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)

2022 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 2022 (the "Year") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	**2022**	2021
		HK$'000	*HK$'000*
Continuing operations			
Revenue	*5*	**1,617,467**	5,504,341
Cost of sales		**(2,142,594)**	(5,234,073)
Gross (loss)/profit		**(525,127)**	270,268
Selling expenses		**(53,119)**	(99,558)
Administrative expenses		**(118,956)**	(141,074)
Gain on disposal of subsidiaries		**–**	296,057
Fair value (loss)/gain on investment properties		**(222,953)**	70,713
Fair value gain on derivative financial asset		**–**	1,313
Impairment losses on property, plant and equipment – net		**(24,508)**	(35,755)
Impairment losses on financial and contract assets – net		**(12,673)**	(23,005)
Other income, gains/(losses) – net	*6*	**81,455**	9,875
(Loss)/profit from operations		**(875,881)**	348,834
Finance costs	*7*	**(185,902)**	(125,036)

	Notes	**2022**	2021
		HK$'000	*HK$'000*
(Loss)/profit before income tax	*9*	**(1,061,783)**	223,798
Income tax credit/(expense)	*8*	**150,519**	(3,541)
(Loss)/profit for the year from continuing operations		**(911,264)**	220,257
Discontinued operations			
Profit for the year from discontinued operations		**–**	84,452
(Loss)/profit for the year		**(911,264)**	304,709
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")		**(3,441)**	(2,782)
		(3,441)	(2,782)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(684,698)**	180,390
Exchange differences reclassified to profit or loss on disposal of subsidiaries		**–**	(31,732)
		(684,698)	148,658
Other comprehensive income for the year, net of tax		**(688,139)**	145,876
Total comprehensive income for the year		**(1,599,403)**	450,585

	Notes	**2022** *HK$'000*	2021 *HK$'000*
(Loss)/profit for the year attributable to:			
Owners of the Company			
– Continuing operations		**(787,049)**	250,169
– Discontinued operations		–	84,452
(Loss)/profit for the year attributable to owners of the Company		**(787,049)**	334,621
Non-controlling interests			
– Continuing operations		**(124,215)**	(29,912)
Loss for the year attributable to non-controlling interests		**(124,215)**	(29,912)
		(911,264)	304,709
Total comprehensive income for the year attributable to:			
Owners of the Company		**(1,278,066)**	393,486
Non-controlling interests		**(321,337)**	57,099
		(1,599,403)	450,585
(Loss)/earnings per share – basic and diluted (HK cents)			
			(re-presented)
– Continuing operations	*11*	**(720.73)**	239.70
– Discontinued operations	*11*	–	80.92
	11	**(720.73)**	320.62

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment		**84,048**	137,116
Investment properties		**3,492,852**	4,063,202
Goodwill		**–**	–
Financial assets at FVTOCI		**1,253**	4,694
		3,578,153	4,205,012
Current assets			
Inventories		**8,086,954**	10,016,940
Contract assets		**31,505**	34,619
Trade and other receivables	*12*	**4,407,066**	5,116,986
Tax recoverable		**51,119**	53,487
Pledged and restricted bank deposits		**441,325**	381,882
Bank and cash balances		**88,415**	341,393
		13,106,384	15,945,307
Current liabilities			
Borrowings		**5,567,577**	5,404,088
Trade and other payables	*13*	**4,022,677**	4,039,754
Contract liabilities		**2,386,427**	2,351,563
Financial guarantee		**80,482**	–
Lease liabilities		**5,581**	5,918
Current tax liabilities		**97,613**	101,877
		12,160,357	11,903,200
Net current assets		**946,027**	4,042,107
Total assets less current liabilities		**4,524,180**	8,247,119

	Notes	**2022**	2021
		HK$'000	*HK$'000*
Non-current liabilities			
Borrowings		**913,535**	2,663,386
Financial guarantee		–	89,628
Lease liabilities		**47,062**	58,626
Deferred tax liabilities		**371,029**	643,522
		1,331,626	3,455,162
NET ASSETS		**3,192,554**	4,791,957
Capital and reserves			
Share capital		**5,460**	273,006
Reserves		**1,670,408**	2,680,928
Equity attributable to owners of the Company		**1,675,868**	2,953,934
Non-controlling interests		**1,516,686**	1,838,023
TOTAL EQUITY		**3,192,554**	4,791,957

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 Unit 1305, 13/F, Tower Two, Lippo Centre, No. 89 Queensway, Admiralty, 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

The Group incurred a loss of approximately HK$911 million for the year ended 31 December 2022, and as of that date, the Group had total borrowings of approximately HK$6,481 million, of which the current borrowings amounted to approximately HK$5,568 million, while the Group had bank and cash balances of approximately HK$88 million only.

As at 31 December 2022, as a result of not making scheduled repayment of loan principal and/or interest and breach of other loan covenants during the year, among the current borrowings, the entire principal amounts of approximately HK$3,295 million in aggregate which comprised bank borrowings of approximately HK$1,567 million (the "FY2022 Defaulted Bank Borrowings"), other borrowings of approximately HK$9 million, corporate bonds of approximately HK$605 million and loans from related parties of approximately HK$1,114 million, together with interest payables of approximately HK$326 million became due and repayable on demand.

In particular, due to not making scheduled repayment of interest and breach of other loan covenants during the year, a non-current bank borrowing of approximately HK$1,317 million was reclassified as current liabilities which was included in the FY2022 Defaulted Bank Borrowings.

Subsequent to 31 December 2022, the Group has received repayment notices from the banks to demand for repayment of total outstanding principal amounts of approximately HK$1,567 million of the FY2022 Defaulted Bank Borrowings, together with the interest payables.

In addition, due to not making scheduled repayment of loan principal and/or interest subsequent to 31 December 2022, the entire principal amounts of approximately HK$604 million in aggregate including bank borrowings of approximately HK$384 million (the "FY2023 Defaulted Bank Borrowings") and other borrowings of approximately HK$220 million, together with interest payables of approximately HK$83 million became due and repayable on demand subsequent to the end of the reporting period. In particular, among the FY2023 Defaulted Bank Borrowings, a bank borrowing with the entire principal amount of approximately HK$318 million, of which approximately HK$66 million and approximately HK$252 million were classified as current borrowing portion and non-current borrowing portion, respectively as at 31 December 2022, has subsequently become due and repayable on demand as a result of not making scheduled repayment of loan principal subsequent to the end of the reporting period.

The above conditions indicate the existence of a material uncertainty that 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 such circumstances, the Directors have prepared a cash flow forecast of the Group covering the next fifteen months from the end of 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) On 3 October 2022, the Group and the related parties, Glory Sun Financial Group Limited ("GSFG") and its subsidiaries (collectively as the "GSFG Group") entered into a framework agreement (the "Framework Agreement"), and on 19 October 2022, the Group and the GSFG Group entered into a sale and purchase agreement (the "Sale and Purchase Agreement"), pursuant to which the Group conditionally agreed to sell, and GSFG Group conditionally agreed to acquire, the 51% of the total equity interest of Shantou Taisheng Technology Limited* ("Shantou Taisheng"), an indirect non-wholly owned subsidiary of the Company at the consideration of approximately RMB1,176 million (equivalent to approximately HK$1,293 million) ("1st Tranche Disposal").

    Pursuant to the Sale and Purchase Agreement, the consideration from the 1st Tranche Disposal (the "1st Tranche Consideration") will be used to settle the outstanding principal amount of all the loans advanced by the GSFG Group of approximately HK$1,114 million in aggregate and all interest accrued thereon up to the completion of the 1st Tranche Disposal ("1st Tranche Completion"). The remaining balance of 1st Tranche Consideration shall be fully used to repay the interest accrued under a current bank borrowing with principal amount of approximately HK$391 million of an indirect non-wholly owned subsidiary of the Company, namely Shenzhen Baoxin Industrial Company Limited* ("Shenzhen Baoxin"), which is secured by investment properties and properties held for sale of Shantou Taisheng ("Secured Loan") as and when they fall due pursuant to the irrevocable undertaking given by the Group upon entering into the Framework Agreement. The 1st Tranche Disposal has been completed on 22 March 2023.

(ii) Pursuant to the Sale and Purchase Agreement, subject to the satisfaction (or waiver, as the case may be) of the conditions precedent, the Group shall dispose the remaining 49% of the total equity interest of Shantou Taisheng to the GSFG Group within twelve months from the 1st Tranche Completion at the consideration of approximately RMB1,129 million (equivalent to approximately HK$1,242 million) ("2nd Tranche Disposal"), the consideration from the 2nd Tranche Disposal will be used to settle the amount due to Shantou Taisheng by the Group and the remaining balance shall be used to settle the full outstanding amount of the Secured Loan.

(iii) The Group has been actively negotiating with a bondholder with corporate bond in principal amount of HK$500 million, for possible settlement arrangements, which may include, among other things, to use assets for settlement or to extend the maturity date of borrowing. Up to the date of approval of the consolidated financial statements, the lender has not made any demand for immediate bond redemption. In this respect, the Directors are confident that the Group would be able to achieve a possible settlement arrangement with the relevant bondholder during the period of the Cash Flow Forecast.

(iv) As at 31 December 2022, the Group had a number of unutilised loan facilities of approximately HK$3,186 million in aggregate. Subsequent to 31 December 2022, the Group has further obtained a number of new loan facilities from a number of fund providers with an amount of approximately HK$2,222 million in aggregate (the "2023 New Facility") and the Group has drawn down approximately of HK$84 million of the 2023 New Facility. In this respect, the Directors are confident that these unutilised loan facilities could provide adequate funding to the Group, as and when necessary, such as repayment of overdue borrowings.

(v) 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 notwithstanding the inherent uncertainties associated with the future outcome of the above plans and measures, the Directors 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 as abovementioned, 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. Amount are rounded to thousands, unless otherwise stated.

3. ADOPTION OF HKFRSs

(a) Adoption of amended HKFRSs – effective 1 January 2022

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

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
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

The adoption of the above amended HKFRSs did not have any significant impact on the preparation of these consolidated financial statements.

(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.

HKFRS 17	Insurance Contracts and the related amendments[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 16	Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to HKAS 1	Non-current liabilities with Covenants[2]
Amendments to HKAS 1	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

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

[2] Effective for annual periods beginning on or after 1 January 2024

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

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not expect these new accounting standards and amendments issued but not yet effective, to have a material impact on the Group.

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 segments of yacht club and training were discontinued.

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 2022

	Continuing operations				
	Real estate and property investment *HK$'000*	**Trading of commodities** *HK$'000*	**Construction** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Revenue	**992,000**	**587,394**	**–**	**38,073**	**1,617,467**
Segment results	**(673,184)**	**(729)**	**449**	**(42,521)**	**(715,985)**
Fair value loss on investment properties					**(222,953)**
Other income, gains/(losses) – net					**81,455**
Finance costs					**(185,902)**
Unallocated corporate expenses					**(18,398)**
Loss before income tax					**(1,061,783)**

For the year ended 31 December 2021

	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*
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

5. REVENUE

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

	2022	2021
	HK$'000	*HK$'000*
Continuing operations:		
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of properties	**968,345**	1,446,556
Trading of commodities	**587,394**	3,948,164
Others	**38,073**	89,276
	1,593,812	5,483,996
Revenue from other sources		
Rental income	**23,655**	20,345
	1,617,467	5,504,341
Discontinued operations:		
Revenue from contracts with customers within the scope of HKFRS 15		
Yacht club services	–	291
	–	291
Revenue from other sources		
Rental income	–	6,277
	–	6,568
	1,617,467	5,510,909

6. OTHER INCOME, GAINS/(LOSSES) – NET

	2022	2021
	HK$'000	*HK$'000*
Continuing operations:		
Interest income from bank balances	**4,083**	9,909
Loss from derecognition of derivative financial asset	**–**	(33,357)
Gain on early termination of lease	**–**	2
Gain on lease modifications	**2,246**	–
Government grants	**512**	210
Foreign exchange gain – net	**70,304**	28,370
Loss on disposal of property, plant and equipment	**(32)**	(1)
Others	**4,342**	4,742
	81,455	9,875
Discontinued operations:		
Interest income from bank balances	**–**	15
Foreign exchange gain – net	**–**	8,375
Others	**–**	(19)
	–	8,371
	81,455	18,246

7. FINANCE COSTS

	2022	2021
	HK$'000	*HK$'000*
Continuing operations:		
Interest on bank borrowings	**218,478**	359,475
Interest on other borrowings	**207,582**	315,041
Interest on corporate bonds	**50,731**	81,712
Interest on loans from related parties	**124,947**	93,705
Interest on lease liabilities	**5,524**	6,003
	607,262	855,936
Amount capitalised	**(421,360)**	(730,900)
	185,902	125,036
Discontinued operations:		
Interest on bank borrowings	**–**	2,597
Imputed interest on consideration payable	**–**	13,010
	–	15,607
	185,902	140,643

8. INCOME TAX (CREDIT)/EXPENSE

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

	2022	2021
	HK$'000	*HK$'000*
Continuing operations:		
Current tax:		
– PRC Enterprise Income Tax ("EIT")	**45,877**	76,219
– PRC Land Appreciation Tax	**23,593**	39,448
	69,470	115,667
Deferred tax:	**(219,989)**	(112,126)
Income tax (credit)/expense	**(150,519)**	3,541

9. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after charging/(crediting):

	2022	2021
	HK$'000	*HK$'000*
Continuing operations:		
Carrying amount of inventories sold	**1,432,728**	5,059,496
Write-down of inventories	**700,068**	163,998
Cost of inventories recognised as expenses	**2,132,796**	5,223,494
Auditor's remuneration		
– Annual audit	**2,200**	3,180
– Other audit and non-audit services	**–**	588
Depreciation		
– Owned property, plant and equipment	**13,601**	17,412
– Leasehold land for own use	**3,478**	4,242
– Properties leased for own use	**4,028**	8,794
	21,107	30,448
Loss on disposal of property, plant and equipment	**32**	1
Gain on early termination of lease	**–**	(2)
Gain on lease modifications	**(2,246)**	–
Impairment losses on property, plant and equipment – net	**24,508**	35,755
Impairment losses on financial and contract assets – net	**12,673**	23,005
Short-term leases expenses	**971**	1,252
Direct operating expenses arising from investment properties that generated rental income	**1,239**	1,040
Discontinued operations:		
Amortisation of other intangible assets (included in cost of sales)	**–**	4,303
Depreciation		
– Owned property, plant and equipment	**–**	194
Impairment losses on other intangible assets	**–**	10,211
Impairment losses on financial assets – net	**–**	725

10. DIVIDENDS

No dividend has been paid or declared by the Company for the year ended 31 December 2022 (2021: nil).

11. (LOSS)/EARNINGS PER SHARE

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

	2022	2021
	'000	*'000*
		(re-presented)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share	**109,202**	104,366

(a) From continuing and discontinued operations

	2022	2021
	HK$'000	*HK$'000*
(Loss)/profit for the purpose of calculating basic (loss)/earnings per share	**(787,049)**	334,621

(b) From continuing operations

	2022	2021
	HK$'000	*HK$'000*
(Loss)/profit for the year attributable to owners of the Company	**(787,049)**	334,621
Less: profit for the year from discontinued operations	**–**	(84,452)
(Loss)/profit for the purpose of calculating basic (loss)/earnings per share from continuing operations	**(787,049)**	250,169

(c) From discontinued operations

	2022	2021
	HK$'000	*HK$'000*
Profit for the purpose of calculating basic earnings per share from discontinued operations	**–**	84,452

There was no dilutive potential ordinary shares outstanding for the years ended 31 December 2022 and 2021.

12. TRADE AND OTHER RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Trade receivables	**38,832**	77,179
Less: loss allowance for expected credit losses	**(17,031)**	(697)
	21,801	76,482
Other receivables	**107,641**	108,089
Other receivables from related parties	**2,740**	498
Consideration receivables	**352,408**	540,039
Prepayments and other deposits	**3,889,121**	4,267,383
Other tax assets	**33,355**	124,495
	4,385,265	5,040,504
Total trade and other receivables	**4,407,066**	5,116,986

The Group generally allows an average credit period of 10 days (2021: 10 days) for its customers of trading of commodities and 30 days (2021: 30 days) for its customers of 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.

	2022	2021
	HK$'000	*HK$'000*
0-30 days	**2,388**	10,811
31-60 days	**368**	11,122
61-90 days	**1,205**	860
91-120 days	**260**	5,307
Over 120 days	**17,580**	48,382
	21,801	76,482

13. TRADE AND OTHER PAYABLES

	2022 *HK$'000*	2021 *HK$'000*
Trade payables	**2,529,794**	2,940,351
Wages and salaries payables	**6,597**	13,437
Accruals	**2,728**	4,092
Other tax liabilities	**93,898**	73,874
Interest payables	**425,073**	222,023
Interest payables to related parties	**143,986**	33,857
Secured deposits from contractors	**307,652**	355,490
Other payables	**463,462**	342,805
Other payable to a non-controlling interest	**43,407**	48,554
Other payables to related parties	**6,080**	5,271
	1,492,883	1,099,403
	4,022,677	4,039,754

The credit period of trade payables in relation to trading of commodities is ranged from 10 to 360 days (2021: ranged from 10 to 360 days); provision of real estate and property investment is ranged from 7 to 30 days (2021: ranged from 7 to 30 days) and trading of home appliances and building materials is 30 days (2021: 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:

	2022 *HK$'000*	2021 *HK$'000*
0 – 30 days	**1,472,737**	1,870,833
31 – 60 days	**14,310**	7,178
61 – 90 days	**328**	4,392
91 – 120 days	**3,717**	7,592
Over 120 days	**1,038,702**	1,050,356
	2,529,794	2,940,351

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 2022.

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, the Group incurred a loss of approximately HK$911 million for the year ended 31 December 2022, and as of that date, as disclosed in note 29 to the consolidated financial statements, the Group had total borrowings of approximately HK$6,481 million, of which the current borrowings amounted to approximately HK$5,568 million, while the Group had bank and cash balances of approximately HK$88 million only.

As at 31 December 2022, as a result of not making scheduled repayment of loan principal and/or interest and breach of other loan covenants during the year, among the current borrowings, the entire principal amounts of approximately HK$3,295 million in aggregate which comprised bank borrowings of approximately HK$1,567 million (the "FY2022 Defaulted Bank Borrowings"), other borrowings of approximately HK$9 million, corporate bonds of approximately HK$605 million and loans from related parties of approximately HK$1,114 million, together with interest payables of approximately HK$326 million became due and repayable on demand.

In particular, due to not making scheduled repayment of interest and breach of other loan covenants during the year, a non-current bank borrowing approximately of HK$1,317 million was reclassified as current liabilities which was included in the FY2022 Defaulted Bank Borrowings.

Subsequent to 31 December 2022, the Group has received repayment notices from the banks to demand for repayment of total outstanding principal amounts of approximately HK$1,567 million of the FY2022 Defaulted Bank Borrowings, together with the interest payables.

In addition, due to not making scheduled repayment of loan principal and/or interest subsequent to 31 December 2022, the entire principal amounts of approximately HK$604 million in aggregate including bank borrowings of approximately HK$384 million (the "FY2023 Defaulted Bank Borrowings") and other borrowings of approximately HK$220 million, together with interest payables of approximately HK$83 million became due and repayable on demand subsequent to the end of the reporting period. In particular, among the FY2023 Defaulted Bank Borrowings, a bank borrowing with the entire principal amount of approximately HK$318 million, of which approximately HK$66 million and approximately HK$252 million were classified as current borrowing portion and non-current borrowing portion, respectively as at 31 December 2022, has subsequently become due and repayable on demand as a result of not making scheduled repayment of loan principal subsequent to the end of the reporting period.

These conditions, together with other matters set out in note 2(c) to the consolidated financial statements, indicate the existence of a material uncertainty that 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 such circumstances, the directors of the Company have prepared a cash flow forecast (the "Cash Flow Forecast") which takes into account 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 notwithstanding the inherent uncertainties associated with the future outcome of the above plans and measures, 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) to the consolidated financial statements can be successfully implemented as scheduled.

However, in respect of the plans and measures that the Group would successfully make further drawdown of the unutilised loan facilities from the fund providers (the "Fund Providers"), as and when necessary, we were unable to obtain the information that we considered necessary for our evaluation of the financial viability of the Fund Providers to provide sufficient funds to the extent that is necessary based on the Cash Flow Forecast due to the unavailability of the information of the Fund Providers.

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 achieve the above plans and measures as abovementioned, 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.

We disclaimed our opinion on the Group's consolidated financial statements for the year ended 31 December 2021 ("2021 consolidated financial statements") relating to the going concern basis of preparing the consolidated financial statements. The balances as at 31 December 2021 and the amounts for the year then ended are presented as comparative information in the consolidated financial statements for the year ended 31 December 2022. We disclaimed our audit opinion on the consolidated financial statements for the year ended 31 December 2022 also for the possible effect of the disclaimer of opinion on 2021 consolidated financial statements on the comparability of 2022 figures and 2021 figures in the consolidated financial statements for the year ended 31 December 2022.

INDUSTRY AND MARKET OVERVIEW

In 2022, China's economy was being challenged by multiple unforeseen factors such as the Covid-19 pandemic and the Russian-Ukrainian war crisis. Under the PRC government's efficient coordination of the pandemic control as well as economic and social development, and the accelerated implementation of various policies to stabilize the macroeconomic situation, the PRC's gross domestic product (GDP) for 2022 was RMB121.02 trillion, representing a growth of 3% year-on-year, which accomplished the goal of economic and social growth under enduring pressure. Meanwhile, the "triple pressures" of shrinking demand, supply shock and weakened expectations faced by economic development have not been significantly reduced, the endogenous kinetic energy for economic growth remains lacking, and the economy has yet to show a good momentum for recovery.

Over the past year, the PRC's real estate industry experienced a period of unprecedented intensive adjustment and unstable market expectations continued throughout the year, with many real estate enterprises encountering extraordinary challenges in sales, delivery, investment and debt repayment. The annual sale volume of commercial housing as well as development and investment scale decreased dramatically, with the sales area of commercial housing falling to 1.358 billion square metres and sales dropping to RMB13.5 trillion, the lowest in nearly six years. The growth rate of real estate development and investment decreased by 10% year-on-year, the first decline in nearly a decade. Due to the liquidity pressure and hampered sell-through rate, many real estate enterprises have shown a sharp decline in sales performance. Meanwhile, the channel of aggregate financing is narrow, the deterioration of asset liability structure is serious, debt risk continues to accumulate, the problem of default has not been substantially resolved, the situation of project suspension and late delivery is becoming more common, and number of enterprises are even encountering the difficult situation of accelerated disposal of properties as well as bankruptcy and dissolution.

Although the Central Government has made continuing efforts to "guarantee the delivery of property and the stability of people's livelihood" by issuing a package of financing policies such as "credit support", "bond financing support", "equity financing support" and "16-Point Plan" at the end of last year, giving positive signals to promote the healthy and stable development of the real estate industry, and many cities and places have also timely followed up with corresponding easing policies to encourage demand. However, the loosening at the policy level has not yet been fully transmitted to the market level, and the follow-up effect of its implementation has yet to be realized. In addition, the imminent financing needs of a large number of private enterprises at risk are not met, and the upcoming wave of debt repayment makes it miles away from the goal of resolving the liquidity crisis and getting back on track.

In 2022, investment and consumption had slowed down in the PRC, and the cultural sports and entertainment industry were under to relatively huge pressure due to suspension of business under pandemic prevention and control measures as well as reduced consumers during holidays. The output value of cultural entertainment and leisure service industry for the year was approximately RMB12 trillion, representing a slight increase of 0.9% over the previous year. In order to alleviate the pressure of operation and labour costs, leisure venues such as children playroom, fitness room and KTV were temporarily suspended. With the arrival of the post-pandemic era, it will take a longer period of time for the cultural sports and entertainment industry to improve staff turnover, customer loss and market shrinkage and return to normalcy.

Last year, under multiple pressures of the impact of the pandemic, insufficient demand and rising costs, China's logistics industry achieved stable operation as a whole and had steady progress and improvement in major economic indicators. The total social logistics for the year exceeded RMB340 trillion, representing an increase of approximately 3.6% year-on-year. Following the steady progress of various economic stabilization policies and measures, and the gradual implementation of favorable policies in this sector, logistics operation is expected to resume a positive development trend.

Looking back at 2022, the Group maintained its strategic focus and actively responded to policy adjustments and market changes. The Group focused on its main business and core cities and organized resources mainly on core regions and key projects; actively resolved debt risks and overcame liquidity difficulties by seeking debt refinancing and accelerating inventory revitalization; strived to improve construction progress to ensure the quality of property delivery and accelerate the sales and other receivables collection; proactively shrank the management radius, saved control costs, improved control efficiency and optimized resource allocation, and made every effort to protect normal operation and production through a multi-pronged approach.

BUSINESS REVIEW

Property investment and development

The Group's property investment and development 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 property development projects in six PRC cities, including Shenzhen, Changchun, Changsha, Weinan, Shantou and Yunfu. With a gross construction floor area of over 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.

Throughout 2022, the combination of factors of downward pressure on the industry, obstruction of financing channels, the wait-and-see sentiment of the market and sluggish sales, as well as the delayed payment collection upon late delivery due to slow construction progress caused the tight operating cash flow of the Group to remain unimproved, which further led to increasing challenges in various areas such as external debt repayment, suppliers' settlement and the completion of the pre-sale target.

To resolve liquidity difficulties and alleviate repayment pressure, the Group proactively conducted debt management, optimized the debt structure, sought debt refinancing and accelerated the disposal of existing projects. Through active communication with stakeholders such as creditors, financial institutions and the government, the Group aimed to develop a comprehensive solution that respects the rights and interests of all stakeholders, so as to use its best endeavours to preserve the respective interests of all stakeholders.

To ensure that the delivery targets of the sold projects are met, the Group withstood capital pressure and made every effort to accelerate the pace of project construction and sales. Meanwhile, the Company also proactively evaluated the market environment, timely analyzed and formulated appropriate marketing strategies in accordance with the specific features of the projects, and commenced sales of different projects across various places with on-time delivery, thus realizing the commitment made to customers. Among them, the Group continued to launch the sales for Changsha Project, Weinan Project Phase II, Shantou Chaoyang Project Phase III & IV and Shantou Eastern Coast Project North Zone in line with the market recovery trend, and hence sales volume and price steadily increased. In addition, the construction of Changchun Project, Weinan Project Phase II, Changsha Project and Shantou Eastern Coast Project are progressing in a safe and orderly manner, thus making every effort to meet the delivery schedule.

Cultural sports and entertainment business

Relying on its own proprietary property resources, the Group has proactively 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 TYPET Party.

The frequent occurrence of the pandemic greatly disturbs the recovery of the consumer market. Although the first-tier cities where the Company's cultural sports projects are located have the advantages of large population and consumption upgrade, with the gradual depletion in online traffic monetization, serious brand homogeneity, the surging costs of acquiring customers in new consumer and existing markets and the ever-rising costs in rent and labour, the overall profitability of the Company's cultural sports sector decreased and its profit growth slowed down in 2022.

In 2022, Bihaiwan Golf has completed the full year leasing of all-inclusive rooms, with the overall revenue and number of visits of customers being largely the same as compared to that of last year. The overall revenue of Xiao Mu Tong Playroom was lower than expected due to the impact of the anti-pandemic control measures. The Shenzhen Luohu Shop, which was only officially opened in August 2022, is still in its early stage of operation and its profitability is not yet stable. The number of visitors for the Shenzhen Xili Shop dropped significantly during its open period for the Year, but with the normalization of pandemic prevention and control, the customer traffic showed a gradual recovery. Xin Dong Neng Fitness Club adheres to the "user oriented" principle and focuses its operation on the improvement and upgrading of services, so as to attract repeat customers and improve revenue. KTV TYPET Party has increased its brand awareness and image through increased investment in publicity in hopes to establish an in-depth experience between the brand and users, the effect of which is yet to be seen.

Trading of commodities and other operations

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 2022, as a result of a number of global risk events, the non-ferrous metals industry as a whole faced difficulties in sluggish downstream demand and disrupted price transmission. Against this backdrop, the Group fully leveraged its own advantages of business areas, product structure and resource channels, and improved business flexibility and turnover rate through differentiated operation, thus stabilizing business performance.

Meanwhile, the Group also made full use of its platform advantages and deepened the whole industrial chain cooperation, 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 industrial 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.

Structural changes

In order to reduce the overall gearing level, alleviate the pressure of operating funds of the Group and cope with the Group's business planning, the Company entered into a framework agreement with Glory Sun Financial Group Limited (stock code: 1282) ("GSFG") on 3 October 2022, in respect of the disposal of the entire equity interest in Shantou Taisheng Technology Limited* (汕頭市泰盛科技有限公司) (the "Disposal Company"), a non-wholly owned subsidiary of the Company. Pursuant to the Framework Agreement, on 19 October 2022, the Company procured Shenzhen Hong Jia Xin Technology Limited* (深圳宏佳新科技有限公司) (the "Vendor"), an indirect non-wholly owned subsidiary of the Company and GSFG procured Shenzhen Baokai Investment Holding Company Limited* (深圳寶開投資控股有限公司) (the "Purchaser"), an indirect wholly-owned subsidiary of GSFG to enter into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the 1st Tranche Sale Equity Interest (representing 51% of the total equity interest and actual paid-up registered capital of the Disposal Company). The 1st Tranche Disposal was completed on 22 March 2023. For details, please refer to the announcements of the Company dated 3 October 2022, 17 January 2023 and 22 March 2023 and the circular of the Company dated 28 December 2022.

PROSPECT

The real estate industry has a significant impact in terms of economic growth, employment, fiscal revenue, residents' wealth and financial stability. The focus of the PRC's Central Economic Work Conference on the real estate deployment in 2023 centers on "increasing confidence, preventing risks, and driving transformation". The main objective is to fully ensure property deliveries, gradually steer the recovery of the real estate market, and promote the stable and healthy development of the real estate market. Under the guidance of such major policy guidelines, with the prominent nature of housing in people's livelihood, the volume and price of the real estate market is gradually returning to normal. The drawbacks of the development model of "high liabilities, high leverage, high turnover" over the years will be gradually eliminated, and the real estate industry will have a smooth transition to the new development model.

Looking ahead, 2023 will not only be a year for the confidence of the real estate industry to be restored, but also a year for the industry to explore new development possibilities. The recovery of macroeconomy, the rebound of consumer expectations and the increase of investment are still key factors affecting the recovery of the real estate market. Considering that the impact of the pandemic on the economy is gradually weakening, market uncertainties will be significantly reduced, the effect of various financing policies will continue to emerge, and the profound adjustment of the industry may enter its final phase. In the process of rebuilding confidence in the real estate industry, it has gradually entered the stage of "ensure quality delivery" from "guarantee delivery". It has become an industry consensus to continue in-depth returns to products and accelerate the enhancement of brand influence. Therefore, the Group will further strengthen its strategic flexibility and sensitivity, increase the sell-through on the sales side, speed up the inventory reduction, and continuously improve the payment collection efficiency. It will also focus on improving the overall financial position and enhancing the financial security margin, while responding to the development trend of new technology and new consumption, and continue to deeply explore user needs and focus on enhancing product competitiveness, service and efficiency. Through means of "high-quality delivery" and "service upgrade", the Group will restore confidence on consumer side and facilitate the production and operation to get back on track as soon as possible.

In response to the upgrade diverse needs driven by consumers, new experience-oriented business form must constantly shorten the renewal cycle and develop innovative contents to promote differentiated and specialized development, thereby enhancing the consumption premium of entertainment projects and consumers' spending momentum. These demand higher requirements for capital investment, innovation and risk resistance of new cultural entertainment enterprises. In 2023, the Group's cultural sports and entertainment sector will continue to pursue the combination of stable operation and resilience, timely adjust its business strategy according to market changes, and improve the stability and sustainability of the overall profitability of the cultural entertainment segment.

In the coming year, the Group will (i) continue to implement our corporate vision of "Building the Beauty of Life", assuming more social responsibilities; (ii) optimise the industrial layout, expanding financing channels through project cooperation, and building a healthy debt structure and capital status, to ensure the safety and stability of the Company's operations; and (iii) strive to create better investment returns for the shareholders of the Company (the "Shareholders"), thus achieving high-quality development.

REVIEW OF RESULTS AND OPERATIONS

The revenue of the Group mainly arose from two (2) major business segments, namely (i) property development and property investment in the PRC, and (ii) trading of commodities.

During the Year, the Group recorded revenue of approximately HK$1,617.5 million which was decreased by approximately 70.6% from that of approximately HK$5,504.3 million for the year ended 31 December 2021 (the "Prior Year"). The decline in revenue was mainly attributable to the drop in the trading volume of trading of commodities in the Year by approximately HK$3,360.8 million, representing a decrease of approximately 85.1% as compared to the Prior Year.

In respect of sales of properties, the revenue was approximately HK$968.3 million for the Year which was decreased by approximately 33.1% year-on-year. The decrease was mainly attributable to the recession of the PRC property market, and general public being more conservative when dealing in property market.

In the Year, the cost of sales of the Group was approximately HK$2,142.6 million, which was decreased by 59.1% from approximately HK$5,234.1 million in the Prior Year. Along with the decrease in cost of sales, due to the uncertainties brought by the outbreak of the pandemic and unprecedented challenges faced by the national real estate market in the Year, the gross loss was approximately HK$525.1 million for the Year, comparing to gross profit of approximately HK$270.3 million for the Prior Year, representing a decrease of approximately HK$795.4 million. The gross loss margin was 32.5% for the Year comparing with the gross profit margin of 4.9% for the Prior Year. The gross loss was mainly attributable to written-down in the carrying amount of inventories to the net realisable value amounting to approximately HK$700.1 million with respect to Hunan, Weinan and Shantou projects in the real estate and property investment segment.

The trading commodities of the Group were mainly copper cathodes and zinc ingot for the Year and the Prior Year. 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 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 record high of around 0.2% as compared to 0.17% for the Prior Year though the revenue of the Year had dropped to approximately HK$587.4 million from approximately HK$3,948.2 million for the Prior Year.

In the Year, the Group's selling expenses amounted to approximately HK$53.1 million (2021: approximately HK$99.6 million) representing an decrease of approximately 46.7%. In addition, administrative expenses being approximately HK$119.0 million (2021: approximately HK$141.1 million) was decreased by approximately 15.7% when compared to the Prior Year and the decrement amounted to approximately HK$22.1 million.

Since the assessed net realisable value of the property inventories had been lower than its carrying cost amount, the inventory value was therefore written down by approximately HK$700.1 million (2021: approximately HK$164.0 million) reflecting the recession in the property market of the PRC.

The real estate portfolio of the Group comprised residential and commercial properties in Shenyang, Hefei, Shenzhen, Hunan and Shantou, as well as certain properties under construction in Shantou, which were held for rental purpose. For the Year, the loss arising from the net fair value change of these investment properties amounted to approximately HK$223.0 million (2021: a gain arising from the net fair value change amounted to approximately HK$70.7 million) was recognised.

Net impairment losses on financial and contract assets dropped to approximately HK$12.7 million from approximately HK$23.0 million for the Prior Year, which was primarily due to the decrease in impairment recognised on the other receivables 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$185.9 million (2021: approximately HK$125.0 million), representing an increase by approximately 48.7% 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 income tax credit of approximately HK$150.5 million for the Year while an income tax expense amounted to approximately HK$3.5 million was recognised in the Prior Year. The decrease in the income tax expense was mainly attributable to the temporary differences arising from fair value loss of investment properties and write-down of inventories.

Given the foregoing factors, the Group recorded a net loss of approximately HK$911.3 million for the Year, as compared to a net profit of approximately HK$304.7 million for the Prior Year.

Liquidity and Financial Resources

As at 31 December 2022, the Group had bank and cash balances of approximately HK$88.4 million (31 December 2021: approximately HK$341.4 million), while the pledged and restricted bank deposits amounted to approximately HK$441.3 million (31 December 2021: approximately HK$381.9 million). Total borrowings of the Group amounted to approximately HK$6,481.1 million as at 31 December 2022 (31 December 2021: approximately HK$8,067.5 million), of which equivalents of approximately HK$899.0 million (31 December 2021: approximately HK$974.0 million), approximately HK$5,582.1 million (31 December 2021: approximately HK$7,044.4 million) and nil (31 December 2021: approximately HK$49.1 million) were denominated in Hong Kong dollar, Renminbi and US dollar respectively.

Total borrowings included bank and other borrowings of approximately HK$5,579.1 million (31 December 2021: approximately HK$7,324.8 million), and corporate bonds of approximately HK$605.0 million (31 December 2021: approximately HK$680.0 million), and notes payable of approximately HK$297.0 million (31 December 2021: approximately HK$62.6 million). All of the borrowings bore fixed interest rates and exposed the Group to fair value interest rate risk.

As at 31 December 2022, the Group had a net current asset of approximately HK$946.0 million, as compared to the balance of approximately HK$4,042.1 million as at 31 December 2021. As at 31 December 2022, the gearing ratio of the Group was approximately 1.9 (31 December 2021: approximately 1.5), 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.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated losses. The Directors review the capital structure of the Group on a timely basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts.

CAPITAL EXPENDITURE

The total spending on the additions of property, plant and equipment and investment properties amounted to approximately HK$90.1 million for the Year (2021: approximately HK$433.4 million).

CHARGES OF ASSETS

As at 31 December 2022, the carrying amount of property, plant and equipment, inventories and investment properties amounted to approximately HK$4.4 million (2021: approximately HK$5.1 million), approximately HK$5,081.1 million (2021: approximately HK$7,564.2 million) and approximately HK$2,260.0 million (2021: approximately HK$1,892.8 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 2022, the carrying amount of investment properties and properties held for sale amounting to approximately HK$39.2 million (2021: HK$47.0 million) and HK$28.9 million (2021: HK$32.1 million) respectively were 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$441.3 million (2021: approximately HK$381.9 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 361 employees as at 31 December 2022 (31 December 2021: 413) 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 2022 and 2021, the Group had no material contingent liabilities.

COMMITMENTS

As at 31 December 2022, the Group's commitment was approximately HK$7,264.6 million (2021: approximately HK$7,849.1 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 the annual report of the Company for the year ended 31 December 2022 (the "2022 Annual Report"), there was no other significant investments held as at 31 December 2022 nor other material acquisitions and disposals of subsidiaries or affiliated companies made by the Group during the Year (2021: On 22 December 2021, the Group completed the disposal of its entire equity interest in Xinhengchuang, an indirect non-wholly owned subsidiary of the Group, the details of which are disclosed in the announcements of the Company dated 20 July 2021, 2 December 2021, 15 December 2021 and 23 December 2021 respectively).

SHARE OPTIONS

2014 Share Option Scheme was adopted on 26 March 2014. As at 31 December 2022, the number of shares in respect of which options had been granted and remained outstanding was nil (2021: nil).

FINAL DIVIDEND

The Directors do not recommend payment of any final dividend for the year ended 31 December 2022 (2021: nil).

EVENTS AFTER THE REPORTING PERIOD

Disposal of entire equity interest in Shantou Taisheng Technology Limited* (汕頭市泰盛科技有限公司)

On 3 October 2022, the Company entered into the Framework Agreement with GSFG in respect of the disposal of the entire equity interest in Shantou Taisheng Technology Limited* (汕頭市泰盛科技有限公司) (the "Disposal Company"), a non-wholly owned subsidiary of the Company. Pursuant to the Framework Agreement, on 19 October 2022, the Company procured Shenzhen Hong Jia Xin Technology Limited* (深圳宏佳新科技有限公司) (the "Vendor"), an indirect non-wholly owned subsidiary of the Company and GSFG procured Shenzhen Baokai Investment Holding Company Limited* (深圳寶開投資控股有限公司) (the "Purchaser"), an indirect wholly-owned subsidiary of GSFG to enter into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the 1st Tranche Sale Equity Interest (representing 51% of the total equity interest and actual paid-up registered capital of the Disposal Company). The resolution in relation to the Disposal was duly passed by the Shareholders at the extraordinary general meeting held on 17 January 2023. The 1st Tranche Disposal was completed on 22 March 2023. For details, please refer to the announcements of the Company dated 3 October 2022, 17 January 2023 and 22 March 2023 and the circular of the Company dated 28 December 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 throughout 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 set out in Appendix 14 of the Listing Rules throughout the Year. 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. The Company has applied and complied with the code provisions and the recommended best practices under the Amended CG Code as applicable.

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 2 June 2023 (the "2023 Annual General Meeting"), the register of members of the Company will be closed from Tuesday, 30 May 2023 to Friday, 2 June 2023, both days inclusive. During this period, no transfer of shares will be registered. In order to qualify for attending and voting at the 2023 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, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Monday, 29 May 2023.

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 2022.

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 2022 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 2022. 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 2022 Annual Report 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, 30 March 2023

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.