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)

2023 FINAL RESULTS ANNOUNCEMENT

The board (the "Board") of directors (the "Directors") of Glory Sun Land Group Limited (the "Company") is pleased to announce the consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2023 (the "Year") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**2023** ***HK$'000***	2022 *HK$'000*
Revenue	*5*	**1,203,026**	1,617,467
Cost of sales		**(1,425,913)**	(2,142,594)
Gross loss		**(222,887)**	(525,127)
Selling expenses		**(14,530)**	(53,119)
Administrative expenses		**(54,413)**	(118,956)
Loss on disposal of subsidiaries – net		**(156,169)**	–
Fair value loss on investment properties		**(151,402)**	(222,953)
Impairment losses on property, plant and equipment – net		**–**	(24,508)
Impairment losses on financial and contract assets – net		**(42,556)**	(12,673)
Other income, gains or (losses) – net	*6*	**(161,264)**	81,455
Re-measurement on financial guarantee		**45,072**	–
Loss from operations		**(758,149)**	(875,881)
Finance costs	*7*	**(133,787)**	(185,902)
Loss before income tax	*9*	**(891,936)**	(1,061,783)
Income tax credit	*8*	**64,139**	150,519
Loss for the year		**(827,797)**	(911,264)

	Notes	**2023** **HK$'000**	2022 *HK$'000*
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")		**(899)**	(3,441)
		(899)	(3,441)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**11,587**	(684,698)
Exchange differences reclassified to profit or loss on disposal of subsidiaries		**97,772**	–
		109,359	(684,698)
Other comprehensive income for the year, net of tax		**108,460**	(688,139)
Total comprehensive income for the year		**(719,337)**	(1,599,403)
Loss for the year attributable to:			
Owners of the Company		**(601,331)**	(787,049)
Non-controlling interests		**(226,466)**	(124,215)
		(827,797)	(911,264)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(486,661)**	(1,278,066)
Non-controlling interests		**(232,676)**	(321,337)
		(719,337)	(1,599,403)
Loss per share (HK cents)			
Basic and diluted	*11*	**(550.66)**	(720.73)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	**2023**	2022
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**57,072**	84,048
Investment properties		**1,358,260**	3,492,852
Financial assets at FVTOCI		**354**	1,253
		1,415,686	3,578,153
Current assets			
Inventories		**4,722,974**	8,086,954
Contract assets		**29,962**	31,505
Trade and other receivables	*12*	**3,417,211**	4,407,066
Financial asset at fair value through profit or loss ("FVTPL")		**1,436,692**	–
Current tax assets		**49,149**	51,119
Pledged and restricted bank deposits		**52,081**	441,325
Bank and cash balances		**23,843**	88,415
		9,731,912	13,106,384
Current liabilities			
Borrowings		**3,953,170**	5,567,577
Trade and other payables	*13*	**2,999,725**	4,022,677
Contract liabilities		**906,025**	2,386,427
Financial liability at FVTPL		**175,675**	–
Financial guarantee		**35,573**	80,482
Lease liabilities		**1,401**	5,581
Current tax liabilities		**66,916**	97,613
		8,138,485	12,160,357
Net current assets		**1,593,427**	946,027
Total assets less current liabilities		**3,009,113**	4,524,180

	Notes	**2023**	2022
		HK$'000	*HK$'000*
Non-current liabilities			
Borrowings		**717,085**	913,535
Lease liabilities		**24,270**	47,062
Deferred tax liabilities		**42,173**	371,029
		783,528	1,331,626
NET ASSETS		**2,225,585**	3,192,554
Capital and reserves			
Share capital		**5,460**	5,460
Reserves		**1,183,747**	1,670,408
Equity attributable to owners of the Company		**1,189,207**	1,675,868
Non-controlling interests		**1,036,378**	1,516,686
TOTAL EQUITY		**2,225,585**	3,192,554

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 1002, 10th Floor, Silvercord Tower 1, 30 Canton Road, Tsim Sha Tsui, Kowloon, 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, provision of construction works, 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 or "China").

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$828 million for the year ended 31 December 2023, and as of that date, the Group had total borrowings of approximately HK$4,670 million, of which the current borrowings amounted to approximately HK$3,953 million, while the Group had bank and cash balances of approximately HK$24 million only.

As a result of overdue loan principal and/or interest and/or breach of other loan covenants, current borrowings with principal amounts of approximately HK$2,935 million in aggregate as at 31 December 2023 which comprised bank borrowings of approximately HK$1,480 million (the "Defaulted Bank Borrowings"), other borrowings of approximately HK$861 million (the "Defaulted Other Borrowings") and corporate bonds of approximately HK$594 million, together with interest payables thereon became due and repayable on demand, and were classified as current borrowings accordingly.

During the year ended 31 December 2023, the Company and Shenzhen Jitong Industrial Company Limited* ("Jitong Industrial"), an indirect non-wholly owned subsidiary of the Company, had received a petition (the "Jitong Petition") filed by a bank (the "Jitong Plaintiff") to a court in the PRC (the "Jitong Petition Court"). The Jitong Petition was filed on the principal ground that Jitong Industrial had defaulted on its obligations due to its failure to make timely repayment under the loan facility in principal amount of approximately RMB1,197 million (equivalent to approximately HK$1,311 million) and the Company failed to perform its guaranteed obligations in relation to one of the Defaulted Bank Borrowings borrowed by Jitong Industrial. Further, a freezing order was issued by the Jitong Petition Court upon application by the Jitong Plaintiff and accordingly, 100% equity interest of Jitong Industrial, 99% equity interest of Yunfu Baoxin Property Company Limited* and 50.9999% equity interest of Hunan Meilian Property Company Limited* have been put under the freezing order. Subsequent to 31 December 2023, the first hearing for the Jitong Petition was held in February 2024 and as of the date of the approval of these consolidated financial statements, it is still pending the Jitong Petition Court's decision.

In addition, during the year ended 31 December 2023, the Group had received an early repayment notice in relation to one of the Defaulted Other Borrowings of approximately HK$249 million, together with the interest payables thereon.

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 include, but not limited to, the following:

(i) On 3 October 2022, the Group and its former related parties, Glory Sun Financial Group Limited (currently known as Renze Harvest International Limited) ("Renze Harvest") and its subsidiaries (collectively as the "Renze Harvest Group") entered into a framework agreement (the "Framework Agreement"), and on 19 October 2022, the Group and Renze Harvest Group entered into a sale and purchase agreement (the "Sale and Purchase Agreement"), pursuant to which the Group conditionally agreed to sell, and Renze Harvest Group conditionally agreed to acquire, 51% of the total equity interest of Shantou Taisheng Technology Limited* ("Shantou Taisheng"), a former indirect non-wholly owned subsidiary of the Company, at the consideration of approximately RMB1,176 million (equivalent to approximately HK$1,288 million) (the "1st Tranche Disposal"). The 1st Tranche Disposal was completed on 22 March 2023 (the "1st Tranche Completion"), and the consideration for the 1st Tranche Disposal has been fully off-set against the outstanding loans together with interest payables owed to Renze Harvest Group accordingly.

    Pursuant to the Sale and Purchase Agreement, subject to the satisfaction of the conditions precedent, the Group shall dispose the remaining 49% of the total equity interest of Shantou Taisheng to Renze Harvest Group within twelve months from the 1st Tranche Completion at the consideration of approximately RMB1,129 million (equivalent to approximately HK$1,237 million) (the "2nd Tranche Disposal"), the consideration from the 2nd Tranche Disposal will be used to off-set against the amount due to Shantou Taisheng by the Group of approximately HK$478 million. The remaining balance of the consideration of the 2nd Tranche Disposal of approximately HK$759 million will be settled in cash (the "2nd Tranche Cash Consideration") within six months from the completion of the 2nd Tranche Disposal.

Pursuant to the Sale and Purchase Agreement, the 2nd Tranche Cash Consideration will be used to settle the current bank borrowing with an outstanding principal amount of approximately HK$378 million with maturity in October 2025 borrowed by an indirect non-wholly owned subsidiary of the Company, namely Shenzhen Baoxin Industrial Company Limited*, which is secured by investment properties and properties held for sale of Shantou Taisheng.

Pursuant to the supplemental agreement to the Sale and Purchase Agreement dated 22 March 2024, the Group and Renze Harvest Group have mutually agreed to an extension of the completion of the 2nd Tranche Disposal to 30 June 2024.

(ii) As at 31 December 2023, the Group had corporate bonds with principal amuonts of approximately HK$94 million (the "2022 March Bonds"). The Group and several bondholders of the 2022 March Bonds entered into the settlement agreements to transfer certain properties to off-set against the outstanding principal amounts and interest payables of the 2022 March Bonds of approximately HK$21 million. The obligation will be discharged upon the handover of such properties. As at 31 December 2023, the respective properties were still under development and the handover was expected to be completed during the period of the Cash Flow Forecast. The Group has been actively negotiating with the remaining bondholders of the 2022 March Bonds of approximately HK$73 million, for possible settlement arrangements, which may include, among other things, to use assets for settlement or to extend the maturity date of the 2022 March Bonds.

(iii) As at 31 December 2023, the Group had another corporate bond with principal amount of HK$500 million (the "Yunnan International Corporate Bond") of which the bondholder is Yunnan International Holding Group Limited* ("Yunnan International"). During the Year, the Group entered into a settlement agreement to transfer certain properties to off-set against the outstanding principal amount and interest payables of the Yunnan International Corporate Bond of approximately RMB92 million. The obligation will be discharged upon the handover of such properties. As at 31 December 2023, the handover had not been completed, and was expected to be completed during the period of the Cash Flow Forecast. Further, on 26 January 2024, the Group and Yunnan International entered into another settlement agreement (the "Yunnan International Settlement Agreement") to transfer the entire equity interest of the subsidiaries, namely Shenzhen Virdom Education Investments Company Limited* ("Shenzhen Virdom"), Shenzhen Baoxin Trading Company Limited* ("Shenzhen Baoxin Trading") and Shenzhen Hongguanghao Industrial Co., Ltd.* ("Shenzhen Hongguanghao") to YEIG International Engineering Co., Ltd* ("YEIG International"), as the nominee of Yunnan International, for partial settlement of the Yunnan International Corporate Bond of approximately RMB245 million (the "Partial Settlement Amount") (the "Disposal"). The Partial Settlement Amount is subject to necessary adjustments (the "Necessary Adjustments") may be made to the valuation of Shenzhen Hongguanghao at the date of completion of the Disposal, provided that the adjustment amount shall, in any event, not exceed 5% of the valuation of commercial properties located in Shenyang owned by Shenzhen Hongguanghao (the "Shenyang Commercial Property") which was determined as at 31 May 2023 (i.e. approximately RMB5.48 million).

In addition, pursuant to the Yunnan International Settlement Agreement, no further interest shall be accrued on the Yunnan International Corporate Bond from 31 January 2023 onwards. The Company shall, upon completion of the Disposal and at the written request of Yunnan International, enter into a separate agreement with and arrange for the unconditional repayment of the remaining outstanding amount subject to Necessary Adjustments of Yunnan International Corporate Bond to Yunnan International.

The resolution in relation to the Disposal has been duly passed by the shareholders at the extraordinary general meeting (the "EGM") held on 20 March 2024. Up to the approval date of these consolidated financial statements, the completion of the Disposal has not been taken place.

(iv) As at 31 December 2023, the Group had a number of unsecured loan facilities (the "2023 Facilities") of which approximately RMB69 million had been utilised and approximately RMB3,200 million were unutilised. Subsequent to 31 December 2023, the Group has further obtained a new unsecured loan facility from one of the existing fund providers with an amount of approximately RMB1,000 million (the "2024 New Facility"), and the Group has not further drawn down any of the unutilised 2023 Facilities and 2024 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, that include:

(i) whether the 2nd Tranche Disposal will be completed as planned;

(ii) whether the properties under development that to be used for partial settlement of the 2022 March Bonds will be completed and to be handover to the relevant bondholders; whether the properties to be used for partial settlement of the Yunnan International Corporate Bond to be handover to the relevant bondholder as planned; and whether a mutual agreement on settlement arrangements with the remaining bondholders of the 2022 March Bonds can be reached;

(iii) whether the unutilised loan facilities from the fund providers can be drawn down successfully as and when necessary; and

(iv) whether the Group is able to collect the pre-sales proceeds of the major property development projects with the expected price and timing according to the accelerated pre-sales plan,

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. Amounts are rounded to thousands, unless otherwise stated.

3. ADOPTION OF HKFRSs

(a) Adoption of new standards, interpretation and amendments to HKFRSs – effective 1 January 2023

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

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
HKFRS 17	Insurance Contracts

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

The Group has adopted Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies" for the first time in the Year. HKAS 1 "Presentation of Financial Statements" is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgements” (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has led to the presentation of material accounting policy in the financial statements, but had no material impact on the Group’s financial positions and performance.

(b) New standards, interpretation, and amendments to HKFRSs that have been issued but are not yet effective

The following amendments to HKFRSs, 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 HKAS 1	Non-current liabilities with Covenants[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to HKFRS 16	Liability in a Sale and Leaseback[1]
Amendments to HKAS 7 and Amendments to HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of Exchangeability[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[1]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 Effective for annual periods beginning on or after a date to be determined

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:

Property development 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.

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 2023

	Property development and property investment *HK$'000*	**Trading of commodities** *HK$'000*	**Construction** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Revenue	**827,165**	**338,829**	**–**	**37,032**	**1,203,026**
Segment results	**(336,776)**	**94**	**(1,438)**	**19,213**	**(318,907)**
Loss on disposal of subsidiaries – net					**(156,169)**
Fair value loss on investment properties					**(151,402)**
Other income, gains or (losses) – net					**(161,264)**
Re-measurement on financial guarantee					**45,072**
Finance costs					**(133,787)**
Unallocated corporate expenses					**(15,479)**
Loss before income tax					**(891,936)**

For the year ended 31 December 2022

	Property development 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 or (losses) – net					81,455
Finance costs					(185,902)
Unallocated corporate expenses					(18,398)
Loss before income tax					(1,061,783)

5. REVENUE

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

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of properties	**817,674**	968,345
Trading of commodities	**338,829**	587,394
Others	**37,032**	38,073
	1,193,535	1,593,812
Revenue from other sources		
Rental income	**9,491**	23,655
	1,203,026	1,617,467

6. OTHER INCOME, GAINS OR (LOSSES) – NET

	2023	2022
	HK$'000	*HK$'000*
Interest income from bank balances	**884**	4,083
Fair value loss on financial asset at FVTPL	**(22,994)**	–
Fair value loss on financial liability at FVTPL	**(136,876)**	–
Gain on lease modifications	**14,287**	2,246
Government grants	**44**	512
Foreign exchange (loss)/gain – net	**(19,735)**	70,304
Loss on disposal of property, plant and equipment	**–**	(32)
Others	**3,126**	4,342
	(161,264)	81,455

7. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Interest on bank borrowings	**105,865**	218,478
Interest on other borrowings	**190,298**	207,582
Interest on corporate bonds	**58,229**	50,731
Interest on notes payable	**3,651**	–
Interest on loans from former related parties	**28,615**	124,947
Interest on lease liabilities	**3,081**	5,524
	389,739	607,262
Amount capitalised	**(255,952)**	(421,360)
	133,787	185,902

8. INCOME TAX CREDIT

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

	2023	2022
	HK$'000	*HK$'000*
Current tax:		
– PRC Enterprise Income Tax (the "EIT")	**2,647**	45,877
– PRC Land Appreciation Tax (the "LAT")	**17,685**	23,593
	20,332	69,470
Over-provision in prior year:		
– PRC EIT	**(168)**	–
Deferred tax:	**(84,303)**	(219,989)
Income tax credit	**(64,139)**	(150,519)

9. LOSS BEFORE INCOME TAX

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

	2023	2022
	HK$'000	*HK$'000*
Carrying amount of inventories sold	**1,101,186**	1,432,728
Write-down of inventories	**302,709**	700,068
Cost of inventories recognised as expenses	**1,403,895**	2,132,796
Auditor's remuneration		
– Audit services	**2,280**	2,200
– Non-audit services	**450**	–
Depreciation		
– Owned property, plant and equipment	**2,019**	13,601
– Leasehold land for own use	**4,057**	3,478
– Properties leased for own use	**347**	4,028
	6,423	21,107
Loss on disposal of property, plant and equipment	**–**	32
Fair value loss on financial asset at FVTPL	**22,994**	–
Fair value loss on financial liability at FVTPL	**136,876**	–
Gain on lease modifications	**(14,287)**	(2,246)
Impairment losses on property, plant and equipment – net	**–**	24,508
Impairment losses on financial and contract assets – net	**42,556**	12,673
Short-term leases expenses	**380**	971
Direct operating expenses arising from investment properties that generated rental income	**217**	1,239

10. DIVIDENDS

No dividend has been paid or declared by the Company for the year ended 31 December 2023 (2022: nil).

11. LOSS PER SHARE

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

	2023	2022
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**109,202**	109,202

	2023	2022
	HK$'000	*HK$'000*
Loss for the purpose of calculating basic loss per share	**(601,331)**	(787,049)

There was no dilutive potential ordinary shares outstanding for the years ended 31 December 2023 and 2022.

12. TRADE AND OTHER RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**12,897**	38,832
Less: loss allowance for expected credit losses	**(888)**	(17,031)
	12,009	21,801
Other receivables	**121,348**	107,641
Other receivables from former related parties	**–**	2,740
Consideration receivables	**303,621**	352,408
Prepayments and other deposits	**2,953,885**	3,889,121
Other tax assets	**26,348**	33,355
	3,405,202	4,385,265
Total trade and other receivables	**3,417,211**	4,407,066

The Group generally allows an average credit period of 10 days (2022: 10 days) for its customers of trading of commodities and 30 days (2022: 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.

	2023	2022
	HK$'000	*HK$'000*
0-30 days	**1,244**	2,388
31-60 days	**398**	368
61-90 days	**433**	1,205
91-120 days	**294**	260
Over 120 days	**9,640**	17,580
	12,009	21,801

13. TRADE AND OTHER PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade payables	**1,407,726**	2,529,794
Wages and salaries payables	**3,373**	6,597
Accruals	**2,885**	2,728
Other tax liabilities	**96,131**	93,898
Interest payables	**590,992**	425,073
Interest payables to former related parties	**–**	143,986
Secured deposits from contractors	**10,704**	307,652
Other payables	**366,758**	463,462
Other payable to a non-controlling interest	**43,174**	43,407
Other payables to former related parties	**–**	6,080
Other payables to a former subsidiary	**477,982**	–
	1,591,999	1,492,883
	2,999,725	4,022,677

The credit period of trade payables in relation to trading of commodities is ranged from 10 to 360 days (2022: ranged from 10 to 360 days); provision of property development and property investment is ranged from 7 to 30 days (2022: ranged from 7 to 30 days) and trading of home appliances and building materials is 30 days (2022: 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:

	2023	2022
	HK$'000	*HK$'000*
0 – 30 days	**348,619**	1,472,737
31 – 60 days	**7,977**	14,310
61 – 90 days	**488**	328
91 – 120 days	**129,911**	3,717
Over 120 days	**920,731**	1,038,702
	1,407,726	2,529,794

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 2023.

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$828 million for the year ended 31 December 2023, and as of that date, as disclosed in note 28 to the consolidated financial statements, the Group had total borrowings of approximately HK$4,670 million, of which the current borrowings amounted to approximately HK$3,953 million, while the Group had bank and cash balances of approximately HK$24 million only.

As a result of overdue loan principal and/or interest and/or breach of other loan covenants, current borrowings with principal amounts of approximately HK$2,935 million in aggregate as at 31 December 2023 which comprised bank borrowings of approximately HK$1,480 million (the "Defaulted Bank Borrowings"), other borrowings of approximately HK$861 million (the "Defaulted Other Borrowings") and corporate bonds of approximately HK$594 million, together with interest payables thereon became due and repayable on demand, and were classified as current borrowings accordingly.

During the year ended 31 December 2023, the Company and Shenzhen Jitong Industrial Company Limited ("Jitong Industrial"), an indirect non-wholly owned subsidiary of the Company, had received a petition (the "Jitong Petition") filed by a bank (the "Jitong Plaintiff") to a court in the People's Republic of China (the "Jitong Petition Court"). The Jitong Petition was filed on the principal ground that Jitong Industrial had defaulted on its obligations due to its failure to make timely repayment under the loan facility in principal amount of approximately RMB1,197 million (equivalent to approximately HK$1,311 million) and the Company failed to perform its guaranteed obligations in relation to one of the Defaulted Bank Borrowings borrowed by Jitong Industrial. Further, a freezing order was issued by the Jitong Petition Court upon application by the Jitong Plaintiff and accordingly, 100% equity interest of Jitong Industrial, 99% equity interest of Yunfu Baoxin Property Company Limited and 50.9999% equity interest of Hunan Meilian Property Company Limited have been put under the freezing order. Subsequent to 31 December 2023, the first hearing for the Jitong Petition was held in February 2024 and as of the date of the approval of these consolidated financial statements, it is still pending the Jitong Petition Court's decision.

In addition, during the year ended 31 December 2023, the Group had received an early repayment notice in relation to one of the Defaulted Other Borrowings of approximately HK$249 million, together with the interest payables thereon.

The above 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 of the Group covering the next fifteen months from the end of the reporting period (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 2022 ("2022 Consolidated Financial Statements") relating to the going concern basis of preparing the consolidated financial statements. The balances as at 31 December 2022 and the amounts for the year then ended are presented as corresponding figures in the consolidated financial statements for the year ended 31 December 2023. We disclaimed our audit opinion on the consolidated financial statements for the year ended 31 December 2023 also for the possible effect of the disclaimer of opinion on 2022 Consolidated Financial Statements on the comparability of 2023 figures and 2022 figures in the consolidated financial statements for the year ended 31 December 2023.

INDUSTRY AND MARKET OVERVIEW

In 2023, China's economy is facing external challenges such as global trade frictions, geopolitical risks and volatility of international financial markets, as well as internal structural problems such as transformation and upgrading of traditional industries and debt risks of local governments. In response to these challenges, the PRC government has been actively advancing supply-side structural reform, expanding effective demands, implementing prudent monetary policies and proactive fiscal policies, and resolving the status quo of excess capacity and structural imbalance through a series of measures to enhance the efficiency and competitiveness of the overall economy, thereby gradually easing the downward pressure on economic growth. The PRC's gross domestic product (GDP) for 2023 was RMB126.06 trillion, representing a growth of approximately 5.2% year-on-year, with the economy showing a positive trend of recovery.

Over the past year, the PRC government strengthened the supervision of real estate enterprises, increased land supply, strictly controlled real estate development loans and restricted the financing of real estate market with high leverage ratio, which stimulated the rebound of the real estate market and continued to restore market confidence and expectations for buying houses. Real estate policies remained moderately loose, with demand-side policies significantly stepped up and marginal improvements in financing support policies for real estate enterprises, especially in core policies such as down payment ratios and mortgage interest rates, with first-tier cities such as Beijing and Shanghai making greater adjustments in the second half of 2023, continuously releasing positive signals.

However, the market's pessimistic projections have yet to see any significant improvement, and the lack of demand-side policy guidance had led to a general decline in the sales of real estate enterprises at all levels to varying degrees, and the overall sales were not promising. According to the National Bureau of Statistics, the gross floor area (GFA) sold of commodity housing in 2023 was approximately 1.12 billion square metres, representing a decrease of approximately 8.5% year-on-year, of which the GFA sold of residential housing decreased by approximately 8.2%. Sales of commodity housing amounted to approximately RMB11,662.2 billion, representing a year-on-year decrease of approximately 6.5%, of which sales of residential properties decreased by approximately 6.0%. The sales pressure continued to mount on the investment side, with total investment for real estate development falling by approximately 9.6% year-on-year for the second consecutive year. With the property market falling in both volume and price, the "short-run adjustment" that real estate enterprises have been anticipating did not come into fruition.

Although major real estate enterprises have adopted various measures to reduce costs, stop land acquisition, accelerate sales, cut management fees and focus on project delivery, they are still caught in the predicament of declining fund-raising ability and increased debt pressure due to the shortfall in funding for uncompleted pre-sale properties. In addition, in mid-2023, credit risk events such as debt defaults and extensions by some leading real estate enterprises sparked a new round of pessimistic projections of the market on the real estate industry, intensifying the negative sentiments, and the liquidity crisis continued to spread, with the industry risks not fully resolved.

In 2023, with the implementation of policies to expand domestic demand and promote consumption, the cultural industry unleashed new momentum which drove the significant growth of the cultural entertainment and leisure service industry. According to relevant statistics, the operating revenue of the industry in 2023 amounted to approximately RMB175.8 billion, representing a year-on-year increase of approximately 63.2%. Against this backdrop, with the expansion and differentiation of consumption levels, the pace of industry integration has accelerated, and the integration model of "Pan-entertainment+" has become more diversified, further boosting the growth of cultural and entertainment consumption through collaborative sales and development of merchandise.

Looking back at 2023, the Group focused on high-tier core cities, actively responding to policy adjustments and market changes to optimize resource allocation; accelerated the revitalization of existing assets and optimized the capital structure to alleviate debt repayment pressure; accelerated the construction progress to ensure the development, construction and smooth delivery of property projects; formulated reasonable discount and payment policies to improve sales efficiency and facilitate quick capital recovery; proactively adjusted business focus and shrank the management radius to improve decision-making efficiency and reduce management costs. The Company is determined in overcoming all difficulties and resolving all sorts of problems and conflicts in an orderly manner, so as to resume normal operation and drive the Company back into the track of healthy development as soon as possible.

BUSINESS REVIEW

Property development and investment

The Group's property development and investment sector continues to maintain its development strategy of "deeply exploring the business of property development and investment in strong first-tier cities, new first-tier cities and strong second-tier cities". Currently, the Group has a total of five property development projects in four PRC cities, including Shenzhen, Changsha, Shantou and Yunfu. With a gross construction floor area of approximately 1.30 million square meters, such projects comprise modern commercial, high-class residences, featured hotels, commercial apartments, high-end villas, boutique garden houses and other multi-format and segmented products.

Throughout 2023, despite certain favorable policies had been formulated, the momentum of the property market recovery is insufficient. The short-term confidence and ability of residents to buy houses has not yet been restored, and the market is still at its bottom. The continuous overall downward pressure in the industry, hampered financing channels and strong wait-and-see sentiment in the market made it difficult for the Group's sales performance to meet the expected targets, and the Group still faced significant sales pressure.

To resolve liquidity difficulties and alleviate repayment pressure, the Group prudently managed its capital flow, strengthened capital monitoring, optimized capital deployment and orderly formulated its investment and financing plans. The Company proactively conducted debt management, secured support from financial institutions, accelerated the disposal and revitalization of assets, and restored its capital structure, with the aim of lowering the cost of debt and alleviating repayment pressure. In 2023, the Company continued to advance the implementation of the overall debt management plan and accelerated the process of debt management, so as to use its best endeavours to preserve the interests of all stakeholders.

Meanwhile, the Group withstood capital pressure and made delivery assurance as its primary operational objective, fully implementing its main responsibilities to ensure the smooth construction and timely delivery of its projects. The Group proactively assessed the market environment, seized the window period of "city-specific policies", adjusted its marketing strategies and supply rhythms, accelerated the sales of better-laid projects, quickly recovered funds, and ultimately achieved normal sales of different projects across various places with on-time delivery. Among them, the Group completed the preparation for the delivery of the Shantou Chaoyang Project Phase III apartments, thus realizing the commitment made to property owners. Phase III commercial complex has completed its finishing works and is about to open for business. The Group continued to push new Phase IV residential units through both online and offline sales channels to quickly recover funds. In addition, all foundation pit safety protection works have been completed for the Shantou Chaoshang Financial Centre Project. The Changsha Project has also completed the full delivery and application of overall property ownership certificate, successfully fulfilling its delivery commitment.

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.

In 2023, the overall leasing of Bihaiwan Golf was relatively satisfactory, with the all-inclusive rooms and shops fully leased out throughout the year. The overall revenue and number of visits of customers were largely the same as compared to that of last year. The Xiao Mu Tong Playroom (Xili Shop) recorded a slight increase in revenue in 2023 as compared to corresponding period last year, receiving approximately 75,000 visitors for the Year. The Xiao Mu Tong Playroom (Sungang Shop) recorded a significant year-on-year increase in revenue, receiving approximately 60,000 visitors for the Year. KTV TYPET Party achieved a better market response by increasing its brand awareness and image, and its annual revenue increased by approximately 55.6%. Benefiting from the gradual rebound in gym patronage, Sungang Shop and Xili Shop of Xin Dong Neng both recorded a slight growth in revenue in 2023 as compared to corresponding period last year, with their brand influence and operational management capability enhanced, maintaining an overall steady recovery momentum.

Trading of commodities

Based on the 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 2023, due to the challenges in resource supply pressure, environmental protection restrictions, international trade uncertainty and technological alternatives, the non-ferrous metals industry as a whole faced difficulties in sluggish downstream demand, increase in production and operation risks and disrupted price transmission. Against this backdrop, the Group adjusted its business rhythm and optimized its business strategies to improve its business flexibility and turnover rate, largely stabilizing its business.

Structural changes

In view of the market fluctuations associated with industry cycles and policy adjustments, the Group actively optimized project portfolio, strategically focused resources on key projects, and disposed of assets in a timely manner to recover funds, in order to effectively reduce the Company's debts and keep overall risks under control.

On 22 March 2023, the Company completed the 1st Tranche Disposal of 51% equity interest in Shantou Taisheng and targeted to complete the transfer and delivery of the remaining 49% equity interest within twelve months from the 1st Tranche Completion. As disclosed in the announcement of the Company dated 22 March 2024, owing to the unexpected delay to the progress of examination and settlement of the properties under the development and construction project of Shantou Taisheng, additional time is required for the satisfaction of the conditions precedent for the 2nd Tranche Disposal. As a result, the Group and the Renze Harvest Group have mutually agreed to an extension of the completion of the 2nd Tranche Disposal to 30 June 2024.

In addition, on 28 June 2023, the Company successfully disposed of 100% equity interest in Shenzhen Saiao Enterprise Management Co., Ltd* and its subsidiaries, the subsidiaries of which were principally engaged in property development in Changchun and Weinan.

On 12 July 2023, the Company successfully disposed of 100% equity interest in Micron Capital Limited and its subsidiaries, the subsidiaries of which were principally engaged in investment holding.

On 26 January 2024, the Group, Yunnan International and YEIG International entered into the Yunnan International Settlement Agreement, pursuant to which the parties conditionally agreed to partially settle the Yunnan International Corporate Bonds by procuring the Group's subsidiaries to dispose, by means of equity transfer, their respective interests in the residential and commercial properties in Shenyang and commercial properties in Hefei to YEIG International, as the nominee of Yunnan International. The Yunnan International Settlement Agreement and the transactions contemplated thereunder were duly passed by the shareholders of the Company by way of poll at the EGM held on 20 March 2024.

PROSPECTS

As China's population enters the era of negative growth and urbanization is entering the next stage, housing will quickly return to its attributes of people's livelihood and residence. The slowdown in economic growth and residents' income growth has shattered consumers' expectation that housing prices can "continue to rise", coupled with a lack of confidence in housing market, the residents' impetus to buy houses has also significantly weakened. Under the stringent de-leveraging policies, real estate enterprises still have works to do before they are out of danger, and the supply side is in a period of deep adjustment. Under the new major changes in the relationship between supply and demand in the domestic real estate market, the PRC government timely adjusts and optimizes the real estate policies and implement city-specific policies to accurately promote the stable, healthy and high-quality development of the real estate market. Several major working conference of the Central Committee in 2023 stressed that the acceleration of the construction of the "three major projects" will further promote the establishment and formation of a new "dual-track system" development model between affordable housing and commodity housing. Effectively resolving real estate risks will remain the main theme of China's national policy. Enterprise financial support policies are expected to continue to be refined and implemented, local land auction rules may continue to be relaxed, and funds and supporting measures for ensuring property delivery are expected to be further followed up.

Looking ahead to 2024, the Company will capitalize the trend of real estate market regulation, make timely adjustments to its strategies and take initiatives in marketing; understand the mainstream demand and innovate its products and services to enhance its market competitiveness; continue to expand its financing channels through project cooperation to maintain a healthy debt structure and capital status; enhance the efficiency of project management and construction quality to ensure that projects will be completed in a timely manner and with quality, and continue to enhance the Group's core strengths to achieve sustainable development.

In light of the upgrade diverse needs driven by consumers, cultural entertainment enterprises need to achieve in-depth integration of contents and technology by means of innovative products and services in new business form, so as to satisfy the new demands of consumers in pursuit of individualization, diversification and socialization of consumption, thereby enhancing the consumption premium of entertainment projects and consumers' spending momentum. In 2024, the Group's cultural sports and entertainment sector will continue its stable and resilient business strategy to respond to market changes and risks, and improve the stability and sustainability of the overall profitability of the cultural entertainment segment.

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 and (ii) trading of commodities in the PRC.

During the Year, the Group recorded revenue of approximately HK$1,203.0 million which has been decreased by approximately 25.6% from approximately HK$1,617.5 million for the year ended 31 December 2022 (the "Prior Year"). The decline in revenue was mainly attributable to the drop in the sales in property development and property investment and the trading volume of trading of commodities in the Year by approximately HK$164.8 million and HK$248.6 million, representing a decrease of approximately 16.6% and 42.3% as compared to the Prior Year, respectively.

In respect of sales of properties, the revenue was approximately HK$817.7 million for the Year which has been decreased by approximately 15.6% year-on-year. The decrease was mainly attributable to the recession of the PRC property market, and the general public being more conservative when dealing in the property market.

During the Year, the cost of sales of the Group was approximately HK$1,425.9 million, which has been decreased by approximately 33.5% from approximately HK$2,142.6 million in the Prior Year. Along with the decrease in cost of sales, due to the unprecedented challenges faced by the national real estate market in the Year, the gross loss was approximately HK$222.9 million for the Year, comparing to gross loss of approximately HK$525.1 million for the Prior Year, representing a decrease of approximately HK$302.2 million. The gross loss margin was 18.5% for the Year comparing with the gross loss margin of 32.5% for the Prior Year. The gross loss was mainly attributable to write-down in the carrying amount of inventories to the net realisable value amounting to approximately HK$302.7 million with respect to Hunan and Shantou projects in the property development 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 global trade frictions 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 remained at around 0.2% for both years though the revenue of the Year had dropped to approximately HK$338.8 million from approximately HK$587.4 million for the Prior Year.

During the Year, due to the efficient cost control measures implemented by the Group, the selling expenses amounted to approximately HK$14.5 million (2022: approximately HK$53.1 million) representing a decrease of approximately 72.7%. In addition, the administrative expenses amounted to approximately HK$54.4 million (2022: approximately HK$119.0 million) which has been decreased by approximately 54.3% when compared to the Prior Year and the decrement amounted to approximately HK$64.6 million.

Since the assessed net realisable value of the properties under development less cost to sell had been lower than its carrying cost amount, the properties under development value was therefore written down by approximately HK$302.7 million (2022: approximately HK$700.1 million) reflecting the recession in the property market of the PRC.

The investment properties 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$151.4 million (2022: approximately HK$223.0 million) was recognised.

Net impairment losses on financial and contract assets increased to approximately HK$42.6 million for the Year from approximately HK$12.7 million for the Prior Year, which was primarily due to the increase 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$133.8 million (2022: approximately HK$185.9 million), representing a decrease by approximately 28.0% as compared to the Prior Year.

Income tax expense, which consisted of the EIT and the LAT levied in the PRC as well as their deferred tax effect, constituted an income tax credit of approximately HK$64.1 million for the Year (2022: approximately HK$150.5 million). The decrease in the income tax credit 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$827.8 million for the Year, as compared to a net loss of approximately HK$911.3 million for the Prior Year.

Liquidity and Financial Resources

As at 31 December 2023, the Group had bank and cash balances of approximately HK$23.8 million (31 December 2022: approximately HK$88.4 million), while the pledged and restricted bank deposits amounted to approximately HK$52.1 million (31 December 2022: approximately HK$441.3 million). Total borrowings of the Group amounted to approximately HK$4,670.3 million as at 31 December 2023 (31 December 2022: approximately HK$6,481.1 million), of which equivalents of approximately HK$593.5 million (31 December 2022: approximately HK$1,128.0 million) and approximately HK$4,076.8 million (31 December 2022: approximately HK$5,353.1 million) were denominated in Hong Kong dollar and Renminbi respectively.

Total borrowings included bank and other borrowings of approximately HK$3,810.3 million (31 December 2022: approximately HK$5,579.1 million), corporate bonds of approximately HK$593.5 million (31 December 2022: approximately HK$605.0 million), and notes payable of approximately HK$266.5 million (31 December 2022: approximately HK$297.0 million). All of the borrowings bore fixed interest rates and exposed the Group to fair value interest rate risk.

As at 31 December 2023, the Group had a net current asset of approximately HK$1,593.4 million, as compared to approximately HK$946.0 million as at 31 December 2022. As at 31 December 2023, the gearing ratio of the Group was approximately 2.1 (31 December 2022: approximately 1.9), 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$64.9 million for the Year (2022: approximately HK$90.1 million).

CHARGES OF ASSETS

As at 31 December 2023, the carrying amount of property, plant and equipment, properties under development and held for sales and investment properties amounted to approximately HK$4.2 million (2022: approximately HK$4.4 million), approximately HK$3,364.1 million (2022: approximately HK$5,708.1 million) and approximately HK$558.2 million (2022: approximately HK$2,260.0 million) respectively were pledged as security for the Group's bank loans and other borrowings granted in relation to the Group's property development and property investment business. As at 31 December 2023, the carrying amount of investment properties and properties held for sale amounting to approximately HK$33.2 million (2022: HK$39.2 million) and HK$28.7 million (2022: HK$28.9 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$50.6 million (2022: approximately HK$441.3 million) were pledged to banks to secure a bank loan granted to an independent third party and guarantee deposits for construction of pre-sale properties.

EMPLOYEE AND REMUNERATION POLICIES

The Group had 197 employees as at 31 December 2023 (31 December 2022: 361) 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 2023 and 2022, the Group had no material contingent liabilities.

COMMITMENTS

As at 31 December 2023, the Group's commitment was approximately HK$1,546.0 million (2022: approximately HK$7,264.6 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 was no other significant investments held as at 31 December 2023 nor other material acquisitions and disposals of subsidiaries or affiliated companies made by the Group during the Year.

SHARE OPTIONS

The Company adopted a share option scheme (the "Share Option Scheme") on 26 March 2014. The Share Option Scheme has a term of 10 years from its adoption date and expired on 25 March 2024. No further options can be offered or granted upon the expiration of the Share Option Scheme. The expiry of the Share Option Scheme will not affect the terms of such outstanding options and these outstanding options shall continue to be valid and exercisable subject to and in accordance with the provisions of the Share Option Scheme. As at 31 December 2023, the number of shares in respect of which options had been granted and remained outstanding was nil (2022: nil).

FINAL DIVIDEND

The Directors do not recommend payment of any final dividend for the year ended 31 December 2023 (2022: nil).

EVENTS AFTER THE REPORTING PERIOD

Partial settlement of the outstanding principal amount of the corporate bonds due to Yunnan International and the interest accrued thereon

On 26 January 2024, the Group, Yunnan International and YEIG International entered into the Yunnan International Settlement Agreement pursuant to which the parties conditionally agreed to partially settle the Yunnan International Corporate Bonds by procuring the Group's subsidiaries to dispose, by means of equity transfer, their respective interests in the residential and commercial properties in Shenyang and commercial properties in Hefei to YEIG International, as the nominee of Yunnan International. The Yunnan International Settlement Agreement and the transactions contemplated thereunder were duly passed by the shareholders of the Company by way of poll at the EGM held on 20 March 2024. For further details, please refer to the announcements of the Company dated 26 January 2024 and 20 March 2024 and the circular of the Company dated 29 February 2024.

Extension of the completion of the 2nd Tranche Disposal of Shantou Taisheng

On 3 October 2022, the Company entered into the Framework Agreement with Glory Sun Financial Group Limited (currently known as Renze Harvest) in respect of the disposal of the entire equity interest in Shantou Taisheng, a former indirect 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 Renze Harvest 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 Renze Harvest 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 the 1st Tranche Disposal, and the 2nd tranche sale equity interest, representing the 2nd Tranche Disposal. The 1st Tranche Disposal was completed on 22 March 2023. Owing to the unexpected delay to the progress of examination and settlement of the properties under the development and construction project of Shantou Taisheng, additional time is required for the satisfaction of the conditions precedent for the 2nd Tranche Disposal. As a result, the Group and the Renze Harvest Group have mutually agreed to an extension of the completion of the 2nd Tranche Disposal to 30 June 2024. For further details, please refer to the announcement of the Company dated 22 March 2024.

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 C3 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 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 (the "CG Code") set out in Appendix C1 to the Listing Rules and there has been no deviation from the code provisions set out in the CG code for the year ended 31 December 2023.

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 which 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 6 June 2024 (the "2024 Annual General Meeting"), the register of members of the Company will be closed from Monday, 3 June 2024 to Thursday, 6 June 2024, both days inclusive. During this period, no transfer of shares will be registered. In order to qualify for attending and voting at the 2024 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 Friday, 31 May 2024.

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. Shi Fazhen (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 2023.

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 2023 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 2023. 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 2023 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, 28 March 2024

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. Shi Fazhen.

*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.