a multi-functional commercial complex with jewelry as the main theme. 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 Shenzhen GDH City Project is developed in two phases. The filing for completion of construction of the first phase was made in June 2020. The construction of the second phase properties came into late stages. As at 31 December 2022, the office tower and the commercial shopping building on the Northern Land development were completed; and the office tower and the commercial shopping building structure on the Southern Land development were topped out and the interior decoration and exterior facade construction were in progress. The overall project is expected to be filed for completion in 2023.

For the search of potential commercial occupiers of the Shenzhen GDH City Project, the Group, Luohu Government of Shenzhen and the Shanghai Diamond Exchange ("**SDE**") have reached an agreement, pursuant to which the SDE agreed that its Shenzhen extended service platform will be located in the Shenzhen GDH City and it will continue to support the marketing efforts for the Shenzhen GDH City and encourage its members to locate their offices in the Shenzhen GDH City. The Group has entered into a property leasing services agreement with GDH Teem for the shopping mall under the Shenzhen GDH City Project, which operates by GDH Teem under the name of Shenzhen Teem. The Group will share the operating profit with GDH Teem. 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 enables the Group to benefit from the branding effect of GDH Teem, which is conducive to attracting quality companies to locate in the property.

As at 31 December 2022, the accumulated development costs and direct expenses of the Shenzhen GDH City Project amounted to approximately HK$8,423 million (2021: HK$7,643 million), representing a net increase of approximately HK$780 million during the year under review.

The Guangzhou Yungang City Project

The Guangzhou Yungang City Project consists of three pieces of land (namely Land Plot Nos. AB2910004, AB2909009 and AB2909011) located at the core area of Baiyun New Town, Baiyun District, Guangzhou City, the PRC, with an aggregate site area of approximately 116,471 sq. m. and a total GFA included in the calculation of the plot ratio of approximately 506,000 sq. m. The nature of the land is a state-owned construction land, of which Land Plot No. AB2909011 is planned for residential purpose, and Land Plot Nos. AB2910004 and AB2909009 are planned for commercial and business purpose.

The core area of Baiyun New Town, Baiyun District, Guangzhou City, the PRC, at which the land parcel is located, is positioned to be the hub for headquarters, and is planned as a cluster of corporate headquarters, aviation industry and commercial hotel service functions, focusing on the development of headquarters economy and attracting the headquarters of large corporations and small and medium-sized enterprises. Such land parcel is located to the north of Yuncheng South Fourth Road and south of Qixin Road, and on the two sides of Yuncheng West Road, and is connected to major transport networks. It is adjacent to Baiyun Park Station of Guangzhou Metro Line 2 and trunk roads such as the Airport Expressway and the Baiyun Avenue, and it is only about 30 kilometres away from the Guangzhou Baiyun International Airport. In addition, as the third phase of the Airport Avenue and Guangzhou Metro Line 12 are expected to open in 2023, travel between such land parcel and its surrounding areas will be more convenient in due course. The land parcel is situated in a well-developed neighborhood where commercial shopping centres, schools, hospitals, parks and the Guangzhou Gymnasium are within a three-kilometre radius, and it is close to the scenic area of Baiyun Mountain. With the significant advantage of such land parcel and the development of industries nearby, it has promising market prospects. The project has adopted a model of development by phases. As at 31 December 2022, the properties of each phase of the project are carrying out the construction work of basement and superstructure, and the overall project is expected to be filed for completion in 2025. The pre-sale of the project commenced in July 2022.

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

All residential units of the Guangzhou Laurel House Project, the Ruyingju Project and the Baohuaxuan Project had been delivered, and car-parking spaces of these projects are being sold as planned. During the year under review, the commercial property "GD•Delin (粵海・得鄰)" of the Guangzhou Laurel House Project ushered in several leading businesses and brands with distinctive characters that perfectly fit the position and theme of the project, i.e. its core positioning "high-end education-oriented community". As at 31 December 2022, the occupancy rate of the Guangzhou Laurel House Project was approximately 91.7%.

The Foshan Laurel House Project

The Foshan Laurel House Project is located at west to Wenhua Road, south to 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. The project is planned for residential use compatible with commercial use. The project is positioned as a modern, top-notch and strong central of Foshan City, which is a place ideal for living, starting business and fostering innovation. Surrounded by two metro networks, its transportation is much convenient. Together with the well-established education, medical and commercial amenities nearby, the project has the advantages to be forged into an above-twin stations residential community featuring quality lifestyle. With the significant advantage in terms of location resources, the project enjoys promising market prospects.

The project is being developed in phases. As at 31 December 2022, the superstructure of each phase of the properties was topped out, and the renovation and masonry work were in progress. The filing for completion of construction of the whole project is expected to be made in 2023. The pre-sale of properties commenced in October 2021, with the project promoted as Foshan Laurel House (佛山粵海・拾桂府).

The Foshan Jihua Project

On 25 November 2022, the Group won the bid for the land use rights of the land parcel at Jihua, Chancheng District, Foshan City, the PRC through the public listing-for-sale process with a consideration of RMB1,299 million (equivalent to approximately HK$1,423 million). Such land parcel, divided into Land Plot A and Land Plot B, is located at west to Fenjiang Road, north to Lujing Road and east to Luying West Street, Chancheng District, Foshan City, the PRC, with a total site area of approximately 40,642 sq. m. and a maximum total GFA included in the calculation of the plot ratio of approximately 118,122 sq. m. The nature of the land parcel is a state-owned construction land, of which Land Plot A is a mixed commercial and residential land, and Land Plot B is a residential land compatible with commercial use.

The land parcel is located in the Chengnan area of Chancheng District, Foshan City, the PRC, which belongs to the commercial belt of Jihua, and about 200 metres away from Jihuayuan Station, the interchange station of Foshan Metro Line 1 and Metro Line 4 (under construction). It is connected to convenient transport networks and its location is excellent. The land parcel is flat and regular shaped land with medium size, and it has mature supporting facilities of education, medical care and commercial area nearby. In addition, the Foshan Municipal Government has actively launched a series of favorable policies such as relaxing the threshold for talents to buy houses and removing the purchase restrictions in Chancheng District. which effectively stimulated the demand for house purchases in the area. The project also complements the Foshan Laurel House Project of the Group in the area to create synergy benefits as well as achieve regional deep cultivation and increase cost efficiency. The project is being developed in phases. The filing for completion of construction of the whole project is expected to be made in 2026.

The Zhuhai Jinwan Project

The Zhuhai Jinwan Project is located at the 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. The project is planned for commercial and residential purposes. The proposed types of properties include residential units, commercial units and car-parking spaces. The high value potentials of the area where the project is located 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 is being developed in phases. As at 31 December 2022, the superstructure of the first phase properties was topped out, and renovation and masonry works were in progress, and the superstructure for the other phase properties was under construction. The filing for completion of construction of the whole project is expected to be made in 2024. The pre-sale of the project commenced in June 2021, with the project promoted as Zhuhai Laurel House (珠海粵海・拾桂府).

The Zhongshan GDH City Project

The Zhongshan GDH City Project is located at the starting area of Tsuihang New District, Zhongshan City, the PRC, with a site area of approximately 98,811 sq. m. and a maximum total GFA included in the calculation of the plot ratio of approximately 247,028 sq. m. The project is planned for town residential use. Sitting in the core centre of the Greater Bay Area, the project is the bridgehead at the west bank of the Pearl River connecting to the Shenzhen Zhongshan Bridge. It therefore undergoes a rapid development and generates increasing market demand. With a superior seaview, the project enjoys rich environmental landscape resources. Coupled with the plan to perfecting the region by education, medical care and commercial amenities, the project is suitable to be developed as a low-density, ecological and quality residential community. With the significant advantage in terms of location, industries and transportation resources, the project enjoys promising market prospects.

The project is being developed in phases. As at 31 December 2022, the superstructure of each phase properties of the project was topped out, and renovation and masonry works were in progress. The filing for completion of construction of the whole project is expected to be made in 2025. The pre-sale of the project commenced in September 2021, with the project promoted as Zhongshan GDH City (中山粵海城).

The Jiangmen Chenyuan Road Project

The Chenyuan Road Project is located at the southeast to the intersection of Chenyuan Road and Longteng Road and west to Fengxiang Road 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 proposed types of properties include residential units, commercial units, and car-parking spaces. Jiangmen is positioned as the western gateway of the Greater Bay Area, with its value remaining at an underestimated level. Subsequent to improvements in the transportation infrastructure across the eastern and western bays, the future development of such area is expected to prosper. The project is situated in a region with high planning position and enjoys strong market prospects, as well as convenient location as a bonus. Possessing rare landscape resources and sound living amenities, the project embraces the conditions in becoming a regional benchmark project.

The filing for completion of construction of the whole project has been made in August 2022. The pre-sale of the project commenced in January 2021, with the project promoted as Jiangmen One Mansion (江門粵海・壹桂府).

The Jiangmen Ganhua Project

The acquisition of 江門粵海置地有限公司 (Jiangmen Yuehai Land Co., Ltd.) ("**Jiangmen Yuehai**") was completed on 13 January 2021. For details of the acquisition, please refer to the circular of the Company dated 25 November 2020. Jiangmen Yuehai mainly holds three adjourning parcels of land located at the east of Ganbei Road, Pengjiang District, Jiangmen City, the PRC with a total GFA of approximately 396,600 sq. m. (the "**Jiangmen Land No. 3 – 5**"). The land 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 a GFA of approximately 41,597 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 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. The Jiangmen Ganhua Project is located in a traditional old town district in Jiangmen City with high density population and a convenient transportation network. It is also adjacent to Xi River, connects to the Chaolian Talent Island and is accessible to five parks nearby, providing a quality living environment with an excellent river scenery.

The project is being developed in three phases. The filing for completion of construction of all properties on Land No. 3 has been made in August 2022. As at 31 December 2022, the superstructure of all properties on Land No. 4 was topped out and the renovation and masonry works were in progress. The filing for completion of construction of the whole project is expected to be made in December 2026. The pre-sale of the project commenced in May 2021, with the project promoted as Jiangmen GDH City (江門粵海城).

The Huizhou Dayawan Project

The acquisition of 惠陽粵海房產發展有限公司 (Huiyang Yuehai Property Development Co., Ltd.) ("**Huiyang Yuehai**") was completed on 18 January 2021. For details of the acquisition, please refer to the circular of the Company dated 25 November 2020. Huiyang Yuehai mainly holds the Huizhou Dayawan Project through 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.).

The Huizhou Dayawan Project is located at Mamiao, Aotou, Dayawan District, Huizhou City, the PRC with a GFA of approximately 92,094 sq. m. It is close to Xin'ao Avenue, a trunk road connecting Huiyang District and Dayawan District, and is only seven kilometres away from the Huizhou Highspeed Railway South Station. The project is positioned to be a quality urban residential community with natural slope land garden view. The project is being developed in one phase. As at 31 December 2022, the superstructure of properties of the project was topped out and the renovation and masonry works were in progress. The filing for completion of construction is expected to be made in the second quarter of 2024. The pre-sale of the project commenced in August 2022, with the project promoted as Huizhou One Mansion (惠州粵海・壹桂府).

FINANCIAL REVIEW

Key Financial Indicators

	Note	**2022**	2021	Change
Profit attributable to owners of the Company (HK$'000)		**392,688**	1,402,249	-72.0%
Return on equity (%)	*1*	**4.8%**	18.3%	-13.5 ppt

	31 December 2022	31 December 2021	Change
Net assets (HK$ million)	**8,618**	9,318	-7.5%

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 Group recorded a decrease in profit attributable to owners of the Company as compared to last year, which was mainly attributable to the decrease in GFA delivered of the sold units in the buildings on the Northwestern Land of Shenzhen GDH City during the year under review as compared to 2021, resulting in the decrease in revenue and the profit derived from the sale of such properties as compared to 2021. For details, please refer to the section headed "Results" in this Management Discussion and Analysis.

The Group's business and most of its assets are denominated in RMB. The change in net assets was mainly affected by the profit attributable to owners of the Company during the year, changes in the exchange rate of RMB against HK$ and the dividend declared, which together resulted in a decrease of approximately 7.5% in the Group's net assets as compared to the end of 2021.

Operating Income, Expenses and Finance Costs

In 2022, the Group recorded selling and marketing expenses of approximately HK$320 million (2021: HK$577 million), representing a decrease of approximately 44.5% from the previous year. The decrease in selling and marketing expenses was mainly due to the decrease in related sales commissions in relation to the first phase development of the Shenzhen GDH City Project. The Group's administrative expenses for 2022 amounted to approximately HK$243 million (2021: HK$282 million), representing a decrease of approximately 13.8% from the previous year. The decrease of administrative expenses was mainly attributable to a decrease in the taxes and surcharges due to a decrease in revenue.

During the year under review, the Group borrowed loans to support its business development and recorded finance costs of approximately HK$1,247 million (2021: HK$693 million), of which approximately HK$1,038 million was capitalised while the remaining portion of approximately HK$209 million was charged to the statement of profit or loss.

Capital Expenditure

The capital expenditure of the Group during the year was approximately HK$796 million (2021: HK$969 million), which was mainly used for the investment properties under development of the Shenzhen GDH City Project.

Financial Resources and Liquidity

As at 31 December 2022, the equity attributable to owners of the Company was approximately HK$7,787 million (2021: HK$8,486 million), representing a decrease of approximately 8.2% from that as at the end of 2021. Based on the number of shares in issue as at 31 December 2022, the net asset value per share at the end of the year was approximately HK$4.55 (2021: HK$4.96) per share, representing a decrease of approximately 8.3% from that as at the end of 2021.

As at 31 December 2022, the Group had cash and cash equivalents of approximately HK$2,661 million (2021: HK$2,588 million), representing an increase of approximately 2.8% from the previous year. The increase in cash and cash equivalents was mainly due to more new bank and other borrowings during the year under review to satisfy the funding needs for the Group's business development.

Of the Group's cash and bank balances (including restricted bank balances and cash and cash equivalents) as at 31 December 2022, approximately 98.4% was in RMB and approximately 1.6% was in HKD. Net cash outflows from operating activities for the year amounted to approximately HK$6,661 million (2021: HK$9,643 million), representing a decrease from the previous year, which was mainly due to more proceeds from property sales during the year under review.

As most of the transactions in the Group's daily operations in Mainland China are denominated in RMB, 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. The Group believed that no significant impact was caused by the fluctuation of RMB exchange rate on the Group's financial position as there is a natural hedging mechanism. Meanwhile, the Group dynamically monitored the foreign exchange exposure and made necessary adjustments in accordance with the change in market environment.

As at 31 December 2022, the Group had interest-bearing borrowings (including CMBS) from certain banks and related parties of the Company amounting to approximately HK$26,415 million (31 December 2021: HK$19,664 million) in aggregate, with a gearing ratio[1] of approximately 275.7% (31 December 2021: 183.3%). According to the relevant loan agreements, approximately HK$6,141 million of the interest-bearing loans are repayable within one year; approximately HK$15,869 million are repayable within one to two years; approximately HK$3,695 million are repayable within two to five years; and the remaining approximately HK$710 million are repayable after five years. The Group obtained funds for business development through different financing channels. As at 31 December 2022, the weighted average effective interest rate of the Group's bank and other borrowings was 4.25% (31 December 2021: 4.16%) per annum. As at 31 December 2022, the banking facilities available to the Group were approximately RMB2,589 million (equivalent to approximately HK$2,898 million). The Group reviews its funding needs from time to time according to the existing projects and other new investment businesses and considers obtaining funds through various financing means and channels so as to secure adequate financial resources for business development.

Asset Pledged and Contingent Liabilities

As at 31 December 2022, the CMBS issued by the Group on the Shanghai Stock Exchange was secured by certain investment properties and their operating income receivables. Meanwhile, the Group's certain properties amounting to approximately HK$26,000 million (31 December 2021: HK$11,506 million) and the 100% equity interests of 廣東粵海房地產開發有限公司 (Guangdong Yuehai Property Development Co., Ltd.) and 珠海粵海置地有限公司 (Zhuhai Yuehai Land Co., Ltd.) were pledged to secure certain bank loans.

In addition, as at 31 December 2022, the Group provided guarantees of approximately HK$2,580 million (31 December 2021: HK$800 million) to certain banks in relation to the mortgage loans on properties sold (please refer to note 11 to this announcement for details). Save for the above, the Group did not have any other material contingent liabilities as at 31 December 2022.

RISKS AND UNCERTAINTIES

As the Group is engaged in property development and investment businesses in the Mainland China, the risks and uncertainties of its business are principally associated with the property market and property prices in the Mainland China, and the Group's income in the future will be directly affected accordingly. The property market in the 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. At present, property development projects held by the Group are all located in first-tier cities or the Greater Bay Area and comprise different property types and uses, thereby effectively diversify the operating risks of the Group.

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

Due to the long development period of property development projects, the Company may need to seek external funding to partially finance the development of such projects. As such, financing channels and finance costs are subject to the prevailing market conditions, loan interest rates and the financial position of the Group. As at 31 December 2022, the Group had total outstanding interest-bearing loans of approximately HK$26,415 million (31 December 2021: HK$19,664 million).

According to the applicable accounting standards, investment properties of the Group were carried at fair value. 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 periods. The fair value changes of such investment properties are recognised in the statement of profit or loss and affect the profit of the Group.

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

As most of the Company's business operations are located in Mainland China, the Company faces foreign currency risks due to exchange gain/loss from exchange rate fluctuations as well as currency conversion risk due to converted net asset value fluctuations of property development and investment projects in Mainland China. To effectively manage foreign currency risk, the Company closely monitors foreign exchange markets, and utilises multiple strategic approaches, such as optimising cash management strategy and deploying project finance instruments, to control foreign exchange risk.

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 regulations 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 "Importance 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 and on-site visits, with the assistance of an independent third-party professional consultant, thereby allowing the Group to envisage changes in the operating environment and consequently achieving the goals of sustainability 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 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 2022. 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 2022 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 April 2023.

HUMAN RESOURCES

The Group had 579 (31 December 2021: 577) employees as at 31 December 2022. The total employee remuneration and provident fund contributions (excluding directors' remuneration) in 2022 amounted to approximately HK$330 million (2021: HK$283 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 AND OTHER INFORMATION

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 2022.

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, 16 June 2023 at 3:00 p.m. (the "**2023 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, 13 June 2023 to Friday, 16 June 2023, both days inclusive, for determining the shareholders' eligibility to attend and vote at the 2023 Annual General Meeting.

In order to qualify for attending and voting at the 2023 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 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 12 June 2023.

Entitlement for Final Dividend

The Board has resolved to recommend the payment of a final dividend of HK8.00 cents per ordinary share for the year ended 31 December 2022 which is expected to be paid on or about Monday, 24 July 2023 to the shareholders whose names appear on the register of members of the Company at the close of business on Monday, 26 June 2023 subject to the final approval at the 2023 Annual General Meeting.

For the purpose of determining shareholders' entitlements to the proposed final dividend for the year ended 31 December 2022, the register of members of the Company will be closed on Monday, 26 June 2023 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 Friday, 23 June 2023.

Review of Annual Results

The annual results of the Group for the year ended 31 December 2022 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 2022 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
LAN Runing
Chairman

Hong Kong, 30 March 2023

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 six Executive Directors, namely Mr. LAN Runing, Mr. KUANG Hu, Mr. LI Yonggang, Mr. WU Mingchang, Mr. LI Wenchang and Mr. JIAO Li; and three Independent Non-Executive Directors, namely Mr. Felix FONG Wo, Mr. Vincent Marshall LEE Kwan Ho and Mr. LEUNG Luen Cheong.