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寶新置地集團有限公司
GLORY SUN LAND GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 299)

2021 FINAL RESULTS ANNOUNCEMENT

The directors (the "Directors") of Glory Sun Land Group Limited (the "Company") are pleased to announce the consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2021 (the "Year") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000 (re-presented)
Continuing operations			
Revenue	5	**5,504,341**	6,766,470
Cost of sales		**(5,234,073)**	(6,712,494)
Gross profit		**270,268**	53,976
Selling expenses		**(99,558)**	(94,291)
Administrative expenses		**(141,074)**	(117,782)
Gain on disposal of subsidiaries		**296,057**	–
Fair value gain/(loss) on investment properties		**70,713**	(52,297)
Fair value gain on derivative financial asset		**1,313**	18,291
Impairment losses on goodwill		–	(18,566)
Impairment losses on property, plant and equipment		**(35,755)**	(34,687)
Impairment losses on financial and contract assets – net		**(23,005)**	(83,723)
Other income, gains/(losses) – net	6	**9,875**	75,483
Profit/(loss) from operations		**348,834**	(253,596)
Finance costs	7	**(125,036)**	(97,687)

	Notes	2021 HK$'000	2020 HK$'000 (re-presented)
Profit/(loss) before income tax	*9*	**223,798**	(351,283)
Income tax expense	*8*	**(3,541)**	(29,629)
Profit/(loss) for the year from continuing operations		**220,257**	(380,912)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	*10*	**84,452**	(409,710)
Profit/(loss) for the year		**304,709**	(790,622)
Other comprehensive income, net of tax			
Item that will not be reclassified to profit or loss:			
Fair value changes of equity instruments at fair value through other comprehensive income ("FVTOCI")		**(2,782)**	(32,822)
		(2,782)	(32,822)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**180,390**	249,868
Exchange differences reclassified to profit or loss on disposal of subsidiaries		**(31,732)**	–
		148,658	249,868
Other comprehensive income for the year, net of tax		**145,876**	217,046
Total comprehensive income for the year		**450,585**	(573,576)

	Notes	2021 HK$'000	2020 HK$'000 (re-presented)
Profit/(loss) for the year attributable to:			
Owners of the Company			
– Continuing operations		**250,169**	(325,434)
– Discontinued operations		**84,452**	(409,710)
Profit/(loss) for the year attributable to owners of the Company		**334,621**	(735,144)
Non-controlling interests			
– Continuing operations		**(29,912)**	(55,478)
Loss for the year attributable to non-controlling interests		**(29,912)**	(55,478)
		304,709	(790,622)
Total comprehensive income for the year attributable to:			
Owners of the Company		**393,486**	(624,980)
Non-controlling interests		**57,099**	51,404
		450,585	(573,576)
Earnings/(loss) per share – basic and diluted *(HK cents)*			
– Continuing operations	*12*	**4.79**	(7.16)
– Discontinued operations	*12*	**1.62**	(9.00)
		6.41	(16.16)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment		**137,116**	159,448
Investment properties		**4,063,202**	6,034,541
Goodwill		**–**	–
Other intangible assets		**–**	101,348
Financial assets at FVTOCI		**4,694**	7,477
Deferred tax assets		**–**	36,657
		4,205,012	6,339,471
Current assets			
Inventories		**10,016,940**	10,875,059
Contract assets		**34,619**	33,293
Derivative financial asset		**–**	32,044
Trade and other receivables	*13*	**5,116,986**	5,002,498
Tax recoverable		**53,487**	30,616
Pledged and restricted bank deposits		**381,882**	618,133
Bank and cash balances		**341,393**	735,501
		15,945,307	17,327,144
Current liabilities			
Borrowings		**5,404,088**	5,420,474
Trade and other payables	*14*	**4,039,754**	4,058,138
Consideration payable		**–**	589
Contract liabilities		**2,351,563**	1,923,928
Lease liabilities		**5,918**	6,521
Current tax liabilities		**101,877**	206,553
		11,903,200	11,616,203
Net current assets		**4,042,107**	5,710,941
Total assets less current liabilities		**8,247,119**	12,050,412

	Notes	**2021**	2020
		HK$'000	*HK$'000*
Non-current liabilities			
Borrowings		**2,663,386**	6,943,190
Consideration payable		**–**	163,747
Financial guarantee		**89,628**	–
Lease liabilities		**58,626**	53,430
Deferred tax liabilities		**643,522**	812,689
		3,455,162	7,973,056
NET ASSETS		**4,791,957**	4,077,356
Capital and reserves			
Share capital		**273,006**	227,505
Reserves		**2,680,928**	2,055,344
Equity attributable to owners of the Company		**2,953,934**	2,282,849
Non-controlling interests		**1,838,023**	1,794,507
TOTAL EQUITY		**4,791,957**	4,077,356

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business in Hong Kong is 18/F., Wing On Centre, 111 Connaught Road Central, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are property development and property investment, trading of commodities, operation of a golf practising court, a karaoke box, children playrooms and fitness rooms as well as trading of home appliances and building materials in The People's Republic of China (the "PRC").

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

(c) Going concern assumption

As at 31 December 2021, the Group had total borrowings of approximately HK$8,067,474,000, of which the current borrowings amounted to approximately HK$5,404,088,000. However, the Group had bank and cash balances of approximately HK$341,393,000 only.

The above events or conditions indicate the existence of material uncertainties which cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

For the purpose of assessing going concern, the directors of the Company have prepared a cash flow forecast of the Group covering a period of twelve months from the end of the reporting period (the "Cash Flow Forecast") with plans and measures to mitigate the liquidity pressure and to improve its financial position. Certain plans and measures have been or will be taken by the directors of the Company include, but not limited to, the following:

(i) The Group has been actively negotiating with the fund providers in respect of certain borrowings with an aggregate amount of approximately HK$1,092 million, which are repayable during the year ending 31 December 2022 (the "Renewable Borrowings"), for an extension of maturity beyond 31 December 2022 in order to improve the cash flows of the Group. The directors of the Company are confident that the extension would be granted based on their advanced negotiation with the fund providers;

(ii) As at 31 December 2021, the Group had a number of unutilised loan facilities of approximately HK$5,294 million. Subsequent to 31 December 2021, the Group has further obtained a number of other loan facilities in the aggregate amount of approximately HK$43 million. Subsequent to 31 December 2021, the Group has drawn down approximately HK$32 million. In this respect, the directors of the Company are confident that these unutilised loan facilities could provide adequate financing funding to the Group, as and when necessary; and

(iii) the Group will accelerate the pre-sales of its major property development projects during the period of the Cash Flow Forecast.

Based on the Cash Flow Forecast assuming the above plans and measures can be successfully implemented as scheduled, the directors of the Company are of the opinion that the Group is able to continue as a going concern and would have sufficient financial resources to finance the Group's operations and meet its financial obligations as and when they fall due. Accordingly, it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group fail to achieve the above plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their net realisable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

(d) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's presentation and functional currency.

3. ADOPTION OF HKFRSS

(a) Adoption of new or amended HKFRSs – effective 1 January 2021

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest Rate Benchmark Reform – Phase 2

In addition, the Group has early applied the amendment to HKFRS 16 COVID-19-Related Rent Concessions beyond 30 June 2021 ahead of the effective date and applied the amendment from 1 January 2021.

The application of the new or amended HKFRSs had no material impact on the Group's results and financial position for the current or prior period.

Amendment to HKFRS 16 COVID-19-Related Rent Concessions beyond 30 June 2021

In April 2021, the HKICPA issued an amendment to HKFRS 16: *Covid-19-Related Rent Concessions beyond 30 June 2021*, which extended the above practical expedient to reductions in lease payments that were originally due on or before 30 June 2022. This amendment is effective for annual periods beginning on or after 1 April 2021 with earlier application permitted. The amendment is to be applied mandatorily by those entities that have elected to apply the previous amendment *Covid-19-Related Rent Concess*ions. The Group has early adopted the amendment *Covid-19-Related Rent Concessions beyond 30 June 2021* in the current annual financial statements.

The early application of such amendment has had no material impact on the Group's results and financial positions for the current and prior years.

(b) New or amended HKFRSs that have been issued but are not yet effective

The following new or amended HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 17	Insurance Contracts and the related Amendments[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Annual Improvements to HKFRS 2018-2020 Cycle	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards, HKFRS 9 Financial Instruments, HKFRS16 Leases and HKAS 41 Agriculture[1]

[1] Effective for annual periods beginning on or after 1 January 2022.

[2] Effective for annual periods beginning on or after 1 January 2023.

[3] No mandatory effective date yet determined but available for adoption.

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's consolidated financial statements.

4. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group has several operating segments as follows:

Yacht club	–	operation of a yacht club
Training	–	provision of training services
Real estate and property investment	–	property development and property investment
Trading of commodities	–	trading of commodities
Construction	–	provision of construction works
Others	–	operation of a golf practising court;
	–	operation of children playrooms;
	–	operation of fitness rooms;
	–	operation of a karaoke box; and
	–	trading of home appliances and building materials

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

For the year ended 31 December 2021, the operating segment of yacht club and training was discontinued.

For the year ended 31 December 2021, others included operation of a golf practising court, operation of children playrooms, fitness rooms, a karaoke box, and trading of home appliances and building materials. (For the year ended 31 December 2020, others included only operation of a golf practising court and trading of seafood). The Group disposed of its business of trading of seafood during the Year.

Segment revenue and results

Revenue reported below represents revenue generated from external customers. There were no inter-segment sales in both years.

The following is an analysis of revenue and results by operating segment of the Group:

For the year ended 31 December 2021

	Continuing operations					Discontinued operations			
	Real estate and property investment	Trading of commodities	Construction	Others	Subtotal	Yacht club	Training	Subtotal	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**1,466,901**	**3,948,164**	**–**	**89,276**	**5,504,341**	**6,568**	**–**	**6,568**	**5,510,909**
Segment results	**(24,496)**	**2,884**	**(7)**	**13,269**	**(8,350)**	**(4,149)**	**(7,291)**	**(11,440)**	**(19,790)**
Fair value gain on investment properties									**70,713**
Fair value gain on derivative financial asset									**1,313**
Gain on disposal of subsidiaries									**399,199**
Other income, gains/(losses) - net									**18,246**
Finance costs									**(140,643)**
Unallocated corporate expenses									**(20,788)**
Profit before income tax									**308,250**

For the year ended 31 December 2020

	Continuing operations					Discontinued operations			
	Real estate and property investment *HK$'000*	Trading of commodities *HK$'000*	Construction *HK$'000*	Others *HK$'000*	Subtotal *HK$'000*	Yacht club *HK$'000*	Training *HK$'000*	Subtotal *HK$'000*	Total *HK$'000* (re-presented)
Revenue	532,724	6,129,006	–	104,740	6,766,470	10,000	8,915	18,915	6,785,385
Segment results	(222,056)	(8,354)	(59,830)	18,544	(271,696)	(249,314)	(197,113)	(446,427)	(718,123)
Fair value loss on investment properties									(52,297)
Fair value gain on derivative financial asset									18,291
Other income, gains/(losses) – net									85,733
Finance costs									(120,484)
Unallocated corporate expenses									(23,997)
Loss before income tax									(810,877)

5. REVENUE

Disaggregation of revenue from contracts with customers by major products or service line for the Year is as follows:

	2021	2020
	HK$'000	*HK$'000*
		(re-presented)
Continuing operations:		
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of properties	**1,446,556**	519,541
Trading of commodities	**3,948,164**	6,129,006
Others	**89,276**	104,740
	5,483,996	6,753,287
Revenue from other sources		
Rental income	**20,345**	13,183
	5,504,341	6,766,470
Discontinued operations:		
Revenue from contracts with customers within the scope of HKFRS 15		
Training services	**–**	8,915
Yacht club services	**291**	1,612
	291	10,527
Revenue from other sources		
Rental income	**6,277**	8,388
	6,568	18,915
	5,510,909	6,785,385

6. OTHER INCOME, GAINS/(LOSSES) – NET

	2021	2020
	HK$'000	*HK$'000*
		(re-presented)
Continuing operations:		
Interest income from bank balances	**9,909**	18,088
Interest income from bond receivable	**–**	12,135
Loss from derecognition of derivative financial asset	**(33,357)**	–
Gain from derecognition of financial guarantee contract	**–**	33,419
Government grants	**210**	2,221
Dividend income	**–**	9,100
Foreign exchange gain/(loss) – net	**28,370**	(1,278)
Loss on disposal of property, plant and equipment	**(1)**	(123)
Gain on early termination of lease	**2**	–
Others	**4,742**	1,921
	9,875	75,483
Discontinued operations:		
Interest income from bank balances	**15**	18
Foreign exchange gain- net	**8,375**	–
Others	**(19)**	10,232
	8,371	10,250
	18,246	85,733

7. FINANCE COSTS

	2021	2020
	HK$'000	HK$'000
		(re-presented)
Continuing operations:		
Interest on bank borrowings	**359,475**	274,957
Interest on other borrowings	**315,041**	267,247
Interest on note payables	**–**	6,331
Interest on corporate bonds	**81,712**	96,737
Interest on PRC corporate bonds	**–**	19,356
Interest on loans from related parties	**93,705**	72,740
Interest on lease liabilities	**6,003**	3,086
	855,936	740,454
Amount capitalised	**(730,900)**	(642,767)
	125,036	97,687
Discontinued operations:		
Interest on bank borrowings	**2,597**	3,971
Imputed interest on consideration payable	**13,010**	18,826
	15,607	22,797
	140,643	120,484

8. INCOME TAX EXPENSE

The amount of taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2021	2020
	HK$'000	*HK$'000*
		(re-presented)
Continuing operations:		
Current tax:		
– PRC Enterprise Income Tax ("EIT")	**76,219**	7,588
– PRC Land Appreciation tax	**39,448**	47,795
	115,667	55,383
Deferred tax:		
– Current year	**(112,126)**	(25,754)
	3,541	29,629
Discontinued operations:		
Current tax:		
— EIT	—	4
Deferred tax:		
— Current year	—	(49,888)
	—	(49,884)
	3,541	(20,255)

9. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax expense is arrived at after charging/(crediting):

	2021	2020
	HK$'000	*HK$'000*
		(re-presented)
Continuing operations:		
Cost of inventories	**5,059,496**	6,469,228
Write-down of inventories	**163,998**	136,826
Cost of inventories recognised as expenses	**5,223,494**	6,606,054
Auditor's remuneration		
– Annual audit	**3,180**	3,000
– Other audit and non-audit services	**588**	470
Depreciation		
– Owned property, plant and equipment	**17,412**	9,610
– Leasehold land for own use	**4,242**	6,342
– Properties leased for own use	**8,794**	5,499
	30,448	21,451
Loss on disposal of property, plant and equipment	**1**	123
Gain on early termination of lease	**(2)**	–
Impairment losses on goodwill	**–**	18,566
Impairment losses on property, plant and equipment	**35,755**	34,687
Impairment losses on financial and contract assets – net	**23,005**	83,723
Short-term leases expenses	**1,252**	2,111
Direct operating expenses arising from investment properties that generated rental income	**1,040**	1,621
Discontinued operations:		
Amortisation of other intangible assets (included in cost of sales)	**4,303**	36,875
Depreciation		
– Owned property, plant and equipment	**194**	1,382
Impairment losses on other intangible assets	**10,211**	419,802
Impairment losses on financial assets – net	**725**	42

10. DISCONTINUED OPERATIONS

On 23 July 2021, an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement to dispose of the entire equity interest of Yue Jin Asia Limited ("Yue Jin Asia") (together with an interest-free shareholder's loan owned by Yue Jin Asia) for a cash consideration of HK$1. Yue Jin Asia and its subsidiaries are principally engaged in operation of a yacht club as well as provision of training services in the PRC. The disposal was completed on 23 July 2021.

The revenue, results and cash flows of Yue Jin Asia were as follows:

	Notes	**1 January to 23 July 2021** *HK$'000*	1 January to 31 December 2020 *HK$'000*
Revenue	*5*	**6,568**	18,915
Cost of sales		**(6,233)**	(41,694)
Selling expenses		**—**	(111)
Administrative expenses		**(853)**	(4,313)
Impairment losses on other intangible assets		**(10,211)**	(419,802)
Impairment losses on financial assets – net		**(725)**	(42)
Other income, gains/(losses)	*6*	**8,371**	10,250
Loss from operations		**(3,083)**	(436,797)
Finance costs	*7*	**(15,607)**	(22,797)
Loss before income tax		**(18,690)**	(459,594)
Income tax credit	*8*	**—**	49,884
Loss after tax from discontinued operations		**(18,690)**	(409,710)
Gain on disposal of subsidiaries	*15(a)*	**103,142**	—
Profit/(loss) for the year from discontinued operations		**84,452**	(409,710)

11. DIVIDENDS

The Directors of the Company do not recommend payment of any final dividend for the Year (2020: Nil).

12. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

	2021	2020
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings/(loss) per share	**5,218,284**	4,550,105

(a) From continuing and discontinued operations

	2021	2020
	HK$'000	*HK$'000*
		(re-presented)
Profit/(loss) for the purpose of calculating basic earnings/(loss) per share	**334,621**	(735,144)

(b) From continuing operations

	2021	2020
	HK$'000	*HK$'000*
		(re-presented)
Profit/(loss) for the year attributable to owners of the Company	**334,621**	(735,144)
Less: Profit/(loss) for the year from discontinued operations	**84,452**	(409,710)
Profit/(loss) for the purpose of calculating basic earnings/(loss) per share from continuing operations	**250,169**	(325,434)

(c) From discontinued operations

	2021	2020
	HK$'000	*HK$'000*
		(re-presented)
Profit/(loss) for the purpose of calculating basic earnings/(loss) per share from discontinued operations	**84,452**	(409,710)

There was no dilutive potential ordinary shares outstanding for the years ended 31 December 2020 and 2021.

13. TRADE AND OTHER RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**77,179**	113,253
Less: loss allowance for expected credit losses	**(697)**	(782)
	76,482	112,471
Other receivables	**108,089**	183,596
Other receivables from related parties	**498**	558
Consideration receivables	**540,039**	13,416
Prepayments and other deposits	**4,267,383**	4,407,020
Other tax assets	**124,495**	285,437
	5,040,504	4,890,027
Total trade and other receivables	**5,116,986**	5,002,498

The Group generally allows an average credit period of 2 days (2020: 2 days) for the sales of properties, 10 days (2020: 10 days) for its customers of the trading of commodities and 30 days (2020: 30 day) for its customers of the trading of home appliances and building materials.

Included in trade receivables are trade debtors (net of impairment losses) with the following aging analysis, based on invoice dates, as of the end of reporting period.

	2021	2020
	HK$'000	*HK$'000*
0–30 days	**10,811**	38,137
31–60 days	**11,122**	3,443
61–90 days	**860**	312
91–120 days	**5,307**	301
Over 120 days	**48,382**	70,278
	76,482	112,471

14. TRADE AND OTHER PAYABLES

	2021	2020
	HK$'000	*HK$'000*
Trade payables	**2,940,351**	2,978,021
	2,940,351	2,978,021
Wages and salaries payables	**13,437**	23,421
Accruals	**4,092**	5,706
Other tax liabilities	**73,874**	2,943
Interest payables	**222,023**	206,406
Interest payables to related parties	**33,857**	24,589
Secured deposits from contractors	**355,490**	341,204
Other payables	**342,805**	314,867
Other payable to an non-controlling interest	**48,554**	46,916
Other payables to related parties	**5,271**	114,065
	1,099,403	1,080,117
	4,039,754	4,058,138

The credit period of trade payables in relation to the trading of commodities is ranged from 10 to 360 days (2020: ranged from 10 to 180 days), the provision of real estate and property investment is ranged from 7 to 30 days (2020: ranged from 7 to 30 days) and the trading of home applicances and buillding materials is 30 days (2020: 30 days).

Included in trade payables are trade creditors with the following aging analysis, based on invoice dates, as of the end of reporting period:

	2021	2020
	HK$'000	*HK$'000*
0–30 days	**1,870,833**	1,963,931
31–60 days	**7,178**	11,936
61–90 days	**4,392**	2,503
91–120 days	**7,592**	517
Over 120 days	**1,050,356**	999,134
	2,940,351	2,978,021

15. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Yue Jin Asia

As stated in note 10, on 23 July 2021, the Group disposed of its entire equity interest in Yue Jin Asia for a cash consideration of HK$1.

Net liabilities at the date of disposal were as follows:

	HK$'000
Property, plant and equipment	1,403
Other intangible assets	88,851
Bank and cash balances	3,737
Current tax assets	9
Trade and other receivables	10,957
Trade and other payables	(15,762)
Borrowings	(52,800)
Consideration payable	(179,826)
Amount due to the Group	(305,346)
Current tax liabilities	(4,725)
Net liabilities disposed of	(453,502)
Release of translation reserve	(34,114)
Derecognition of goodwill *(note)*	—
Assignment of amount due to the Group	305,346
Gain on disposal of subsidiaries *(note 10)*	103,142
Total consideration	(79,128)
Satisfied by:	
Cash	—*
Non-cash	(79,128)
Net cash inflow arising on disposal:	
Cash consideration received	—*
Cash and cash equivalents disposed of	(3,737)
	(3,737)

* Represents the balance less than HK$1,000

Note: The goodwill had been fully impaired in prior years.

(b) Disposal of Shenzhen Xinhengchuang Industrial Company Limited (“Xinhengchuang”)

On 22 December 2021, the Group disposed of its entire equity interest in Xinhengchuang for a cash consideration of RMB300,000,000 (HK$367,500,000).

Net liabilities at the date of disposal were as follows:

	HK$'000
Property, plant and equipment	4,019
Investment properties	2,224,723
Deferred tax assets	39,069
Inventories	3,219,639
Trade and other receivables	385,126
Current tax assets	27,155
Pledged bank balances	68,180
Bank and cash balances	54,527
Trade and other payables	(1,353,920)
Borrowings	(2,666,248)
Contract liabilities	(1,823,945)
Current tax liabilities	(111,835)
Deferred tax liabilities	(88,298)
Net liabilities disposed of	(21,808)
Release of translation reserve	5,429
Gain on disposal of subsidiaries	294,251
Total consideration	277,872
Satisfied by:	
Cash	367,500
Non-cash	(89,628)
Net cash inflow arising on disposal:	
Cash consideration received	220,500
Cash and cash equivalents disposed of	(54,527)
	165,973

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The below sections set out an extract of the report by BDO Limited, the auditor of the Company (the "Auditor"), regarding the consolidated financial statements of the Group for the year ended 31 December 2021.

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the "Basis for Disclaimer of Opinion" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Scope limitation relating to appropriateness of the going concern assumption

As disclosed in note 2(c) to the consolidated financial statements, as at 31 December 2021, the Group had total borrowings of approximately HK$8,067,474,000, of which the current borrowings amounted to approximately HK$5,404,088,000. However, the Group had bank and cash balances of approximately HK$341,393,000 only.

The above events or conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

In view of the above circumstances, the directors of the Company have prepared a cash flow forecast (the "Cash Flow Forecast") which takes into account of the plans and measures as set out in note 2(c) to the consolidated financial statements. Based on the assessment made by the directors of the Company, assuming the plans and measures can be successfully implemented as scheduled, the Group is able to continue as a going concern and it is appropriate to prepare the consolidated financial statements on a going concern basis.

The appropriateness of the consolidated financial statements prepared on a going concern basis largely depends on whether those plans and measures as detailed in note 2(c) can be successfully implemented as scheduled.

However, in respect of the plans and measures that the Group would successfully (1) negotiate with fund providers in respect of certain borrowings repayable during the year ending 31 December 2022 (the "Renewable Borrowings") for an extension of maturity beyond 31 December 2022; (2) make further drawdown of the unutilised loan facilities (the "Unutilised Facilities") from the fund providers, as and when necessary; and (3) accelerate the pre-sales of major property development projects of the Group, the directors of the Company have not provided us with sufficient supportable evidence that enables us to evaluate (1) the feasibility that the fund providers of the Renewable Borrowings would grant the Group an extension; and (2) the financial viability of those fund providers of the Unutilised Facilities to the extent that is necessary based on the Cash Flow Forecast; and (3) the basis of the estimation of scale of proceeds from the pre-sales of the major property development projects of the Group in the period of the Cash Flow Forecast.

Due to the limitations on our scope of work as stated above and there are no alternative audit procedures that we can perform to obtain sufficient appropriate audit evidence to support the above plans and measures can be successfully implemented, As a result, we were unable to obtain sufficient appropriate evidence to conclude whether the directors' use of the going concern basis of accounting to prepare the consolidated financial statements is appropriate.

Should the Group fail to continue as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their net realisable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

INDUSTRY AND MARKET OVERVIEW

In 2021, the global economic situation became more complex, challenging and uncertain with the spreading of pandemic worldwide. While implementing the prevention and control strategy of "preventing the importation of cases and the rebound of domestic pandemic situation" (外防輸入、內防反彈), the PRC government has maintained a global leading position in economic development and pandemic prevention and control. In 2021, the PRC's gross domestic product (GDP) increased by approximately 8.1% year-on-year, with the economic aggregate exceeding RMB110 trillion and GDP per capita reaching US$12,000, which accomplished a good start of the "14th Five-Year Plan" and a further enhancement of the economic scale and international influence of the PRC. But meanwhile, against the backdrop of the continuous spread of the pandemic and the geopolitical turmoil, the PRC still faces the pressures of shrinking demand, disrupted supply, and weakening expectations. In the future, economic development will continue to adhere to the principle of seeking progress while prioritizing and ensuring stability.

Under the macro policy of "housing is for living rather than speculation" (房住不炒) and "Three Red Lines" (三道紅線), in late 2020 and early 2021, the PRC government successively introduced regulatory policies such as "Management of Concentration of Real Estate Loan" (貸款集中度管理) and "Two Concentrations of Land Supply" (土地兩集中) to limit the over-expansion of the real estate industry. Affected by regulatory policies, the risks of high-leverage operations of some real estate companies had gradually surfaced, and the industry's financing channels were experiencing overall shrinkages. At the same time, the continued simmering of the liquidity crisis has aggravated the wait-and-see attitude of property buyers, capital market participants and other market participants, and the lack of willingness to buy property has deteriorated the real estate sales. In 2021, both the new and second-hand housing markets were under cold sentiment, resulting in the significantly intensified downward pressure on housing prices. Constrained by factors such as the tightening of the credit environment and financing channels, the depressed sales market, and the intensification of debt repayment pressure, the real estate industry has experienced a concentrated outbreak of credit risks, debt defaults, and difficulties in repayment of wealth management products, which severely affected the market confidence and yet signified the beginning of profound industrial transformation.

The pandemic prevention and control policies have restricted the physical business activities of cultural entertainment. In 2021, the operating revenue of cultural entertainment and leisure service sector in the PRC was RMB130.6 billion, an increase of 18.1% over the previous year, but a decrease of 17.5% over the pre-pandemic level in 2019, which demonstrated that the sector was still undergoing recovery. As the PRC's economy continues its steady recovery and under the new dual-cycle development model, the overall cultural and entertainment consumption market in the PRC tends to be active. The consumption potential will be gradually released, and the willingness to consume will significantly improve, leading to a steady market recovery.

The solid development of the domestic real economy has driven the rapid growth of logistics demand. In 2021, the PRC's logistics showed a firm recovery trend. The total social logistics for the year exceeded RMB335 trillion, an increase of 9.2% year-on-year. The logistics supply service system and the supply chain resilience were further improved. Driven by factors such as high-quality economic development, supply chain coordination, and improved logistics service quality, it is expected that during the "14th Five-Year Plan" period, the logistics industry will continue its steady and progressive development, and will accelerate its industrial transformation and upgrading.

In 2021, the Group maintained its strategic focus and steadily advanced the development strategy with the property development and investment as the core and the cultural sports business as the back-up. Meanwhile, in order to actively respond to policy adjustments and market changes, the Group rose to the challenge and acted proactively to improve the efficiency of and save the cost of the management and control operation according to the sophisticated strategic plan and the actual needs of its business development. The Group consolidated and integrated the horizontal functional departments at the group level, and made corresponding structural adjustments in designated areas. The Groups has optimized the allocation of resources, disposed assets when appropriate, actively resolved gearing risks, overcome liquidity difficulties and ensure normal operation and production.

BUSINESS REVIEW

Property investment and development

Taking root in the Guangdong-Hong Kong-Macao Greater Bay Area, the Group's property development and investment sector continues to consistently maintain its development strategy of "deeply exploring the business of property investment and development in strong first-tier cities, new first-tier cities and strong second-tier cities". Currently, the Group has a total of eight (8) property development projects in six (6) PRC cities, including Shenzhen, Changchun, Changsha, Weinan, Shantou and Yunfu. With a gross construction floor area of about 2.80 million square meters, such projects comprise commercial complexes, high-class residences, hotels, commercial apartments, villas, garden houses and other multi-format and segmented products.

Under the influence of the industry's macro-economic policies and the sluggish market conditions, the Group's financing channels were obstructed temporarily in 2021, with operating cash flow in short supply. Project completion settlement, external debt repayment, supplier payments, the completion of the pre-sale target and the receivables collection progress were all affected to varying degrees. To resolve liquidity difficulties and alleviate repayment pressure, the Group communicated closely with stakeholders such as creditors, financial institutions and the government to continuously optimize the debt structure, dispose of assets in low-tier urban projects that are slow for sales, as well as expedite the sale of inventory and secure full collection of receivables. The Group also managed expenditures flexibly, improved the efficiency of fund utilisation, and accelerated the production and operation pace so as to get back on the right track.

The Group carried out construction projects in an orderly manner, made every effort to meet the delivery targets of the sold projects, and adopted a flexible marketing and sale strategy, for accomplishing the sale openings of different projects across various places with on-time delivery. The Changsha Project and the Weinan Project Phase II were opened for sale with good market response. The Yunfu Yuelanshan Project Phase I and the Shantou Chaoyang Project Phase II were delivered ahead of schedule. The Weinan Project Phase I were delivered as scheduled.

Cultural sports and entertainment business

Relying on its own proprietary property resources, the Group has actively unblocked the industrial chain and has developed an innovative platform that integrates culture, sports and entertainment. The Company's traditional cultural sports business includes Shenzhen Bihaiwan Golf Practicing Court ("Bihaiwan Golf"), and its cultural entertainment operation in new business form comprises high-end children entertainment project Xiao Mu Tong Playroom, high-end gymnasium project Xin Dong Neng Fitness Club, and KTV T.T. Club.

In 2021, the overall operation of the cultural sports segment was stable and orderly. Bihaiwan Golf completed the full-year lease of all-inclusive rooms, with the overall revenue and number of visits of customers rising steadily. With full implementation of pandemic prevention measures, Xiao Mu Tong Playroom (Xili Shop) has further enhanced its influence and reputation as a kid's entertainment brand via the integration of online and physical activities. Up to now, Xiao Mu Tong Playroom (Xili Shop) has accumulated over 240,000 visits. KTV T.T. Club (Shenzhen Xili Global Shop) officially opened in September 2021, dedicated to establishing a new high-end KTV brand. Xin Dong Neng Fitness Club (Shenzhen Sungang Global Shop) officially opened in November 2021. With the world's top-class fitness equipment and advanced membership management system, its brand awareness has rapidly increased. In the future, the culture, entertainment and fitness projects will center around the consumption habits and personalized needs of the new generation, as well as continuously improve the consumer experience and brand image.

Trading of commodities

Based on the understanding and involvement in various kinds of trade, the Group leveraged its own strengths and built a large-scale trading platform for non-ferrous metals, which is mainly engaged in the supply of non-ferrous metals (which are raw materials for industrial purpose). In 2021, the Group formed its own differentiated operation of its own feature in terms of business areas, product structure and resource channels; business flexibility and turnover rate had significantly improved and thus leading to a steady growth of profitability.

Other operations

The Group made full use of its platform advantages and deepened the integration of the whole supply chain services, providing upstream and downstream customers with services ranging from order taking, warehousing logistics, transportation logistics, payment and settlement to risk management, which built up the Group's brand reputation and market influences. In the future, the Group will continue to innovate its business model, actively expand the regional market, and further complete the in-depth integration of the supply chain through cooperation with high-quality strategic partners, so as to realize the specialization of its business development and facilitate the scale-up in the growth of the industry.

Organizational changes

In order to reduce the overall debt pressure and cope with the Group's business planning, 深圳寶新實業有限公司 (Shenzhen Baoxin Industrial Company Limited*), an indirect non-wholly owned subsidiary of the Company, disposed the entire equity interest of 深圳新恒創實業有限公司 (Shenzhen Xinhengchuang Industrial Company Limited*) on 20 July 2021. The disposal was completed on 22 December 2021. On 23 July 2021, the Group completed its disposal of the 100% equity interest in Yue Jin Asia Limited. Since then, the Group has no longer operated New Sports Marine Sports Centre and New Sports Marine Training Centre. On 26 November 2021, 瀋陽寶新商業有限公司(Shenyang Baoxin Commercial Limited Company*), an indirect non-wholly owned subsidiary of the Company, entered into a Resumption Compensation Agreement with the government authority in Tiexi District, Shenyang, Liaoning Province, the PRC in respect of the resumption of 瀋陽富友商業大廈 (Shenyang Fuyou Commercial Building*) which was an investment property of the Group.

In order to strengthen the financial position of the Company, on 7 April 2021, the Company completed the share placing of 910,020,000 placing Shares at the placing price of HK$ 0.3 per placing Share to not fewer than six placees. Immediately upon the completion of the placing and as at the date of this announcement, the total issued Shares of the Company amounts to 5,460,124,797 Shares.

On 28 December 2021, Glory Sun Financial Group Limited ("GSFG") completed the distribution of interim dividend by way of distribution in specie of Shares to the qualifying shareholders of GSFG, on a pro-rata basis in proportion to their shareholdings in GSFG on the ratio that for every 4,000 GSFG shares, an entitlement of 402 distribution Shares. As a result, the Company ceased to be a subsidiary of GSFG.

PROSPECT

The real estate industry is expansive with long chains of flow and a wide coverage, intertwining with the national economy and people's livelihood. Promoting a virtuous circle and healthy development of the industry is conducive to stabilizing the macroeconomic market. Looking forward to 2022, against the backdrop of "housing is for living rather than speculation" and the continuous improvement of the long-term real estate mechanism of "stabilizing land prices, housing prices, and expectations", the financial institutions will not only provide financing support for mergers and acquisitions of housing projects and mitigation of financial risks, but will also further accelerate the investment in mortgage loans. Local governments in the PRC may be keen on adopting "city-specific policies" according to the local real estate market to effectively resolve the risks of real estate enterprises and promote the stability of real estate investment.

With the improvement of the long-term real estate mechanism, the slowdown of population growth, the development of information technology, and the weakening effects of the land dividends, demographic dividends and financial dividends, the real estate industry will migrate to an inventory-centric era centered around by transactions, operations, and services. The underlying logic of the market will be restructured, and the transformation of the development model will have various corporate entities and various assets reintegrated. Under the development goals of "low gearing, high quality, and reasonable profit", the Group will further strengthen its strategic flexibility and sensitivity, align with the national industrial direction, and seek more financing methods to speed up risk dissolution, so as to increase the sell-through on the sales side, speed up the inventory reduction, and continuously improve the payment collection efficiency. It will also work intensively on products and services, thereby achieving stable operation and healthy development.

For cultural sports and entertainment business, under the background of the gradual normalization of pandemic prevention, the return and upgrading of consumption will be a new growth point for the industry's future performance. The domestic consumer service industry will further be introduced consumption stimulus policies. It is expected that cultural sports, tourism, commerce and other industries will demonstrate a rapid recovery, with the market development further improving. The Group will continue to gain insight to the market trend of the cultural sports segment, excavate the user needs, and improve the experience and convenience for consumers.

REVIEW OF RESULTS AND OPERATIONS

The revenue of the Group mainly arose from three (3) major business segments, namely (i) property development and property investment, (ii) trading of commodities, (iii) trading of home appliances and building materials in the PRC.

During the Year, the Group recorded revenue of approximately HK$5,504.3 million which was decreased by approximately 18.7% from that of approximately HK$6,766.5 million for the year ended 31 December 2020 (the "Prior Year"). The decline in revenue was mainly attributable to the significant drop in the trading volume of trading of commodities in the Year by approximately HK$2,180.8 million, representing a decrease of approximately 35.6% as compared to the Prior Year.

In respect of the property development and property investment sector, the revenue was approximately HK$1,466.9 million for the Year which was increased by approximately 175.4% year-on-year. The significant increment was attributable to the completion of properties handover to customers for Weinan, Shantou and Yunfu property development projects.

In the Year, the cost of sales of the Group was approximately HK$5,234.1 million, which was decreased by 22.0% from approximately HK$6,712.5 million in the Prior Year. Along with the decrease in cost of sales, the gross profit was approximately HK$270.3 million for the Year, comparing to approximately HK$54.0 million for the Prior Year, while the corresponding gross profit margin increased from 0.8% to 4.9%. The significant increase in gross profit margin was mainly attributable to the contribution from the property sales as mentioned above.

The trading commodities of the Group for the Year were mainly copper cathodes and zinc ingot. As a wholesaler of such non-ferrous metal products, the Group purchased the products in bulk, and then distributed and sold to the downstream customers. Under the prevailing business operations, for the sake of obtaining optimal contractual terms, the Group arranged to conclude and sign Supply Framework Agreements with respective individual key suppliers with good reputation and credit in the market. Meanwhile, the profitability was relatively low and being affected by a bundle of external factors including the novel coronavirus pandemic and the international non-ferrous metal price fluctuations. Both buyers and sellers of such non-ferrous metal products had great demand in the PRC market, the relatively low gross profit margin should be attributable to the active market participation and the transparent prices information. As the Group has already built up a team of staff members with specialized experience and expertise in this business segment over the past few years, the gross profit margin for the Year reached a recorded high of around 0.17% as compared to 0.10% for the Prior Year though the revenue of the Year had dropped to HK$3,948.2 million from HK$6,129.0 million for the Prior Year.

With the sustainable business development and expansion of the Group for the Year, the Group's selling expenses amounted to approximately HK$99.6 million (2020: approximately HK$94.3 million) representing an increase of approximately 5.6%. In addition, administrative expenses being approximately HK$141.1 million (2020: approximately HK$117.8 million) was increased by approximately 19.8% when compared to the Prior Year and the increment amounted to approximately HK$23.3 million.

Since the assessed net realisable value of the property inventories held by Hunan Meilian Project Company had been lower than its carrying cost amount, the inventory value was therefore written down by approximately HK$164.0 million (2020: Nil million) reflecting the recession in the property market of Hunan Province.

The real estate portfolio of the Group comprised residential and commercial properties in Shenyang, Hefei, Shenzhen and Hunan, as well as certain properties under construction in Shantou, which were held for investment purpose. As at 31 December 2021, the gain arising from the net fair value change of those investment properties amounted to approximately HK$70.7 million (2020: a loss arising from the net fair value change amounted to approximately HK$52.3 million) was recognized.

Meanwhile, a fair value gain of approximately HK$1.3 million for the Year (2020: approximately HK$18.3 million) was resulted from the adjustment on derivative financial asset for the put option in relation to the acquisition of Yue Jin Asia in 2016. The derivative financial asset was derecognised upon disposal of Yue Jin Asia in the Year.

Net impairment losses on financial and contract assets dropped to approximately HK$23.0 million from approximately HK$83.7 million for the Prior Year, which was primarily due to the decrease in impairment recognized on the contract assets related to the construction project during the Year.

Finance costs represented mainly interest expenses and other borrowing costs in relation to bank and other borrowings. During the Year, finance costs amounted to approximately HK$125.0 million (2020: approximately HK$97.7 million), representing an increase by approximately 27.9% as compared to the Prior Year.

Income tax expense, which consisted of the Enterprise Income Tax ("EIT") and the Land Appreciation Tax ("LAT") levied in the PRC as well as their deferred tax effect, constituted an expense of approximately HK$3.5 million for the Year while an income tax expense amounted to approximately HK$29.6 million was recognized in the Prior Year. The decrease in the income tax expense was mainly attributable to the release of deferred tax from disposal of investment properties along with the reversal of temporary differences arising on fair value adjustments for investment properties and intangible assets.

The Group derived a gain on disposal of subsidiaries for approximately HK$296.1 million which was mainly attributable to the disposal of Xinhengchuang in the Year. Meanwhile, the discontinued operations in connection with Yuejin Asia had contributed an additional profit of approximately HK$84.5 million as disclosed in note 10 to the consolidated financial statements.

Given the foregoing factors, the Group recorded a net profit of approximately HK$304.7 million for the Year, as compared to the net loss of approximately HK$790.6 million for the Prior Year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2021, the Group had bank and cash balances of approximately HK$341.4 million (31 December 2020: approximately HK$735.5 million), while the pledged and restricted bank deposits amounted to approximately HK$381.9 million (31 December 2020: approximately HK$618.1 million). Total borrowings of the Group amounted to approximately HK$8,067.5 million as at 31 December 2021 (31 December 2020: approximately HK$12,363.7 million), of which equivalents of approximately HK$974.0 million (31 December 2020: approximately HK$1,388.0 million), approximately HK$7,044.4 million (31 December 2020: approximately HK$10,975.7 million) and approximately HK$49.1 million (31 December 2020: approximately HK$Nil) were denominated in Hong Kong dollar, Renminbi and US dollar respectively.

Total borrowings included bank and other loans of approximately HK$7,324.9 million (31 December 2020: approximately HK$11,271.9 million), and corporate bond of approximately HK$680.0 million (31 December 2020: approximately HK$874.0 million), and notes payable of approximately HK$62.6 million (31 December 2020: approximately HK$217.8 million). All of the loans bore fixed interest rates and exposed the Group to fair value interest rate risk.

As at 31 December 2021, the Group had a net current asset of approximately HK$4,042.1 million, as compared to the balance of approximately HK$5,710.9 million as at 31 December 2020. As at 31 December 2021, the gearing ratio of the Group was approximately 1.5 (31 December 2020: approximately 2.7), which was calculated on the basis of the total borrowings less bank and cash balances and pledged and restricted bank deposits divided by the total equity as at the respective reporting date.

CAPITAL EXPENDITURE

The total spending on the additions of property, plant and equipment and investment properties amounted to approximately HK$433.4 million for the Year (2020: approximately HK$446.4 million).

CHARGES OF ASSETS

As at 31 December 2021, the carrying amount of property, plant and equipment, inventories and investment properties amounted to approximately HK$5.1 million (2020: HK$5.1 million), approximately HK$7,564.2 million (2020: approximately HK$7,803.0 million) and approximately HK$1,892.8 million (2020: approximately HK$3,522.8 million) respectively were pledged as security for the Group's bank loans and other borrowings granted in relation to the Group's real estate business.

As at 31 December 2021, the carrying amount of investment properties and properties held for sale amounting to approximately HK$47.0 million and HK$32.1 million respectively had been pledged as security for a bank borrowing in favour of a former subsidiary which was overdue.

The Group's pledged and restricted bank deposits amounting to approximately HK$381.9 million (2020: approximately HK$618.1 million) were pledged to banks to secure a bank loan granted to an independent third party, notes payable granted to the Group and guarantee deposits for construction of pre-sale properties.

EMPLOYEE AND REMUNERATION POLICIES

The Group had 413 employees as at 31 December 2021 (31 December 2020: 614) in Hong Kong and the PRC. The Group reviews remuneration and benefits of its employees annually according to the relevant market practice and individual performance of the employees. Save for the social security insurance in the PRC and the mandatory provident fund scheme in Hong Kong, the Group has not set aside or accrued any significant funds to provide for retirement or similar benefits for its employees.

FOREIGN EXCHANGE AND CURRENCY RISKS

Most of the Group's revenue and expenses were generated from the PRC and were denominated in Renminbi. During the Year, the Group had not hedged its foreign exchange risk because the exposure was considered insignificant. Our management will continue to monitor the foreign exchange exposure and will consider hedging the foreign currency exposure when it is necessary.

CONTINGENT LIABILITIES

As at 31 December 2021, the Group had no material contingent liabilities (2020: Nil).

COMMITMENTS

As at 31 December 2021, the Group's commitment was approximately HK$7,849.1 million (2020: approximately HK$15,961.7 million) in respect of contracted but not provided for expenditures on properties under development, investment properties under construction and the acquisition of property, plant and equipment.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save for those disclosed in this announcement, there were no other significant investments held as at 31 December 2021 nor other material acquisitions and disposals of subsidiaries or affiliated companies made by the Group during the Year.

SHARE OPTIONS

2014 Share Option Scheme was adopted on 26 March 2014. As at 31 December 2021, the number of shares in respect of which options had been granted and remained outstanding was Nil (2020: Nil).

FINAL DIVIDEND

The Directors do not recommend payment of any final dividend for the year ended 31 December 2021 (2020: Nil).

EVENTS AFTER THE REPORTING PERIOD

Change of Principal Place of Business in Hong Kong

On 10 February 2022, the principal place of business of the Company in Hong Kong was changed to 18/F., Wing On Centre, 111 Connaught Road Central, Hong Kong.

Capital Reorganisation

On 11 March 2022, the Company proposed to implement the capital reorganisation which would involve (i) share consolidation, (ii) capital reduction and (iii) share sub-division (the "**Capital Reorganisation**").

(i) Share Consolidation

Every fifty (50) issued and unissued ordinary shares of HK$0.05 each in the share capital of the Company will be consolidated into one (1) consolidated share of par value HK$2.50 each in the share capital of the Company (the "**Share Consolidation**").

(ii) Capital Reduction

Following the Share Consolidation becoming effective, the capital reduction be implemented (the "**Capital Reduction**"), pursuant to which, (a) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation shall be cancelled; and (b) the issued share capital of the Company will be reduced by cancelling the paid-up capital to the extent of HK$2.45 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK$2.50 to HK$0.05. The credit arising from the Capital Reduction in the amount of approximately HK$267,546,115 will be applied to offset against the balance of the accumulated losses of the Company up to the effective date of the Capital Reduction.

(iii) Share Sub-division

Immediately following the Capital Reduction becoming effective, each of the authorised but unissued Consolidated Shares of par value HK$2.50 each will be sub-divided into fifty (50) new shares of par value HK$0.05 each (the "**New Shares**"). The New Shares will rank pari passu in all respects with each other in accordance with the memorandum and the articles of association of the Company.

The completion of the Capital Reorganisation is conditional upon, among other things, the Shareholders approval for the relevant special and ordinary resolutions in respect of the Capital Reorganization in the extraordinary general meeting to be held on 20 April 2022. For the details, please refer to the announcement of the Company dated 11 March 2022 and the circular of the Company dated 30 March 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for securities transactions and dealing (the "Code of Conduct") by Directors on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, they confirmed that they had complied with the required standards set out in the Model Code and the Code of Conduct during the Year.

CORPORATE GOVERNANCE

The Company emphasizes on corporate governance and is committed to maintaining high standard of corporate governance which is being reviewed and strengthened from time to time.

The Board of Directors (the "Board") and the management of the Company are of the opinion that the Company has properly complied with the applicable code provisions in the Corporate Governance Code (version up to 31 December 2021) set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2021.

In December 2021, the Stock Exchange published the conclusions to Review of Corporate Governance Code (the "Amended CG Code") and the corresponding changes to the Listing Rules which came into effect on 1 January 2022. Most of the amendments are applicable for financial year commencing on or after 1 January 2022. The Board will adopt the Amended CG Code, the requirements under which shall apply to the Company's corporate governance report in the forthcoming financial year ending 31 December 2022.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

None of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Year was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors or the chief executive of the Company or any of their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders who are entitled to attend and vote at the annual general meeting of the Company to be held on 1 June 2022 (the "2022 Annual General Meeting"), the register of members of the Company will be closed from Friday, 27 May 2022 to Wednesday, 1 June 2022, both days inclusive. During this period, no transfer of shares will be registered. In order to qualify for attending and voting at the 2022 Annual General Meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Thursday, 26 May 2022.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with written terms of reference in compliance with the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control system of the Group, and to review the Company's annual report and to provide advice and comments thereon to the Board. The Audit Committee comprises of Mr. Wong Chun Bong (Chairman), Ms. He Suying and Dr. Tang Lai Wah.

The Audit Committee has reviewed and approved the Group's final results for the year ended 31 December 2021.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2021 have been agreed by the Company's auditors, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2021. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This final results announcement is published on the websites of the Company (www.hk0299.com) and The Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

The annual report of the Company for the year ended 31 December 2021 containing all the information required by the Listing Rules shall be despatched to the Shareholders and made available on the abovementioned websites in due course.

By order of the board
Glory Sun Land Group Limited
Yao Jianhui
Chairman

Hong Kong, 31 March 2022

As at the date of this announcement, the Company's executive directors are Mr. Yao Jianhui and Ms. Xia Lingjie; the non-executive director is Ms. Zhan Yushan; and the independent non-executive directors are Ms. He Suying, Dr. Tang Lai Wah and Mr. Wong Chun Bong.

*The English transliteration of the Chinese name(s) in this announcement, where indicated with *, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

The announcement has been printed in English and Chinese. In the event of any inconsistency, the English text of this announcement shall prevail over the Chinese text.