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**GUANGDONG LAND HOLDINGS LIMITED**  
**粤海置地控股有限公司**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 00124)**

## 2023 Annual Results Announcement

### HIGHLIGHTS

	Year ended 31 December		
	2023	2022	Change
Revenue (HK\$'000)	<b>3,877,416</b>	1,377,691	+181.4%
Gross profit (HK\$'000)	<b>371,346</b>	549,555	-32.4%
Fair value gains on investment properties (HK\$'000)	<b>230,115</b>	762,820	-69.8%
(Loss)/profit attributable to owners of the Company (HK\$'000)	<b>(2,444,888)</b>	392,688	-722.6%
Basic (loss)/earnings per share (HK cents)	<b>(142.85)</b>	22.94	-722.7%
Proposed final dividend (HK cents)	-	8.00	-100.0%
	As at 31 December 2023	As at 31 December 2022	Change
Current ratio	<b>1.3 times</b>	2.1 times	-38.1%
Gearing ratio <sup>1</sup>	<b>307.9%</b>	275.7%	+32.2 ppt
Total assets (HK\$ million)	<b>48,933</b>	48,920	+0.0%
Net asset value per share <sup>2</sup> (HK\$)	<b>2.94</b>	4.55	-35.4%
Number of employees	<b>568</b>	579	-1.9%
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 2023 together with comparative figures for 2022 as follows:

### Consolidated Statement of Profit or Loss For the year ended 31 December 2023

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
<b>Revenue</b>	4	<b>3,877,416</b>	1,377,691
Cost of sales		<b>(3,506,070)</b>	(828,136)
Gross profit		<b>371,346</b>	549,555
Other income	4	<b>1,258</b>	1,320
Other (loss)/gains, net	4	<b>(2,231,950)</b>	105,892
Fair value gains on investment properties		<b>230,115</b>	762,820
Selling and marketing expenses		<b>(362,351)</b>	(319,990)
Administrative expenses		<b>(268,019)</b>	(242,502)
Operating (loss)/profit		<b>(2,259,601)</b>	857,095
Finance income	5	<b>77,073</b>	22,097
Finance costs	5	<b>(309,748)</b>	(209,365)
Finance costs, net		<b>(232,675)</b>	(187,268)
(Loss)/profit before tax	6	<b>(2,492,276)</b>	669,827
Income tax expense	7	<b>(156,754)</b>	(264,853)
<b>(Loss)/profit for the year</b>		<b>(2,649,030)</b>	404,974
Attributable to:			
Owners of the Company		<b>(2,444,888)</b>	392,688
Non-controlling interests		<b>(204,142)</b>	12,286
		<b>(2,649,030)</b>	404,974
<b>(Loss)/earnings per share</b>			
Basic and diluted	8	<b>HK(142.85) cents</b>	HK22.94 cents

**Consolidated Statement of Comprehensive Income**  
**For the year ended 31 December 2023**

	2023 HK\$'000	2022 HK\$'000
<b>(Loss)/profit for the year</b>	<b>(2,649,030)</b>	404,974
<b>Other comprehensive income</b>		
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent year:</i>		
Equity investments designated at fair value through other comprehensive income - net movement in fair value reserves	2,039	-
<i>Other comprehensive income to be reclassified to profit or loss in subsequent year:</i>		
Exchange differences on translation of Chinese Mainland operations	(143,770)	(882,993)
<b>Total comprehensive income for the year</b>	<b>(2,790,761)</b>	(478,019)
<b>Attributable to:</b>		
Owners of the Company	(2,560,071)	(475,717)
Non-controlling interests	(230,690)	(2,302)
<b>Total comprehensive income for the year</b>	<b>(2,790,761)</b>	(478,019)

**Consolidated Statement of Financial Position**  
**As at 31 December 2023**

	<i>Note</i>	2023 HK\$'000	2022 HK\$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		87,124	12,750
Construction in progress		-	81,816
Right-of-use assets		18,056	4,999
Intangible assets		18,252	19,668
Investment properties		9,110,859	8,461,145
Equity investments designated at fair value through other comprehensive income		39,689	37,650
Other receivables		7,196	-
Deferred tax assets		1,020,103	940,374
<b>Total non-current assets</b>		<b>10,301,279</b>	<b>9,558,402</b>
<b>Current assets</b>			
Completed properties held for sale		8,061,645	4,308,925
Properties held for sale under development		24,051,914	30,665,014
Other contract costs		99,407	67,964
Prepayments, land and other deposits and other receivables		1,336,135	863,312
Tax recoverable		547,139	247,222
Restricted bank balances		451,660	548,456
Cash and cash equivalents		4,083,905	2,660,932
<b>Total current assets</b>		<b>38,631,805</b>	<b>39,361,825</b>
<b>Total assets</b>		<b>48,933,084</b>	<b>48,920,227</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables and accruals	<i>10</i>	(5,457,043)	(4,616,707)
Contract liabilities		(9,517,294)	(5,593,884)
Lease liabilities		(17,402)	(2,218)
Tax payable		(2,277,419)	(2,488,659)
Bank and other borrowings		(2,453,442)	(2,638,347)
Loans from related parties		(10,612,331)	(3,502,474)
<b>Total current liabilities</b>		<b>(30,334,931)</b>	<b>(18,842,289)</b>
<b>Net current assets</b>		<b>8,296,874</b>	<b>20,519,536</b>

**Consolidated Statement of Financial Position** (continued)

As at 31 December 2023

	2023 HK\$'000	2022 HK\$'000
<b>Total assets less current liabilities</b>	<b>18,598,153</b>	30,077,938
<b>Non-current liabilities</b>		
Bank and other borrowings	(7,694,116)	(4,835,887)
Loans from related parties	(3,100,423)	(15,438,783)
Lease liabilities	(2,393)	(3,113)
Deferred tax liabilities	(1,355,432)	(1,166,489)
Other payables	(16,383)	(15,794)
<b>Total non-current liabilities</b>	<b>(12,168,747)</b>	(21,460,066)
<b>Total liabilities</b>	<b>(42,503,678)</b>	(40,302,355)
<b>Net assets</b>	<b>6,429,406</b>	8,617,872
<b>Equity</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	171,154	171,154
Reserves	4,867,934	7,616,274
	<b>5,039,088</b>	7,787,428
Non-controlling interests	1,390,318	830,444
<b>Total equity</b>	<b>6,429,406</b>	8,617,872

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 the consolidated financial statements for the current accounting period:

- HKFRS 17, Insurance contracts
- Amendments to HKAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates
- Amendments to HKAS 1, Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies
- Amendments to HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction
- Amendments to HKAS 12, Income taxes: International tax reform – Pillar Two model rules

**(2) Basis of Preparation** (continued)

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in the consolidated financial statements for the current accounting period. 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 result, 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.

(3) **Segment Information** (continued)

	Property development HK\$'000	Property investment HK\$'000	Others HK\$'000	Total HK\$'000
<b>Year ended 31 December 2023</b>				
<b>Segment revenue:</b>				
Sales to external customers	<b>3,842,660</b>	<b>34,756</b>	-	<b>3,877,416</b>
<b>Segment results</b>	<b>(2,591,207)</b>	<b>372,416</b>	<b>(40,810)</b>	<b>(2,259,601)</b>
Reconciliation:				
Finance income				<b>77,073</b>
Finance costs				<b>(309,748)</b>
Profit before tax				<b>(2,492,276)</b>

	Property development HK\$'000	Property investment HK\$'000	Others HK\$'000	Total HK\$'000
<b>Year ended 31 December 2022</b>				
<b>Segment revenue:</b>				
Sales to external customers	1,351,831	25,860	-	1,377,691
<b>Segment results</b>	<b>73,246</b>	<b>827,005</b>	<b>(43,156)</b>	<b>857,095</b>
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
<b>As at 31 December 2023</b>				
<b>Segment assets</b>	<b>38,352,136</b>	<b>9,396,680</b>	<b>164,165</b>	<b>47,912,981</b>
Reconciliation:				
Unallocated assets				<b>1,020,103</b>
<b>Total assets</b>				<b>48,933,084</b>
<b>Segment liabilities</b>	<b>(40,217,050)</b>	<b>(1,394)</b>	<b>(929,802)</b>	<b>(41,148,246)</b>
Reconciliation:				
Unallocated liabilities				<b>(1,355,432)</b>
<b>Total liabilities</b>				<b>(42,503,678)</b>
<b>Other information</b>				
Write down of completed properties held for sale and properties held for sale under development	<b>(2,407,761)</b>	-	-	<b>(2,407,761)</b>
Gain on disposal of properties under relocation compensation agreements	-	<b>169,167</b>	-	<b>169,167</b>
Fair value gains on investment properties	-	<b>230,115</b>	-	<b>230,115</b>
Depreciation	<b>(20,296)</b>	-	<b>(1,962)</b>	<b>(22,258)</b>
Amortisation	<b>(1,143)</b>	-	-	<b>(1,143)</b>
<b>Capital expenditure</b>	<b>(40,938)</b>	<b>(487,922)</b>	<b>(179)</b>	<b>(529,039)</b>

(3) **Segment Information** (continued)

	Property development HK\$'000	Property investment HK\$'000	Others HK\$'000	Total HK\$'000
<b>As at 31 December 2022</b>				
<b>Segment assets</b>	39,290,016	8,590,217	99,620	47,979,853
Reconciliation:				
Unallocated assets				940,374
<b>Total assets</b>				<b>48,920,227</b>
<b>Segment liabilities</b>	(37,795,687)	(7,743)	(1,332,436)	(39,135,866)
Reconciliation:				
Unallocated liabilities				(1,166,489)
<b>Total liabilities</b>				<b>(40,302,355)</b>
<b>Other information</b>				
Gain on disposal of properties under relocation compensation agreements	-	102,519	-	102,519
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)

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 Chinese Mainland, 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 2023 and 2022.

(4) **Revenue, Other Income and Other (Loss)/Gains, Net**

An analysis of revenue, other income and other (loss)/gains, net is as follows:

	2023 HK\$'000	2022 HK\$'000
<b>Revenue</b>		
From contract with customers:		
- Sale of properties recognised at a point in time	3,842,660	1,351,831
From other sources:		
- Rental income	34,756	25,860
	<b>3,877,416</b>	<b>1,377,691</b>
<b>Other income</b>		
Entrusted management service income	1,258	1,320
<b>Other (loss)/gains, net</b>		
Write down of completed properties held for sale and properties held for sale under development	(2,407,761)	-
Gain on disposal of properties under relocation compensation agreements	169,167	102,519
Loss on disposal of property, plant and equipment and right-of-use assets	(575)	(254)
Exchange losses, net	(8,550)	(8,285)
Sales deposits forfeiture	2,645	1,131
Others	13,124	10,781
	<b>(2,231,950)</b>	<b>105,892</b>

(5) **Finance Income/Costs**

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Finance income		
- bank interest income	<b>77,073</b>	22,097

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Finance costs		
- interest expenses on bank borrowings	<b>439,038</b>	331,775
- interest expenses on other borrowings	<b>808,984</b>	913,360
- others	<b>2,658</b>	2,431
Total finance costs incurred	<b>1,250,680</b>	1,247,566
Less: amount capitalised under property development projects	<b>(940,932)</b>	(1,038,201)
Total finance costs expensed	<b>309,748</b>	209,365

For the year ended 31 December 2023, the capitalised interest rate applied to funds borrowed and used for the development of properties is between 2.28% and 6.78% (2022: 2.05% and 6.65%) per annum.

**(6) (Loss)/Profit Before Tax**

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

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Cost of sales		
- properties	<b>3,499,621</b>	822,889
- others	<b>6,449</b>	5,247
Depreciation of property, plant and equipment	<b>6,576</b>	3,776
Depreciation of right-of-use assets	<b>15,682</b>	4,515
Amortisation of intangible assets	<b>1,143</b>	1,199
Rental expenses (short-term leases)	<b>2,103</b>	6,630
Taxes and surcharges	<b>23,708</b>	15,950
Auditor's remuneration		
- audit services	<b>1,740</b>	1,680
- non-audit services	<b>1,320</b>	1,040
Directors' emoluments	<b>9,673</b>	7,271
Rentals income from investment properties less direct outgoings of HK\$6,264,000 (2022: HK\$5,030,000)	<b>(16,837)</b>	(15,714)
Staff costs		
- wages and salaries	<b>256,574</b>	283,831
- contributions to defined contribution schemes	<b>35,529</b>	45,769
- forfeited contributions	<b>(13)</b>	-
	<b>292,090</b>	329,600
Less: amount capitalised under property development projects	<b>(75,111)</b>	(131,680)
Total staff costs expensed	<b>216,979</b>	197,920

**(7) Income Tax Expense**

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 (2022: 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% (2022: 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.

	2023 HK\$'000	2022 HK\$'000
Current income tax		
- PRC corporate income tax	6,531	16,956
- PRC LAT	4,560	94,492
- Withholding tax	32,452	11,156
Deferred income tax	113,211	142,249
	<b>156,754</b>	<b>264,853</b>

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

The calculation of the basic (loss)/earnings per share amount is based on the loss for the year attributable to equity holders of the Company of HK\$2,444,888,000 (2022: profit of HK\$392,688,000) and the number of ordinary shares of 1,711,536,850 (2022: 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 2023 and 2022.

**(9) Dividend**

The Board did not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: HK8.00 cents per ordinary share).

## (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 2023 are trade and bills payables of HK\$164,334,000 (2022: HK\$147,426,000). 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:

	<b>31 December 2023 HK\$'000</b>	31 December 2022 HK\$'000
Within 3 months	<b>164,334</b>	97,395
3 to 6 months	-	37,502
6 months to 1 year	-	12,529
	<b>164,334</b>	147,426

## (11) Guarantees

As at 31 December 2023, 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 2023, the Group's outstanding guarantees amounted to HK\$4,665,595,000 (2022: HK\$2,580,254,000) in respect of these guarantees.

## CHAIRMAN’S STATEMENT

In 2023, the triple pressures of contracting demand, supply slumps and weakening market expectations have yet to be fundamentally addressed. Under this severe situation, the People’s Republic of China (the “**PRC**” or “**Chinese Mainland**”) withstood external pressures while overcoming internal difficulties, with a focus on expanding domestic demand, optimising economic structure, boosting confidence, and preventing and defusing risks. As a result, the economy was recovered with an upward momentum and it has made a solid progress in the high-quality development. In 2023, the aggregate gross domestic product (“**GDP**”) of the PRC amounted to RMB126.06 trillion, representing a year-on-year growth of 5.2%; while GDP per capita amounted to RMB89,400, with per capita disposable income of residents increased by 6.3% in nominal terms as compared to the previous year.

In 2023, the PRC government constantly introduced policies to promote the healthy development of the real estate industry. Since the meeting of the Political Bureau of the Chinese Communist Party in July set the tone of “major changes in the supply and demand relationship of the industry”, the strength of policies was further reinforced from a base level in the second half of the year. As for demand, policies like “down payment cuts”, “interest rate cuts” and “relaxing the housing mortgage requirements” were successively implemented to support residents’ house purchases by mortgage. On the supply side, supportive measures such as “Three Minimum Thresholds”, which means (i) the growth rate of each bank’s own real estate loans shall not be lower than the average growth rate of the real estate loans of the banking industry; (ii) the growth rate of public loans to non-state-owned real estate enterprises shall not be lower than that of the real estate loans of the bank; (iii) The proportion of investment in real estate development in fixed asset investment shall not be less than 30%, and “equal support for financing” have been effected in succession, so as to ease the financial pressure on real estate enterprises. It is emphasised to support the construction of a new development model for real estate, and encourage real estate enterprises to actively adapt to the status quo of major changes in the supply and demand relationship of the real estate market, explore a new track, continue to improve or create high-quality supply, and thus meet people’s new demand for a better life. However, affected by the instability of the economy and residents’ future income expectations, it was difficult to rebuild market confidence, and the real estate market continued to decline throughout the year after the short-lived recovery in the first quarter of the year.

According to the National Bureau of Statistics, in 2023, the gross floor area (“**GFA**”) of commodity housing sold in the PRC was approximately 1.117 billion square metres (“**sq. m.**”), with a year-on-year decrease of 8.5%; and the sales revenue of commodity housing sold were approximately RMB11.66 trillion, representing a decrease of 6.5% 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 13%, and their transactions had a year-on-year decline of 5%; the annual supply of operating land had a year-on-year decrease of 24%, and the transactions had a year-on-year decrease of 35%, representing a sluggish land market.



## **CHAIRMAN’S STATEMENT** (continued)

In 2023, the Group strove to achieve best amid challenges. It accelerated the sale pace through multifaceted measures guiding by structural market intelligence, and implemented cost control plan throughout the whole process, further strengthened cost reduction and efficiency in construction costs and sales, management, and financial expenses. The Group also invested great in improving product quality, particularly the gardens and other main concerns of customers to increase the delivery rate, and the annual delivery rate exceeded 95%, higher than the industry benchmark. As for financial and capital management, the Group explored all potential to broaden its financing channels, and successfully obtained insurance debt financing of RMB4 billion. In terms of risk prevention and control, given the spreading risk of debt default by real estate enterprises, the Group had taken multiple measures to strictly control operational risks, enhance its resilience and broaden operating space, in particular, it had obtained first-grade qualification certificate for real estate development enterprise and compliance management certificate (ISO37301), and its main credit rating also upgraded from AA to AA+, laying a solid foundation for its stable, healthy and sustainable development.

### **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 2023, the Group recorded a revenue of approximately HK\$3,877 million (2022: HK\$1,378 million), representing an increase of approximately 181.3% from the previous year. The Group recorded a loss attributable to owners of the Company for the year under review of approximately HK\$2,445 million (2022: profit of HK\$393 million).

For 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 2023, please refer to the section headed “Business Review” in the Management Discussion and Analysis. For the year under review, the increase in loss attributable to owners of the Company was mainly attributable to the provision of inventory impairment of approximately HK\$2,408 million.

The Board did not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: HK8.00 cents per ordinary share).

### **Business Review**

In 2023, despite the real estate industry receiving a series of easing measures in the second half of the year, such as down payment cuts, interest rate cuts and relaxing the housing mortgage requirements, the impact of policy stimulus was limited and the momentum of the market recovery remained weak. However, the Group proactively and quickly adjusted the leasing and sales strategy of each project relation to the market trend and smoothly achieved the full year leasing and sales targets.

## CHAIRMAN’S STATEMENT (continued)

With the aspiration of being an influential authority in integrated urban development within the Greater Bay Area, the Group actively embraced the State's directive. In addressing customers' shift from “just housing” to “quality housing”, the Group persistently advanced its core mission of “refining and optimising the residential development and improving the quality and efficiency of the commercial and office operations”. In 2023, the Group achieved an annual revenue of nearly HK\$3.9 billion, with remarkable sales performance in projects such as the Guangzhou GDH Future City Project, the Jiangmen One Mansion Project and other projects, which ranked at the forefront of their respective regions. The shopping malls operated steadily overall, while the offices of the Shenzhen GDH City Project attracted quality customers from the industry aligning with the property leasing strategy of “quality customers + occupancy rate priority”. This strategy has contributed to a sustained rise in occupancy rates. Meanwhile, the Group actively pursued diverse operation mode for its commercial and office assets. It adopted site-specific strategies based on the regions where the commercial and office projects are located and the progress of their development and operation, with the objectives of enhancing brand image, uplifting value, harnessing resources, promoting expansion, optimising services and fostering ecology, in order to further improve the operational efficiency of the projects.

### Outlook

In 2024, the global situation remains volatile, and the domestic economy with unstable recovery momentum still faces multiple difficulties, such as insufficient effective demand, overcapacity in some industries, weak social expectations, and numerous hidden risks. Adhering to the principle of “seeking progress amidst stability, promoting stability through progress and establishing before breaking”, the PRC government will roll out more policies that are conducive to stabilizing expectations, growth and employment. Meanwhile, it will continue to consolidate the foundation for a stable upturn in the economy by proactively making advance in transforming the development approach, adjusting the structure, improving quality and increasing efficiency. Recently, professional organisations have estimated that the PRC’s real GDP growth rate in 2024 is expected to reach 4.8%. On the whole, after the Central Economic Work Conference systematically arranged the economic work in 2024, there are more favorable conditions than unfavorable factors for China’s development. The basic trend of economic recovery and long-term improvement has not changed.

In December 2023, the PRC government proposed to mitigate real estate risks in a proactive and prudent manner and satisfy the reasonable financing needs of real estate enterprises of different ownership without discrimination, with a view to promote the stable and healthy development of the real estate market. It will accelerate the construction of “three major projects”, including subsidised housing, public infrastructure for both normal and emergency uses, and the renovation of urban villages. It will also improve relevant basic systems to accelerate the construction of a new model for real estate development. In general, the status of real estate as a pillar industry in the national economy has not changed, and whether real estate can stabilise is particularly critical for stabilising the macroeconomic situation.

## CHAIRMAN'S STATEMENT (continued)

Over the four years of 《粵港澳大灣區發展規劃綱要》 (The Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area) released, the construction of the Greater Bay Area has been continuously advanced. With the accelerated construction of the four major cooperation platforms of Hengqin of Zhuhai, Qianhai of Shenzhen, Nansha of Guangzhou and Hetao of Jiangmen, Guangdong, Hong Kong and Macao embrace continuous and profound integration, and have gradually showed a high-quality synergetic development trend, demonstrating increasing siphoning effect of the Greater Bay Area. In 2024, the Greater Bay Area, as an important economic growth accelerator, is expected to continually attract many populations and talents onwards. As people in the Greater Bay Area will continue to require higher housing quality, especially the core cities in the region, where demand for basic and improved housing remain strong, the real estate market in the Greater Bay Area will still have a solid foundation for its long-term stable development. As the economy of the Greater Bay Area maintains a strong growth momentum, the Group's projects, such as the Shenzhen GDH City, Guangzhou GDH Future City, Guangzhou Laurel House, Foshan Laurel House, Foshan One Mansion, Zhuhai Laurel House, Zhongshan GDH City, Jiangmen GDH City, Jiangmen One Mansion, Huizhou One Mansion, are all located in core cities of the Greater Bay Area and will benefit from the strong development momentum of this region.

In 2024, the Group will strive to overcome the enormous challenges on its operations arising from the profound adjustment of the industry by accelerating the sales of existing projects and making timely adjustments to optimise the sales strategies of various projects based on monthly monitoring and quarterly adjustments. The Group will improve the quality of its products and services, upgrade its product design, optimise the control system for its project quality, and enhance the product delivery and property service experience. By benchmarking to leading real estate enterprises, the Group will further reduce construction and installation costs and strictly control sales, management and financial expenses. The Group will also strive to expand new projects in a diversified manner to realise its stable, healthy and sustainable development.

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, 25 March 2024

# MANAGEMENT DISCUSSION AND ANALYSIS

## RESULTS

The consolidated revenue of the Group for 2023 amounted to approximately HK\$3,877 million (2022: HK\$1,378 million), representing an increase of approximately 181.3% 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 2023. During the year under review, the Group recorded a loss attributable to owners of the Company of approximately HK\$2,445 million (2022: profit of HK\$393 million).

The major factors that affected the aforesaid results of the Group for the year ended 31 December 2023 include the following:

- (a) affected by the continued downturn in the real estate market, transaction volume had shrunk, and customers had a serious wait-and-see attitude. The market had obvious characteristics of exchanging price for volume. The Group made provision for inventory impairment of approximately HK\$2,408 million during the year under review due to signs of impairment in some of the Group’s property projects;
- (b) the properties delivered of the Group during the year under review were mainly the Jiangmen One Mansion Project, the Jiangmen GDH City Project, the Zhongshan GDH City Project, the Zhuhai Laurel House Project and the Foshan Laurel House Project, while the properties in the Shenzhen GDH City (Northwestern Land) Project delivered in 2022 had higher gross profit margins, therefore the profit derived from the sale of properties decreased as compared to 2022; and
- (c) the fair value gains on investment properties (net of the relevant deferred tax expense) of approximately HK\$173 million recorded by the Group during the year under review decreased when comparing with 2022.

# MANAGEMENT DISCUSSION AND ANALYSIS (continued)

## 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
<b>Shenzhen City</b>						
Shenzhen GDH City (Northwestern Land)	Completed	Business apartment/ Commercial	100%	167,376	122,083	N/A
Shenzhen GDH City (Northern Land)	Completed	Commercial/ Offices	100%	219,864	153,126	N/A
Shenzhen GDH City (Southern Land)	Completed	Commercial/ Offices	100%	255,373	206,618	N/A
<b>Guangzhou City</b>						
Guangzhou GDH Future City	Sale in progress	Residential/ Business apartment/ Commercial/ Offices	100%	728,549	506,000	2027
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
Baohuaxuan	Completed	Car-parking spaces	100%	N/A	N/A	N/A
<b>Foshan City</b>						
Foshan Laurel House	Sale in progress	Residential	100%	202,895	151,493	2024
Foshan One Mansion	Sale in progress	Residential/ Commercial/Offices	51%	154,271	118,122	2026
<b>Zhuhai City</b>						
Zhuhai Laurel House	Sale in progress	Residential/ Commercial	100%	249,918	166,692	2024
<b>Zhongshan City</b>						
Zhongshan GDH City	Sale in progress	Residential	97.64%	321,456	247,028	2025
<b>Jiangmen City</b>						
Jiangmen One Mansion	Completed	Residential/ Business apartment/ Commercial	100%	222,708	164,216	N/A
Jiangmen GDH City (Land No. 3)	Completed	Residential	51%	163,511	122,331	N/A
Jiangmen GDH City (Land No. 4)	Sale in progress	Residential/ Business apartment/ Commercial	51%	299,029	207,419	2027
Jiangmen GDH City (Land No. 5)	To be developed	Residential	51%	89,201	63,150	2027
<b>Huizhou City</b>						
Huizhou One Mansion	Sale in progress	Residential/ Business apartment/ Commercial	100%	140,163	92,094	2024
Huizhou Huiyang Lijiang Garden	Completed	Car-parking spaces	100%	N/A	N/A	N/A

\*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.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 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.)	
<b>Shenzhen City</b>							
Shenzhen GDH City (Northwestern Land)	114,986	4,234	104,912	91.2%	4,284	104,912	91.2%
Shenzhen GDH City (Northern Land)	84,246	-	-	0.0%	-	-	0.0%
<b>Guangzhou City</b>							
Guangzhou GDH Future City	492,223	53,742	80,081	16.3%	N/A	N/A	N/A
Guangzhou Laurel House (Car-parking spaces)	2,764	53	2,697	97.6%	53	2,697	97.6%
Ruyingju (Car-parking spaces)	8,052	120	6,621	82.2%	120	6,621	82.2%
Baohuaxuan (Car-parking spaces)	245	38	38	15.5%	38	38	15.5%
<b>Foshan City</b>							
Foshan Laurel House	146,278	32,074	71,879	49.1%	18,406	18,406	12.6%
Foshan One Mansion	117,336	10,762	10,762	9.2%	N/A	N/A	N/A
<b>Zhuhai City</b>							
Zhuhai Laurel House	145,859	29,961	64,324	44.1%	31,685	31,685	21.7%
<b>Zhongshan City</b>							
Zhongshan GDH City	236,728	38,742	68,295	28.6%	33,017	33,017	13.8%
<b>Jiangmen City</b>							
Jiangmen One Mansion	158,407	34,635	106,269	67.1%	48,462	101,743	64.2%
Jiangmen One Mansion (Car-parking spaces)	37,574	5,711	5,711	15.2%	5,198	5,198	13.8%
Jiangmen GDH City (Land No. 3)	119,334	33,458	83,284	69.8%	62,142	76,104	63.8%
Jiangmen GDH City (Land No. 3) (Car-parking spaces)	29,895	8,456	8,456	28.3%	7,236	7,236	24.2%
Jiangmen GDH City (Land No. 4)	204,229	9,392	13,409	6.7%	10,989	10,989	5.5%
Jiangmen GDH City (Land No. 5)	42,254	N/A	N/A	N/A	N/A	N/A	N/A
<b>Huizhou City</b>							
Huizhou One Mansion	89,240	12,975	14,514	16.3%	N/A	N/A	N/A
Huizhou Huiyang Lijiang Garden (Car-parking spaces)	1,504	82	216	14.4%	82	216	14.4%

## **MANAGEMENT DISCUSSION AND ANALYSIS** (continued)

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 274,000 sq. m. (2022: 169,000 sq. m.) and 222,000 sq. m. (2022: 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 by several phases. The filing for completion of construction of the first phase was made in June 2020. The filing for completion of construction of the overall project was made in August 2023.

For the search of potential commercial occupiers of the Shenzhen GDH City Project, 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. The first phase mall at the Northern Land of the Shenzhen GDH City Project has opened in December 2022. As at 31 December 2023, the occupancy rate of the project was approximately 92.2%.

## **MANAGEMENT DISCUSSION AND ANALYSIS** (continued)

### **The Guangzhou GDH Future City Project**

The core area of Baiyun New Town, Baiyun District, Guangzhou City, the PRC, at which the Guangzhou GDH Future City Project 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 project is located to the north of Yuncheng South Fourth Road and south of Qixin Road, 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, after the third phase of the Airport Avenue and Guangzhou Metro Line 12 are expected to open, travel between such project and its surrounding areas will be more convenient in due course. The project 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 project 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 2023, the construction works of basement and superstructure of each phase properties of the project were being carried out, renovation and masonry works of some properties were in progress and the whole project is expected to be filed for completion in 2027. The pre-sale of the project commenced in June 2022 and has maintained a satisfactory level of transaction volume since the pre-sale. The project ranked first in Baiyun District, Guangzhou City in terms of full-year amount of online registration of sales contracts in 2023, with a higher sell-through rate of residential units and apartments than that of other property projects in the same area.

### **The Guangzhou Laurel House Project**

All residential units of the Guangzhou Laurel House Project had been delivered, and car-parking spaces of the project 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 2023, the occupancy rate of the commercial building of the Guangzhou Laurel House Project was approximately 88.1%.



## **MANAGEMENT DISCUSSION AND ANALYSIS** (continued)

### **The Foshan Laurel House Project**

The Foshan Laurel House Project is located at west to Wenhua Road, south to Liming Second Road, Shiwan Area (Chengnan Sub-district) of Chancheng District, Foshan City, the PRC. 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. Near Wanhua Station, the interchange station of Lines 2 and 3 of Foshan Metro, the project is 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 2023, the filing for completion of construction of the first phase properties of the project was made. The superstructures of other phase properties were 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 2024. The pre-sale of the project commenced in September 2021.

### **The Foshan One Mansion Project**

The Foshan One Mansion Project is located at west to Fenjiang Road, north to Lujing Road and east to Luying West Street, Chengnan Sub-district in Chancheng District, Foshan City, the PRC, which belongs to the commercial belt of Jihua, and about 200 metres away from Jihua Park 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. It has mature supporting amenities of education, medical care and commercial area nearby. In addition, the Foshan Municipal Government has actively launched a series of favorable policies, relaxing the threshold for talents to buy houses, and removing the purchase restrictions in Chancheng District, which effectively stimulated the demand of house purchases in the area. The project also complements the Foshan Laurel House Project of the Group in the area to create synergy benefits, achieve regional deep cultivation and increase cost efficiency. The project is being developed in phases. As at 31 December 2023, the construction works of basement and superstructure of the first phase properties of the project were being carried out and the superstructures of some properties were topped out. The filing for completion of construction of the whole project is expected to be made in 2026. The pre-sale of the project commenced in September 2023.

### **The Zhuhai Laurel House Project**

The Zhuhai Laurel House Project is located at the west to Jinhui Road and north to Jinhe East Road, the Aviation New Town Sub-district in Jinwan District, Zhuhai City, the PRC. The high value potentials of the area where the project is located will enhance 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 2023, the filing for completion of construction of the first phase properties of the project was made. The superstructures of other phase properties were topped out and the masonry works were in progress. 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.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### The Zhongshan GDH City Project

The Zhongshan GDH City Project is located at the starting area of Tsuihang New District, Zhongshan City, the PRC. Sitting in the core centre of the Greater Bay Area, the area 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 2023, the filing for completion of construction of the first phase property has been made, the superstructure of other 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, and entered the delivery stage in October 2023, achieving a regional leading delivery result.

### The Jiangmen One Mansion Project

The Jiangmen One Mansion 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. Jiangmen is positioned as the western gateway of the Greater Bay Area. 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 was made in August 2022. The pre-sale of the project commenced in January 2021.

### The Jiangmen GDH City Project

The Jiangmen GDH City Project is located at three adjoining parcels of land at the east of Ganbei Road, Pengjiang District, Jiangmen City, the PRC (the “**Jiangmen Land Nos. 3 to 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 Nos. 3 to 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; while 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. The Group shall be entitled to acquire the relevant land use right in respect of Jiangmen Land No. 6 without paying any land premium. The Jiangmen GDH City 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.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

The project is being developed in phases. The filing for completion of construction of all properties on Land No. 3 in the first phase has been made in August 2022, the filing for completion of construction of all properties on 4-1 and 4-5 parcels of Land No. 4 has been made in March 2023, the filing for completion of construction of all properties on 4-6 parcels of Land No. 4 has been made in September 2023 and the filing for completion of construction of all properties on 4-2 parcels of Land No. 4 has been made in December 2023. As at 31 December 2023, 4-3 and 4-4 parcels of Land No. 4 and Land No. 5 were pending for development. The filing for completion of construction of the whole project is expected to be made in 2027. The pre-sale of the project commenced in May 2021.

### The Huizhou One Mansion Project

The Huizhou One Mansion Project is located at Mamiao, Aotou, Dayawan District, Huizhou City, the PRC. It is close to Xin'ao Avenue, a trunk road connecting Huiyang District and Dayawan District, and is only 7 kilometres away from the Highspeed Railway Huiyang 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 2023, 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 of the whole project is expected to be made in 2024. The pre-sale of the project commenced in July 2022.

## FINANCIAL REVIEW

### Key Financial Indicators

	<i>Note</i>	<b>2023</b>	2022	Change
(Loss)/profit attributable to owners of the Company (HK\$ million)		<b>(2,445)</b>	393	-722.1%
Return on equity (%)	<i>1</i>	<b>-38.1%</b>	4.8%	-42.9 ppt

	<b>31 December 2023</b>	31 December 2022	Change
Net assets (HK\$ million)	<b>6,429</b>	8,618	-25.4%

*Note:*

1. Return on equity = (Loss)/profit attributable to owners of the Company ÷ average equity attributable to owners of the Company

During the year under review, the Group recorded a loss attributable to owners of the Company, which was mainly attributable to the provision of inventory impairment of approximately HK\$2,408 million. For details, please refer to the section headed "Results" in this Management Discussion and Analysis.

## **MANAGEMENT DISCUSSION AND ANALYSIS** (continued)

### **Operating Income, Expenses and Finance Costs**

During the year under review, the Group disposed certain property, plant and equipment to a third party under a relocation compensation agreement for a city renovation project resulting in a disposal gain of HK\$169 million (2022: disposal gain of HK\$103 million for disposal of one of its investment properties).

In 2023, the Group recorded selling and marketing expenses of approximately HK\$362 million (2022: HK\$320 million), representing an increase of approximately 13.1% from the previous year. The increase in selling and marketing expenses was mainly due to the increase in related sales commissions in relation to the increased GFA of properties sold during the year under review. The Group's administrative expenses for 2023 amounted to approximately HK\$268 million (2022: HK\$243 million), representing an increase of approximately 10.3% from the previous year. The increase of administrative expenses was mainly attributable to an increase in the taxes and surcharges due to an increase in revenue.

During the year under review, the Group borrowed loans to support its business development and recorded finance costs of approximately HK\$1,250 million (2022: HK\$1,247 million), of which approximately HK\$940 million was capitalised while the remaining portion of approximately HK\$310 million was charged to the statement of profit or loss.

### **Capital Expenditure**

The capital expenditure of the Group during the year was approximately HK\$529 million (2022: HK\$796 million), which was mainly used for the development of investment properties of the Shenzhen GDH City Project.

### **Financial Resources and Liquidity**

As at 31 December 2023, the equity attributable to owners of the Company was approximately HK\$5,039 million (2022: HK\$7,787 million), representing a decrease of approximately 35.3% from that as at the end of 2022. Based on the number of shares in issue as at 31 December 2023, the net asset value per share at the end of the year was approximately HK\$2.94 (2022: HK\$4.55) per share, representing a decrease of approximately 35.4% from that as at the end of 2022.

As at 31 December 2023, the Group had cash and cash equivalents of approximately HK\$4,084 million (2022: HK\$2,661 million), representing an increase of approximately 53.5% from the previous year. The increase in cash and cash equivalents was mainly due to more proceeds recovered from property sales during the year under review.

Of the Group's cash and bank balances (including restricted bank balances and cash and cash equivalents) as at 31 December 2023, approximately 97.2% was in RMB and approximately 2.8% was in HKD. Net cash inflows from operating activities for the year amounted to approximately HK\$3,607 million (2022: net outflows of HK\$6,661 million), representing an increase from the previous year, which was mainly due to more proceeds recovered from property sales during the year under review.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

As most of the transactions in the Group's daily operations in Chinese Mainland 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 2023, the Group had interest-bearing borrowings (including Commercial Mortgage Backed Securities ("CMBS")) from certain banks and related parties of the Company amounting to approximately HK\$23,860 million (31 December 2022: HK\$26,415 million) in aggregate, from which interest-bearing borrowings from related parties amounting to approximately HK\$13,713 million (31 December 2022: HK\$18,941 million), accounting for approximately 57.5% (31 December 2022: 71.7%) of the total interest-bearing borrowings; the gearing ratio<sup>1</sup> was approximately 307.9% (31 December 2022: 275.7%). According to the relevant loan agreements, approximately HK\$13,066 million of the interest-bearing loans are repayable within one year; approximately HK\$2,344 million are repayable within one to two years; approximately HK\$7,884 million are repayable within two to five years; and the remaining approximately HK\$566 million are repayable after five years. The Group obtained funds for business development through different financing channels and effectively controlled its finance costs. As at 31 December 2023, the weighted average effective interest rate of the Group's bank and other borrowings was 4.02% (31 December 2022: 4.25%) per annum. As at 31 December 2023, the banking facilities available to the Group were approximately RMB3,076 million (equivalent to approximately HK\$3,395 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 2023, 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\$8,742 million (31 December 2022: HK\$26,000 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 2023, the Group provided guarantees of approximately HK\$4,666 million (31 December 2022: HK\$2,580 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 2023.

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<sup>1</sup> Gearing ratio = (Interest-bearing loans + Lease liabilities – Cash and cash equivalents) ÷ Net assets

### RISKS AND UNCERTAINTIES

As the Group is engaged in property development and investment businesses in the Chinese Mainland, the risks and uncertainties of its business are principally associated with the property market and property prices in the Chinese Mainland, and the Group's income in the future will be directly affected accordingly. The property market in the Chinese Mainland 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 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.

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 are subject to the prevailing market conditions, loan interest rates and the financial position of the Group. As at 31 December 2023, the Group had total outstanding interest-bearing loans of approximately HK\$23,860 million (31 December 2022: HK\$26,415 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 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 Chinese Mainland, 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 Chinese Mainland. 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 regularly organises customer satisfaction surveys and continuously improves the company's product attractiveness and customer satisfaction through survey results and customer opinions.

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 Chinese Mainland 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 electronic questionnaire, 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.



## **MANAGEMENT DISCUSSION AND ANALYSIS** (continued)

The Company is in the process of preparing its ESG report for the year ended 31 December 2023. 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 2023 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 2024.

### **HUMAN RESOURCES**

The Group had 568 (31 December 2022: 579) employees as at 31 December 2023. The total employee remuneration and defined contribution schemes (excluding directors' remuneration) in 2023 amounted to approximately HK\$292 million (2022: HK\$330 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 C1 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 2023.

### **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 on Tuesday, 18 June 2024 (the “**2024 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 Thursday, 13 June 2024 to Tuesday, 18 June 2024, both days inclusive, for determining the shareholders’ eligibility to attend and vote at the 2024 Annual General Meeting.

In order to qualify for attending and voting at the 2024 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, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 12 June 2024.

### **Review of Annual Results**

The annual results of the Group for the year ended 31 December 2023 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 2023 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**  
**KUANG Hu**  
*Vice Chairman*

Hong Kong, 25 March 2024

*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.*