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GUANGDONG LAND HOLDINGS LIMITED
粵海置地控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00124)

2022 Interim Results Announcement

HIGHLIGHTS

	For the six months ended 30 June		
	2022	2021	Change
Revenue (HK\$'000)	492,400	2,283,775	-78.4%
Gross profit (HK\$'000)	326,185	1,086,215	-70.0%
Fair value gains on investment properties (HK\$'000)	351,232	79,456	+342.0%
Profit attributable to owners of the Company (HK\$'000)	237,824	333,355	-28.7%
Basic earnings per share (HK cents)	13.90	19.48	-28.6%
Interim dividend per share (HK cents)	3.00	-	N/A
	As at 30 June 2022	As at 31 December 2021	Change
Current ratio	3.1 times	2.1 times	+47.6%
Gearing ratio ¹	280.2%	183.3%	+96.9 ppt
Total assets (HK\$ million)	48,221	46,308	+4.1%
Net asset value per share ² (HK\$)	4.75	4.96	-4.2%
Number of employees	575	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			

UNAUDITED INTERIM RESULTS

The board of directors (the “**Board**”) of Guangdong Land Holdings Limited (the “**Company**”) announces that the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2022 together with comparative figures are as follows:

Condensed Consolidated Statement of Profit or Loss For the six months ended 30 June 2022 – unaudited

	<i>Notes</i>	2022 HK\$'000	2021 HK\$'000
Revenue	5	492,400	2,283,775
Cost of sales		(166,215)	(1,197,560)
Gross profit		326,185	1,086,215
Other gains, net	5	4,908	8,053
Fair value gains on investment properties		351,232	79,456
Selling and marketing expenses		(123,217)	(199,575)
Administrative expenses		(101,438)	(127,545)
Operating profit		457,670	846,604
Finance income	6	10,257	16,860
Finance costs	6	(75,993)	(57,420)
Finance costs, net		(65,736)	(40,560)
Profit before tax	7	391,934	806,044
Income tax expense	8	(159,792)	(486,237)
Profit for the period		232,142	319,807
Attributable to:			
Owners of the Company		237,824	333,355
Non-controlling interests		(5,682)	(13,548)
		232,142	319,807
Earnings per share			
Basic and diluted	9	HK13.90 cents	HK19.48 cents

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2022 – unaudited

	2022 HK\$'000	2021 HK\$'000
Profit for the period	232,142	319,807
Other comprehensive income		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of mainland operations	(458,004)	85,790
Total comprehensive income for the period	(225,862)	405,597
Attributable to:		
Owners of the Company	(192,927)	382,003
Non-controlling interests	(32,935)	23,594
Total comprehensive income for the period	(225,862)	405,597

Condensed Consolidated Statement of Financial Position
At 30 June 2022

	<i>Note</i>	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Assets			
Non-current assets			
Property, plant and equipment		12,163	13,507
Construction in progress		68,508	67,910
Right-of-use assets		2,715	5,164
Intangible assets		21,144	22,746
Investment properties		7,996,957	7,535,154
Deferred tax assets		884,727	858,736
Total non-current assets		8,986,214	8,503,217
Current assets			
Completed properties held for sale		423,695	656,899
Properties held for sale under development		34,245,252	33,183,235
Other contract costs		68,682	62,201
Prepayments, land and other deposits and other receivables		749,707	820,701
Tax recoverable		60,842	49,443
Restricted bank balances		525,863	444,029
Cash and cash equivalents		3,161,129	2,588,393
Total current assets		39,235,170	37,804,901
Total assets		48,221,384	46,308,118
Liabilities			
Current liabilities			
Trade and other payables and accruals	<i>11</i>	(4,443,409)	(11,283,890)
Contract liabilities		(2,943,562)	(2,287,380)
Lease liabilities		(2,523)	(4,439)
Tax payable		(2,537,616)	(2,777,274)
Dividend payables		(171,154)	-
Bank borrowings		(1,859,339)	(1,505,140)
Loans from related parties		(627,044)	(574,724)
Total current liabilities		(12,584,647)	(18,432,847)
Net current assets		26,650,523	19,372,054

Condensed Consolidated Statement of Financial Position (continued)
As at 30 June 2022

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Total assets less current liabilities	35,636,737	27,875,271
Non-current liabilities		
Bank and other borrowings	(5,363,122)	(5,488,816)
Loans from related parties	(20,303,513)	(12,094,889)
Lease liabilities	(591)	(1,035)
Deferred tax liabilities	(1,033,243)	(956,561)
Other payable	(14,893)	(15,579)
Total non-current liabilities	(26,715,362)	(18,556,880)
Total liabilities	(39,300,009)	(36,989,727)
Net assets	8,921,375	9,318,391
Equity		
Equity attributable to owners of the Company		
Share capital	171,154	171,154
Reserves	7,950,410	8,314,491
	8,121,564	8,485,645
Non-controlling interests	799,811	832,746
Total equity	8,921,375	9,318,391

Notes:

(1) General Information

Guangdong Land Holdings Limited is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at 18th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong. In the opinion of the directors, the ultimate holding company of the Company is 廣東粵海控股集團有限公司 (Guangdong Holdings Limited), a company established in the People's Republic of China (the "PRC").

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

(2) Basis of Preparation

This condensed consolidated interim financial information for the six months ended 30 June 2022 has been prepared in accordance with the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2021, as described in those annual financial statements, except for the adoption of new amendment to standards effective for the financial year ending 31 December 2022.

The Group has adopted the following new amendment to HKFRSs issued by the HKICPA to this interim financial information 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.*

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

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

- Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*

The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment. Instead, the sales proceeds and the related costs should be included in profit and loss. The amendments do not have a material impact on these financial statements as the Group does not sell items produced before an item of property, plant and equipment is available for use.

- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Previously, the Group included only incremental costs when determining whether a contract was onerous. In accordance with the transitional provisions, the Group has applied the new accounting policy to contracts for which they have not yet fulfilled all their obligations at 1 January 2022, and has concluded that none of them is onerous.

(3) **Critical Accounting Estimates**

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, incomes and expenses. Actual results may differ from these estimates.

The Directors have considered the existing and potential impact arising from the global COVID-19 pandemic in the preparation of the condensed consolidated interim financial information. The Group has based its assumptions and estimates on circumstances and conditions available when the condensed consolidated interim financial information were prepared. Given the unprecedented macro-economic conditions, actual results could differ significantly from those assumptions and estimates. The Directors will remain alert and cautious on the ongoing development of COVID-19 that may cause further volatility and uncertainty in the global financial market and economy and will take necessary measures to address the impact arising therefrom.

(3) Critical Accounting Estimates (continued)

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

(4) Segment Information

For management purposes, the Group is organised into business units based on their products and activities 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 resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that 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 management considers all bank and other borrowings, and loans from related parties in mainland China are managed in the property development segment.

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

(4) **Segment Information** (continued)

	Property development HK\$'000	Property investment HK\$'000	Other HK\$'000	Total HK\$'000
For the six months ended 30 June 2022				
Segment revenue:				
Sales to external customers	480,524	11,876	-	492,400
Segment results	151,062	329,271	(22,663)	457,670
Reconciliation:				
Finance income				10,257
Finance costs				(75,993)
Profit before tax				391,934

	Property development HK\$'000	Property investment HK\$'000	Other HK\$'000	Total HK\$'000
For the six months ended 30 June 2021				
Segment revenue:				
Sales to external customers	2,273,904	9,871	-	2,283,775
Segment results	796,942	70,196	(20,534)	846,604
Reconciliation:				
Finance income				16,860
Finance costs				(57,420)
Profit before tax				806,044

(4) **Segment Information** (continued)

	Property development HK\$'000	Property investment HK\$'000	Other HK\$'000	Total HK\$'000
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As at 30 June 2022

Segment assets	39,261,958	8,016,767	57,932	47,336,657
Reconciliation:				
Unallocated assets				884,727
Total assets				48,221,384
Segment liabilities	(37,003,256)	(7,609)	(1,255,901)	(38,266,766)
Reconciliation:				
Unallocated liabilities				(1,033,243)
Total liabilities				(39,300,009)

	Property development HK\$'000	Property investment HK\$'000	Other HK\$'000	Total HK\$'000
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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)

(5) **Revenue and Other Gains, Net**

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

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Revenue		
From contract with customers		
- Sale of properties recognized at a point of time	480,524	2,273,904
From other sources:		
- Rental income	11,876	9,871
	492,400	2,283,775
Other gains, net		
Exchange (losses)/gains, net	(1,723)	4,486
Sales deposits forfeiture	555	1,308
Others	6,076	2,259
	4,908	8,053

(6) **Finance Income/(Costs)**

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Finance income		
- bank interest income	10,257	16,860
Finance costs		
- interest expenses on bank borrowings	154,126	94,055
- interest expenses on other borrowings	428,412	225,340
- others	1,110	486
Total finance costs incurred	583,648	319,881
Less: amount capitalised in property development projects	(507,655)	(262,461)
Total finance costs expensed during the period	75,993	57,420

For the six months ended 30 June 2022, the capitalised interest rate applied to funds borrowed and used for the development of properties is between 2.05% and 6.50% (for the six months ended 30 June 2021: from 1.99% to 6.50%) per annum.

(7) Profit Before Tax

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

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Cost of properties sold	164,897	1,197,509
Depreciation	11,703	9,392
Exchange losses/(gains), net	1,723	(4,486)
Commission expenses	23,800	97,241
Staff costs		
- wages and salaries	103,501	96,579
- provident fund contributions	16,251	12,905
	119,752	109,484
Less: amount capitalised under property development projects	(40,313)	(43,309)
Total staff costs expensed during the period	79,439	66,175

(8) 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 period (for the six months ended 30 June 2021: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. The corporate income tax rate of the PRC is 25%.

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

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Current income tax – PRC taxation	17,448	435,664
LAT in Mainland China	82,604	334,965
Deferred income tax	59,740	(284,392)
	159,792	486,237

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

The calculation of the basic earnings per share amount is based on the earnings for the period attributable to ordinary equity holders of the Company and the number of shares of 1,711,536,850 (for the six months ended 30 June 2021: 1,711,536,850) in issue during the period.

The Group had no potentially dilutive shares in issue during the six months ended 30 June 2022 and 2021.

(10) Dividends

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Interim - HK3.00 cents (for the six months ended 30 June 2021: Nil) per ordinary share	51,346	-

At a meeting of the board of directors held on 29 August 2022, the directors resolved to pay to shareholders of the Company an interim dividend of HK3.00 cents (for the six months ended 30 June 2021: Nil) per ordinary share for the six months ended 30 June 2022.

(11) Trade and Other Payables and Accruals

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

	30 June 2022	31 December 2021
	HK\$'000	HK\$'000
Not yet due	101	452
Within 1 month	681	-
1 to 3 months	14,489	3,755
Over 3 months	240,487	316,223
	255,758	320,430

(12) Guarantee

As at 30 June 2022, the Group provided guarantees to certain banks in respect of mortgage granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by any of these purchasers, the Group is responsible for repaying the relevant outstanding mortgage principals together with the accrued interest and penalty owed by the defaulting purchasers to the banks, and the Group is entitled but not limited to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of the real estate ownership certificates. As at 30 June 2022, the Group's outstanding guarantees amounted to HK\$1,235,812,000 (31 December 2021: HK\$799,803,000) in respect of these guarantees.

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the Group was engaged in property development and investment businesses. The Group currently mainly holds the Shenzhen GDH City Project and certain investment properties in Shenzhen City, the Guangzhou Yungang City Project in Baiyun District, Guangzhou City, the Ruyingju Project in Panyu District, Guangzhou City, the Guangzhou Laurel House Project in Yuexiu District, Guangzhou City, the Baohuaxuan Project in Liwan District, Guangzhou City, the Chenyuan Road Project and the Jiangmen Ganhua Project in Pengjiang District, Jiangmen City, the Zhuhai Jinwan Project in Jinwan District, Zhuhai City, the Foshan Laurel House Project in Chancheng District, Foshan City, the Zhongshan GDH City Project in Tsuihang New District, Zhongshan City as well as the Huizhou Dayawan Project in Dayawan District, Huizhou City in the People's Republic of China (the “**PRC**” or the “**Mainland China**”).

According to the economic data for the first half of 2022 released by the PRC's National Bureau of Statistics, the PRC's GDP grew by approximately 2.5% over the same period last year, of which, the second quarter grew by 0.4% and 8.2%, respectively over the second quarter of 2021 and the first quarter of 2022, while per capita nominal disposable income of national residents recorded a year-on-year growth of approximately 4.7%. According to the stock housing price movements of representative cities nationwide in June 2022 based on the statistics of Worldunion Electronic Valuation System (EVS) platform, as compared to June 2021, the average stock housing price of Zhuhai City, Foshan City and Guangzhou City increased year-on-year by approximately 1.99%, 1.96% and 0.13% respectively, while that of Shenzhen City, Huizhou City, Jiangmen City and Zhongshan City decreased year-on-year by approximately 2.93%, 2.80%, 1.94% and 1.01% respectively.

In the first half of this year, under the impact of the pandemic, the economy of the PRC was exposed to greater pressure. The management of the Company closely monitored the economic development, the pandemic situation and the market trends, carried out the construction of various projects held by the Group cautiously in accordance with the requirements of “safeguarding quality, ensuring speed and meeting schedule” as well as combined market-oriented strategy with the optimisation of innovative sales tactics. With reference to other key peers in the real estate industry, the Group adhered to product and marketing innovation and full implementation of the development strategy of “reducing costs and enhancing efficiency”, focused on promoting the operation of standardisation system establishment throughout the whole process, conducting in-depth analysis and study of the current market transactions and the mainstream market demand, optimising its product structure based on the core demands of its major customers, and strengthening brand building and brand influence. It was engaged in coordinating internal and external resources and seizing development opportunities in major cities in the Guangdong-Hong Kong-Macao Greater Bay Area (the “**Greater Bay Area**”). The Group adhered to the principles of promoting stability, progressing steadily, actively responsible, staying proactive, as well as giving full play to its role of state-owned enterprise as economy and market stabiliser. The Group currently enjoys a healthy financial position, the support of a robust controlling shareholder and ample project and financial resources. As recommended by the Board, the payment of the 2021 final dividend has been approved at the annual general meeting held on 23 June 2022, in return for the support of the shareholders of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Results

During the period under review, the consolidated revenue of the Group amounted to approximately HK\$492 million (six months ended 30 June 2021: HK\$2,284 million), representing a decrease of approximately 78.4% from the same period last year. The decrease in revenue was mainly attributable to the decrease in the sale of gross floor area (“GFA”) of properties held for sale, which was in line with the development progress of the Group’s various projects. During the period under review, the Group recorded a profit attributable to owners of the Company of approximately HK\$238 million (six months ended 30 June 2021: HK\$333 million), representing a decrease of approximately 28.7% from the same period last year. During the period under review, loss attributable to owners of the Company before taking into account of the net fair value gains on investment properties and the relevant deferred tax expense was approximately HK\$25.60 million (six months ended 30 June 2021: profit of approximately HK\$273 million).

The major factors that affected the aforesaid anticipated results of the Group for the six months ended 30 June 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 period under review decreased as compared to the same period in 2021, the revenue and the profit derived from the sale of such properties decreased as compared to the same period in 2021;
- (b) during the period 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\$239 million, representing an increase as compared to the same period in 2021;
- (c) as the GFA delivered by the Group during the period under review decreased as compared to the same period in 2021, the selling and marketing expenses as well as administrative expenses decreased by approximately HK\$76.36 million and HK\$26.11 million respectively when comparing with the same period in 2021; and
- (d) due to business expansion of the Group, net finance costs increased by approximately HK\$25.18 million when comparing with the same period in 2021.

Interim Dividend

The Board has resolved to declare the payment of an interim dividend of HK3.00 cents (six months ended 30 June 2021: Nil) per ordinary share for the six months ended 30 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business Review

Completed Properties Held for Sale

Property project	Location	Use	Interest held by the Group	Approximate GFA of project (sq. m.)	Accumulated GFA contracted (sq. m.)	Approximate GFA delivered		The proportion of accumulated GFA delivered to GFA available for sale
						Period under review (sq. m.)	Accumulated (sq. m.)	
Northwestern Land of Shenzhen GDH City	Shenzhen City, the PRC	Business apartment / Commercial	100%	114,986	100,144	6,193	99,889	86.9%
Guangzhou Laurel House	Guangzhou City, the PRC	Car-parking spaces	100%	2,764	2,617	800	2,579	93.3%
Ruyingju	Guangzhou City, the PRC	Car-parking spaces	80%	8,052	6,173	277	6,173	76.7%

Properties Held for Sale under Development and Investment Properties under Development

Property project	Location	Use	Interest held by the Group	Approximate total site area (sq. m.)	Approximate GFA* (sq. m.)	Progress	Expected completion and filing date
Northern Land of Shenzhen GDH City Project	Shenzhen City, the PRC	Commercial / Offices / Mall	100%	33,802	146,551	Commercial shopping building completed, tower superstructure topped out, and renovation works in progress	2nd half of 2022
Southern Land of Shenzhen GDH City Project	Shenzhen City, the PRC	Offices / Mall	100%	16,044	199,500	Commercial shopping building structure topped out and the masonry and renovation works in progress, and superstructure construction and masonry and renovation works of the office tower underway	2023
Chenyuan Road Project	Jiangmen City, the PRC	Residential / Commercial service	100%	59,705	164,216	Superstructure of all phases topped out, the first phase of the properties completed, and renovation works of the remaining properties in progress	2nd half of 2022

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Properties Held for Sale under Development and Investment Properties under Development (continued)

Property project	Location	Use	Interest held by the Group	Approximate total site area (sq. m.)	Approximate GFA* (sq. m.)	Progress	Expected completion and filing date
Zhuhai Jinwan Project	Zhuhai City, the PRC	Residential / Commercial	100%	66,090	166,692	Superstructure of the first phase of the properties topped out, and renovation and masonry works in progress; superstructure construction works for other properties underway	2024
Foshan Laurel House Project	Foshan City, the PRC	Residential / Commercial	100%	43,284	151,493	Superstructure construction works of each phase of the properties in progress	2023
Zhongshan GDH City Project	Zhongshan City, the PRC	Residential	97.64%	98,811	247,028	Superstructure of the first phase of the properties topped out, and renovation and masonry works in progress; superstructure construction works for other properties underway	2023
Jiangmen Ganhua Project (Jiangmen Land No. 3 - 5)	Jiangmen City, the PRC	Residential / Commercial	51%	174,538	396,600	Superstructure of all properties on Land No. 3 topped out and renovation works in progress, and superstructure of some properties on Land No. 4 topped out and superstructure construction works of other properties underway	2026
Huizhou Dayawan Project	Huizhou City, the PRC	Residential / Commercial	100%	30,698	92,094	Superstructure of the first phase of the properties topped out, and superstructure construction works for other properties underway	2023
Guangzhou Yungang City Project	Guangzhou City, the PRC	Residential / Commercial	100%	114,463	506,000	Basement and superstructure construction works of each phase of the properties underway	2025

*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)

Projects Which Pre-sale Has Commenced

Property project	Location	Use	Interest held by the Group	Approximate GFA included in calculation of plot ratio (sq. m.)	Approximate GFA contracted Period under review (sq. m.)	Approximate GFA Accumulated (sq. m.)	The proportion of accumulated GFA contracted to GFA available for sale	Date of pre-sale
Chenyuan Road Project	Jiangmen City, the PRC	Residential / Commercial service	100%	164,216	20,395	51,000	31.1%	January 2021
Jiangmen Ganhua Project (Jiangmen Land No. 3 - 5)	Jiangmen City, the PRC	Residential / Commercial	51%	396,600	13,374	39,294	9.9%	May 2021
Zhuhai Jinwan Project	Zhuhai City, the PRC	Residential / Commercial	100%	166,692	10,187	23,132	13.9%	June 2021
Zhongshan GDH City Project	Zhongshan City, the PRC	Residential	97.64%	247,028	5,620	22,997	9.3%	September 2021
Foshan Laurel House Project	Foshan City, the PRC	Residential / Commercial	100%	151,493	12,851	16,152	10.7%	October 2021

During the period 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 64,000 square metres ("sq. m.") and 7,000 sq. m. respectively.

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 Airport Avenue is expected to fully open within the year of 2022 while Guangzhou Metro Line 12 is expected to open in 2023, travel between such land parcel and its surrounding areas will be

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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 in terms of its location, environment, accessibility to transport network and the development of industries nearby, it has promising market prospects. The project has adopted a model of development by phases. As at 30 June 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 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 has been in full swing. As at 30 June 2022, the superstructure of the office tower on the Northern Land development was topped out and renovation works were in progress; and the commercial shopping building was completed; and the superstructure construction and masonry and renovation works of the office tower on the Southern Land development were underway; and the commercial shopping building structure was topped out and the masonry and renovation works were in progress. In respect of the sale of the first phase properties of the Shenzhen GDH City Project, the total GFA of properties contracted for sale amounted to approximately 60,553 sq. m., representing approximately 52.8% of the GFA available for sale during the period under review.

As at 30 June 2022, the accumulated development costs and direct expenses of the Shenzhen GDH City Project amounted to approximately HK\$8,492 million (31 December 2021: HK\$7,643 million), representing a net increase of approximately HK\$849 million during the period under review.

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

The Guangzhou Laurel House Project completed the delivery of all residential units. All residential units of the Ruyingju Project and the Baohuaxuan Project had been delivered, and car-parking spaces of these projects will be sold in the future as planned. During the period under review, the commercial property “GD • Delin (粵海 • 得鄰)” of the Guangzhou Laurel House Project has 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 30 June 2022, the total GFA of lease contracts signed in respect of the commercial shopping building of the Guangzhou Laurel House Project were approximately 16,855 sq. m. with an occupancy rate of approximately 91.8%.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

The 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, including residential units, commercial units, and car-parking spaces, will all be for sale. 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 project is being developed in phases. As at 30 June 2022, the superstructure of all phases was topped out, construction of the first phase was completed, and the renovation works of the remaining properties were in progress. The pre-sale of properties of the first phase development commenced in January 2021, with the project promoted as Jiangmen One Mansion (江門粵海·壹桂府).

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 uses. The proposed types of properties, including residential units, commercial units and car-parking spaces, will all be for sale. 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 30 June 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 properties was under construction. The filing for completion of construction of the project is expected to be made in 2024. The pre-sale of properties of the first phase development commenced in June 2021, with the project promoted as Zhuhai Laurel House (珠海粵海·拾桂府).

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 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. In addition, a nursery with area of 4,860 sq. m. is entrusted to be built with the project and gratuitously transferred to the government of Chancheng District, Foshan City upon completion. 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 30 June 2022, the superstructure of each phase of the properties was under construction. The filing for completion of construction of the whole project is expected to be made in 2023. The pre-sale of properties of the first phase development commenced in October 2021, with the project promoted as Foshan Laurel House (佛山粵海·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 will enjoy rich environmental landscape resources. Coupled with the plan to perfecting the region by education, medical and commercial facilities, 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 30 June 2022, the superstructure of the first phase properties of the project was topped out, and renovation and masonry works were in progress, and the superstructure of the other properties was under construction. The filing for completion of construction of the whole project is expected to be made in 2023. The pre-sale of properties of the first phase development commenced in September 2021, with the project promoted as Zhongshan GDH City (中山粵海城).

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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 adjoining 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, among others, 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. As at 30 June 2022, the superstructure of all properties on Land No. 3 was topped out and the renovation works were in progress; and the superstructure of some properties on Land No. 4 was topped out and the construction works of the superstructure of other properties 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 properties of the first phase development 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 30 June 2022, the superstructure of the first phase properties of the project was topped out, and the superstructure construction works of the other properties were in progress. The pre-sale of properties is expected to commence in the third quarter of 2022. The filing for completion of construction of the project is expected to be made in 2023.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Financial Review

Key Financial Indicators

	For the six months ended 30 June			
	Note	2022	2021	Change
Profit attributable to owners of the Company (HK\$'000)		237,824	333,355	-28.7%
Return on equity (%)	1	2.9%	4.8%	-1.9 ppt
		30 June 2022	31 December 2021	Change
Net asset value (HK\$ million)		8,921	9,318	-4.3%

Note:

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

During the first half of 2022, the Group recorded a decrease in profit attributable to owners of the Company as compared to the same period last year, which was mainly attributable to the GFA of the sold units in the buildings on the Northwestern Land of the Shenzhen GDH City Project delivered during the period under review decreased as compared to the same period in 2021, and the revenue and the profit derived from the sale of such properties decreased as compared to the same period in 2021. For details, please refer to the “Results” section in this Management Discussion and Analysis.

Given that the Group’s business and most of its assets are denominated in RMB, the profit attributable to owners of the Company and the exchange rate movements of RMB against HKD for the period, together with the dividends provided are the primary factors affecting the change in its net asset value. The three aforementioned factors in aggregate contributed to a decrease of approximately 4.3% from that as at the end of 2021 in the Group’s net asset value.

Operating Income, Expenses and Finance Costs

During the first half of 2022, the Group recorded selling and marketing expenses of approximately HK\$123 million (six months ended 30 June 2021: HK\$200 million), representing a decrease of approximately 38.5% from that for the same period last 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 the first half of 2022 amounted to approximately HK\$101 million (six months ended 30 June 2021: HK\$128 million), representing a decrease of approximately 21.1% from that for the same period last year, which was mainly attributable to a decrease in the related business taxes and surcharges due to a decrease in revenue.

During the period under review, the Group borrowed loans to support its business development and recorded finance costs of approximately HK\$584 million (six months ended 30 June 2021: HK\$320 million), of which approximately HK\$508 million was capitalised while the remaining portion of approximately HK\$75.99 million was charged to the statement of profit or loss.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Capital Expenditure

The amount of capital expenditure paid by the Group during the first half of 2022 was approximately HK\$369 million (six months ended 30 June 2021: HK\$367 million). The capital expenditure for the period was mainly used for the investment properties under development of the Shenzhen GDH City Project.

Financial Resources and Liquidity

As at 30 June 2022, the equity attributable to owners of the Company was approximately HK\$8,122 million (31 December 2021: HK\$8,486 million), representing a decrease of approximately 4.3% from that as at the end of 2021. Based on the number of shares in issue as at 30 June 2022, the net asset value per share at the period end was approximately HK\$4.75 (31 December 2021: HK\$4.96) per share, representing a decrease of approximately 4.2% from that as at the end of 2021.

As at 30 June 2022, the Group had cash and cash equivalents of approximately HK\$3,161 million (31 December 2021: HK\$2,588 million), representing an increase of approximately 22.1% from that as at the end of last year. The increase in cash and cash equivalents was mainly due to more new bank and other loans during the period under review. The main purpose for such new interest-bearing loans is 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 30 June 2022, approximately 99.6% was in RMB and approximately 0.4% was in HKD. Net cash outflows from operating activities for the first half of 2022 amounted to approximately HK\$7,788 million (six months ended 30 June 2021: HK\$4,129 million).

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 period 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 30 June 2022, the Group had interest-bearing borrowings from certain banks and related parties of the Company amounting to approximately HK\$28,153 million (31 December 2021: HK\$19,664 million) in aggregate, with a gearing ratio¹ of approximately 280.2% (31 December 2021: 183.3%). According to the relevant loan agreements, approximately HK\$2,486 million of the interest-bearing loans are repayable within one year; approximately HK\$16,857 million are repayable within one to two years; and the remaining approximately HK\$8,810 million are repayable within two to five years. The Group obtained funds for business development through different financing channels and effectively controlled its finance costs. As at 30 June 2022, the weighted average effective interest rate of the Group's bank and other borrowings was 4.92% (31 December 2021: 4.65%) per annum. As at 30 June 2022, the banking facilities available to the Group were approximately RMB3,444 million (equivalent to approximately HK\$4,027 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.

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

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Asset Pledged and Contingent Liabilities

As at 30 June 2022, the Group's certain properties amounting to approximately HK\$20,536 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.), 珠海粵海置地有限公司 (Zhuhai Yuehai Land Co., Ltd.) and 佛山粵海置地有限公司 (Foshan Yuehai Land Co., Ltd.) were pledged to secure certain bank loans.

In addition, as at 30 June 2022, the Group provided guarantees of approximately HK\$1,236 million (31 December 2021: HK\$800 million) to certain banks in relation to the mortgage loans on properties sold (please refer to note 12 in this announcement for details). Save for the above, the Group did not have any other material contingent liabilities as at 30 June 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 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 diversifies 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 30 June 2022, the Group had total outstanding interest-bearing loans of approximately HK\$28,153 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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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 “Significance to our Stakeholders” and “Importance to Guangdong Land's Development”, by conducting proactive and comprehensive stakeholder communication from multiple perspectives in various ways, such as face-to-face communication, email correspondence, telephone interviews 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 prepared its 2021 ESG report and published it in May 2022. The report summarises the Group's initiatives and achievements in respect of corporate social responsibility, covering various aspects including corporate governance, environmental protection, care for employees, quality management, care for the community and other aspects in 2021. To redouble its ESG efforts and uphold the corporate philosophy of sustainability, the Company established the ESG Committee with the ESG Working Group under it. Authorised by the Board, the ESG Committee is responsible for determining the ESG management objectives, approaches and implementation paths, monitoring the implementation and effectiveness of the relevant policies and practices adopted, and leading and overseeing the work of the ESG Working Group, with the aim of improving the ESG performance of the Group.

Human Resources

As at 30 June 2022, the Group had 575 (31 December 2021: 577) employees. 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 the performance of individual employees. There was no share option scheme of the Company in operation during the period under review. The Group offers different training courses to its employees.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Outlook

In the first half of 2022, under the impact of factors such as radical changes in international situations including Russian-Ukrainian conflict as well as the resurgence of the pandemic caused by COVID-19 variants, China's economy has faced shrinking demand, supply shock, and weakening expectations, with a slowdown in its economic growth. As the pandemic within China improved, the PRC government has adopted a series of policies and measures to stabilise the macro economy, to facilitate the resumption of work, production, commerce and market, and to promote the rebound of consumption, as a result the macro economy began to show signs of recovery.

In the first half of 2022, the PRC government has continued to optimise its real estate regulatory policies and re-emphasised “the position of housing is for living in, not for speculation”. Organisations such as China Banking and Insurance Regulatory Commission, the People's Bank of China, and State Administration of Foreign Exchange (外匯局) have constantly stated that, it is necessary to continue improving the real estate long-term mechanism of “stabilising land prices, housing prices, and market expectations”, to actively promote the change of development methods in real estate industry, to encourage institutions to carry out merger and acquisition loan business in a prudent and orderly manner, to appropriately increase the macro leverage ratio, to strengthen counter-cyclical adjustments, and to rectify the credit-squeeze actions on real estate enterprises, so as to prevent and solve real estate market risks and facilitate the virtuous cycle and healthy development of the real estate industry. According to the Loan Prime Rate (LPR) announced by the central bank, since May 2022, the over 5-year LPR has maintained at 4.45%, representing a decrease of 15 basis points when compared with the over 5-year LPR from January to April of 4.6%, and there was a further reduction in housing mortgage rates among various regions, and housing mortgage rates in most cities are expected to drop to the lower limit. The meeting of Political Bureau of the Central Committee has set the tone for the property market and has sent out positive signals, and after addressing the idea of “supporting local governments in improving their real estate policies based on the actual circumstances in their respective regions; supporting inelastic demand and housing improvement demand; and optimising the regulation of pre-sale funds on commodity housing”, cities including Shenzhen, Dongguan, Foshan, and Zhongshan in the Greater Bay Area have successively issued notices regarding the promotion of healthy development of real estate market, as well as adopted a series of measures such as relaxation on purchase restrictions.

Looking forward to the second half of the year, it is expected that the central government will continue to lower the Required Reserve Ratio and interest rates to relieve the real economy, the financing environment for real estate enterprises will be moderately relaxed, and the local governments will increase their efforts to restore the “generating” function of real estate enterprises. The economy of the Greater Bay Area has maintained a good momentum in growth, and inelastic market demand and housing improvement demand have received support, which drive a steady increase in transaction volume. The growth rate of the sales area of commodity premises will slowly rise again, the growth of housing price tends to stabilise, and the momentum of the real estate development and investment increases. In the long run, the persistently sound fundamentals of the PRC's economy coupled with steady property development and investment will continue to facilitate the stable and healthy growth of the Mainland China's property sector.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

With the full implementation of the development strategy of the Greater Bay Area and its economy maintaining positive growth momentum, the Group's projects such as Shenzhen GDH City, Guangzhou Yungang City, Guangzhou Laurel House, Zhuhai Jinwan, Jiangmen Chenyuan Road, Jiangmen Ganhua, Huizhou Dayawan, Foshan Laurel House and Zhongshan GDH City are all located in the core cities of the Greater Bay Area and will benefit from the strong development momentum of these areas.

The Group will continue to seek progress while maintaining stability, make every effort to complete the construction, sales and operation of the existing projects, and leverage its status as a provincial state-owned enterprise and the resource advantages of its shareholders to seize business opportunities and innovate project development models. Through high-quality project mergers and acquisitions, cultivation of redevelopment projects, and strategic cooperation projects, the Group will continue to seek exceptional development opportunities in the Greater Bay Area. It will also continue to promote lean management, position itself strategically as “the influential, comprehensive development expert in the Greater Bay Area”, adhere to the spirit of ingenuity, and continuously create mid-to-high-end products that meet the needs of the markets and customers, so as to further strengthen the Company's management in real estate development and operation, boost the brand awareness and reputation, and enhance the Company's competitiveness in the industry.

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance Code

The Company has complied with the code provisions and, where appropriate, adopted the applicable recommended best practices set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2022.

Interim Dividend

The Board has resolved to declare the payment of an interim dividend of HK3.00 cents (six months ended 30 June 2021: Nil) per ordinary share for the six months ended 30 June 2022 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Monday, 10 October 2022. The interim dividend is expected to be paid on or about Wednesday, 26 October 2022.

Closure of Register of Members

The register of members of the Company will be closed on Monday, 10 October 2022 and no transfer of shares will be registered on that day. In order to qualify for the interim dividend, all transfer 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 not later than 4:30 p.m. on Friday, 7 October 2022.

Review of Interim Results

The Audit Committee of the Company has reviewed the unaudited interim financial information of the Group and the Company's interim report for the six months ended 30 June 2022. In addition, the unaudited condensed consolidated interim financial information has been reviewed by the Company's independent auditor, KPMG, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

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 six months ended 30 June 2022.

By Order of the Board
Guangdong Land Holdings Limited
LAN Runing
Chairman

Hong Kong, 29 August 2022

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. Alan Howard SMITH, Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho.