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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

The directors (the "Directors") of Glory Sun Land Group Limited (formerly known as "New Sports Group Limited") (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2019 (the "Period"), which has been reviewed by the audit committee of the Company (the "Audit Committee").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2019

		Six months ended 30 June	
		2019	2018
	Note	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
			(re-presented)
Continuing operations			
Revenue	*4*	**1,629,947**	887,126
Cost of sales		**(1,607,973)**	(863,000)
Gross profit		**21,974**	24,126
Selling expenses		**(11,043)**	(3,714)
Administrative expenses		**(45,028)**	(31,610)
Gain on bargain purchase		**31,485**	102,024
Fair value gain on investment properties		**104,866**	175,098
Fair value gain/(loss) on derivative financial assets		**3,692**	(870)
Fair value loss on contingent consideration payable		**(605)**	(6,992)
Gain from derecognition of financial guarantee		**27,348**	–
Net gain of financial assets and contract assets		**7,897**	–
Other income, gains/(losses)		**9,845**	(6,548)
Profit from operations		**150,431**	251,514
Finance costs		**(96,561)**	(39,742)

	Note	Six months ended 30 June 2019 HK$'000 (unaudited)	2018 HK$'000 (unaudited) (re-presented)
Profit before income tax		**53,870**	211,772
Income tax expense	*5*	**(42,804)**	(36,040)
Profit for the period from continuing operations		**11,066**	175,732
Discontinued operation			
Profit/(loss) for the period from discontinued operation	*7*	**30,830**	(28,952)
Profit for the period	*6*	**41,896**	146,780
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Fair value changes of financial asset at fair value through other comprehensive income		**(72,049)**	(23,590)
		(72,049)	(23,590)
Items that will be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(6,406)**	30,130
Exchange differences reclassified to profit or loss on disposal of subsidiaries		**18,514**	–
		12,108	30,130
Other comprehensive income for the period, net of tax		**(59,941)**	6,540
Total comprehensive income for the period		**(18,045)**	153,320

	Note	Six months ended 30 June 2019 HK$'000 (unaudited)	2018 HK$'000 (unaudited) (re-presented)
(Loss)/profit for the period attributable to:			
Owners of the Company			
— Continuing operations		**(44,196)**	143,740
— Discontinued operation		**30,830**	(28,952)
		(13,366)	114,788
Non-controlling interests			
— Continuing operations		**55,262**	31,992
— Discontinued operation		**–**	–
		55,262	31,992
		41,896	146,780
Total comprehensive income for the period attributable to:			
Owners of the Company		**(71,283)**	123,290
Non-controlling interests		**53,238**	30,030
		(18,045)	153,320
(Loss)/earnings per share — basic and diluted (HK$ cents)			
— From continuing operations	*9*	**(1.07)**	4.49
— From discontinued operation	*9*	**0.75**	(0.90)
— From continuing and discontinued operations	*9*	**0.32**	3.59

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	**30 June 2019** **HK$'000** **(unaudited)**	31 December 2018 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**209,718**	76,665
Investment properties	*10*	**3,578,761**	2,830,073
Goodwill	*11*	**195,569**	196,258
Other intangible assets	*12*	**717,684**	743,200
Prepaid lease payments		**–**	104,717
Financial assets at fair value through other comprehensive income		**239,143**	311,192
Derivative financial assets		**6,830**	3,138
Deferred tax assets		**41,033**	47,897
		4,988,738	4,313,140
Current assets			
Inventories	*13*	**6,580,218**	6,412,766
Contract assets		**288,120**	276,872
Trade and other receivables	*14*	**4,307,406**	622,087
Pledged bank deposits		**268,416**	253,481
Bank and cash balances		**1,708,177**	758,316
		13,152,337	8,323,522
Current liabilities			
Borrowings		**5,633,428**	4,455,282
Trade and other payables	*15*	**2,729,810**	2,054,672
Consideration payable		**70,000**	10,000
Contingent consideration payable		**–**	56,855
Contract liabilities		**383,947**	690,939
Lease liabilities		**1,503**	–
Current tax liabilities		**74,919**	48,318
		8,893,607	7,316,066
Net current assets		**4,258,730**	1,007,456
Total assets less current liabilities		**9,247,468**	5,320,596

	Note	**30 June 2019**	31 December 2018
		HK$'000	*HK$'000*
		(unaudited)	(audited)
Non-current liabilities			
Borrowings		**2,617,310**	372,453
Consideration payable		**130,065**	120,474
Financial guarantees	*16*	**33,836**	60,831
Lease liabilities		**30,090**	–
Deferred tax liabilities		**845,828**	777,076
		3,657,129	1,330,834
NET ASSETS		**5,590,339**	3,989,762
Capital and reserves			
Share capital	*17*	**227,505**	202,978
Reserves		**3,578,212**	2,557,625
Equity attributable to owners of the Company		**3,805,717**	2,760,603
Non-controlling interests		**1,784,622**	1,229,159
TOTAL EQUITY		**5,590,339**	3,989,762

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2019

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The name of the Company was changed from "New Sports Group Limited" to "Glory Sun Land Group Limited" with effect from 4 June 2019.

Glory Sun Land Group Limited 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 2602, 26/F., Lippo Centre, Tower 1, No. 89 Queensway, Admiralty, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

These condensed consolidated financial statements have been prepared with the same accounting policies adopted in the annual financial statements year ended 31 December 2018, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2019. This is the first set of the Group's financial statements in which HKFRS 16 has been adopted. Details of any changes in accounting policies are set out in note 2.

The preparation of these condensed consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

These condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the annual financial statements for the year ended 31 December 2018. These condensed consolidated financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") and should be read in conjunction with the annual financial statements for the year ended 31 December 2018.

These condensed consolidated financial statements are presented in Hong Kong Dollars ("HK$"), unless otherwise stated.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2019. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations.

The Group has initially adopted HKFRS 16 Leases from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Group's condensed consolidated financial statements.

(i) Impact of the adoption of HKFRS 16

HKFRS 16 replaces HKAS 17 Leases ("HKAS 17"), HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee's perspective, almost all leases are recognised in the statement of financial position as a right-of-use assets and a lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted as allowed under HKFRS 16, please refer to section (ii) to (iv) of this note.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised the right-of-use asset at the amount equal to the lease liability, adjusted by the amount of any prepayments or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The reconciliation of operating lease commitment to lease liabilities is set out below:

	HK$'000
Operating lease commitment at 31 December 2018	17,793
Less: short-term leases with remaining lease term ending on or before 31 December 2019	(79)
Gross lease liabilities at 1 January 2019	17,714
Less: total future interest expenses	(784)
Lease liabilities at 1 January 2019	16,930

The lessee's incremental borrowing rates applied to the lease liabilities on 1 January 2019 were ranged 5.12% to 7.44%.

Right-of-use assets relating to operating leases and prepaid lease payments in respect of the land use right in the People's Republic of China ("PRC") is currently recognised as right-of-use assets upon application of HKFRS 16 and are included in the same line item as property, plant and equipment as that within which the corresponding assets.

Right-of-use assets related to interests in leasehold land where the interest in the land is held as inventories are included in the same line item as inventories as that within which the corresponding assets.

The following table summarises the impact of the adoption of HKFRS 16 on the Group's condensed consolidated statement of financial position as at 1 January 2019. The information presented for 2018 has not been restated.

	31 December 2018	**Impact of adoption of HKFRS 16**	**1 January 2019**
	HK$'000	*HK$'000*	*HK$'000*
Assets:			
Prepaid lease payments	104,717	(104,717)	–
Property, plant and equipment	–	121,647	121,647
Liabilities:			
Lease liabilities	–	16,930	16,930

(ii) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified assets for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified assets and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases in which the Group is a lessee.

(iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the date of adoption of HKFRS 16, i.e. 1 January 2019.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use asset at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Lease Liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable: (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

(iv) Transition

As mentioned above, the Group has applied HKFRS 16 using the cumulative effect approach and recognised the right-of-use asset at the amount equal to the lease liability, adjusted by the amount of any prepayments or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 January 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2019.

The Group has elected to recognise all the right-of-use assets at 1 January 2019 for leases previously classified operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. For all these right-of-use assets, the Group has applied HKAS 36 Impairment of Assets at 1 January 2019 to assess if there was any impairment as on that date.

The Group has also applied the follow practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 January 2019; and (iii) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int 4.

3. USE OF JUDGEMENTS AND ESTIMATES

In preparing this condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to annual financial statements for the year ended 31 December 2018, except for new significant judgements and key sources of estimation uncertainty related to the application of HKFRS 16 described in note 2.

4. SEGMENT INFORMATION

The Group has seven operating segments as follows:

Yacht club	–	operation of a yacht club
Education	–	provision of international education services
Real estates and property investment	–	property development and property investment
Trading of commodities	–	trading of commodities
Construction	–	provision of construction works
Provision of online game services and platform services	–	design, development and operation of mobile and web games and platform services
Others	–	operation of golf practise court

The Group's revenue are principally attributable to a single geographical region, which is the PRC.

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.

The operating segment of provision of online game services and platform services was discontinued during the Period.

The operating segments of construction and others were reported as unallocated during the six months ended 30 June 2018.

Segment revenue and results

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

For the six months ended 30 June 2019

6 months ended 30 June 2019 (unaudited)	Continuing operation							Discontinued operation	
	Yacht club in the PRC	Education in the PRC	Real estate and property investment	Trading of commodities	Construction	Others	Sub-total	Provision of online game services in PRC	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	14,819	9,336	444,840	1,142,918	12,517	5,517	1,629,947	355	1,630,302
Segment results	(1,423)	(11,964)	(14,846)	2,501	626	(8,991)	(34,097)	30,852	(3,245)
Gain on bargain purchase									31,485
Fair value gain on derivative financial assets									3,692
Fair value gain on investment properties									104,866
Fair value gain on financial guarantee									–
Fair value loss on contingent consideration payable									(605)
Gain from derecognition of financial guarantee									27,348
Other income, gains/(losses)									9,823
Net gain on financial assets and contract assets									7,897
Finance costs									(96,561)
Profit before income tax									84,700
Time of revenue recognition									
Transferred at a point in time	–	–	439,426	1,142,918	–	5,517	1,587,861	–	1,587,861
Transferred over time	14,819	9,336	–	–	12,517	–	36,672	355	37,027
	14,819	9,336	439,426	1,142,918	12,517	5,517	1,624,533	355	1,624,888
Revenue from other sources	–	–	5,414	–	–	–	5,414	–	5,414
Total	14,819	9,336	444,840	1,142,918	12,517	5,517	1,629,947	355	1,630,302

For the six months ended 30 June 2018

6 months ended 30 June 2018 (unaudited)	Continuing operation						Discontinued operation	
	Yacht club in the PRC *HK$'000*	Education in the PRC *HK$'000*	Real estate and property investment *HK$'000*	Trading of commodities *HK$'000*	Unallocated *HK$'000*	Subtotal *HK$'000*	Provision of online game services in PRC *HK$'000*	Total *HK$'000* (re-presented)
Revenue	49,899	29,753	682,334	143,431	(18,291)	887,126	4,798	891,924
Segment results	30,036	7,482	(11,146)	(850)	(19,905)	5,617	(29,209)	(23,592)
Gain on bargain purchase								102,024
Fair value gain on investment properties								175,098
Fair value loss on derivative financial assets								(870)
Fair value loss on contingent consideration payable								(6,992)
Other income, (losses)/gains								(6,289)
Finance costs								(39,744)
Unallocated corporate expenses								(16,815)
Profit before income tax								182,820
Time of revenue recognition								
Transferred at a point in time	–	–	680,143	143,431	(18,291)	805,283	–	805,283
Transferred over time	49,899	29,753	–	–	–	79,652	4,798	84,450
	49,899	29,753	680,143	143,431	(18,291)	884,935	4,798	889,733
Revenue from other sources	–	–	2,191	–	–	2,191	–	2,191
Total	49,899	29,753	682,334	143,431	(18,291)	887,126	4,798	891,924

As at 30 June 2019

	Continuing operations							Discontinued operation	
	Yacht club in the PRC	Education in the PRC	Real estate and property investment	Trading of commodities	Construction	Unallocated	Subtotal	Provision of online game services in PRC	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	**567,508**	**489,923**	**15,370,248**	**2,488**	**374,354**	**7,520**	**16,812,041**	**–**	**16,812,041**
Unallocated assets									
— Bank and cash balance									**1,103,701**
— Others									**225,333**
									1,329,034
Consolidated total									**18,141,075**
Segment liabilities	**124,441**	**178,602**	**10,559,549**	**2,140**	**53,839**	**3,423**	**10,921,994**	**–**	**10,921,994**
Unallocated liabilities									
— Corporate bonds									**1,187,500**
— Others									**441,242**
									1,628,742
Consolidated total									**12,550,736**

As at 31 December 2018

	Continuing operations							Discontinued operation	
	Yacht club in the PRC	Education in the PRC	Real estate and property investment	Trading of commodities	Construction	Unallocated	Subtotal	Provision of online game services in PRC	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	577,636	477,779	10,430,917	54,832	428,280	114,297	12,083,741	19,192	12,102,933
Unallocated assets									533,729
Consolidated total									12,636,662
Segment liabilities	76,531	163,747	6,187,156	599	152,427	4,233	6,584,693	68,919	6,653,612
— Corporate bonds									497,500
— Others									1,495,788
									1,993,288
Consolidated total									8,646,900

5. INCOME TAX EXPENSE

Income tax relating to continuing operations has been recognised in profit or loss as following:

	Note	Six months ended 30 June **2019** ***HK$'000*** **(unaudited)**	 2018 *HK$'000* (unaudited)
Current tax:			
PRC Enterprise Income Tax	*(a)*	**8,973**	25,076
PRC Land Appreciation Tax	*(b)*	**9,765**	8,955
		18,738	34,031
Deferred tax:			
Current period		**24,066**	2,009
		42,804	36,040

No provision for Hong Kong Profits Tax is required since the Group has no assessable profits in Hong Kong for the six months ended 30 June 2018 and 2019.

On 21 March 2018, the Inland Revenue (Amendment) (No. 7) Bill 2017, which introduces a two-tiered profits tax regime, was substantively enacted. Under the two-tiered profits tax regime, the first HK$2 million of assessable profits of qualifying corporations will be taxed at 8.25% with effect from the year assessment 2018/2019. Profits above HK$2 million will continue to be subject to the tax rate of 16.5%.

(a) Corporate Income Tax

PRC Enterprise Income Tax has been provided at a rate of 25% (six months ended 30 June 2018: 25%).

Pursuant to relevant laws and regulations in the PRC, an income tax of 10% is imposed on the capital gain on disposal of the PRC subsidiaries when the gain is realised from tax perspective.

(b) PRC Land Appreciation Tax

PRC Land Appreciation Tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all property development expenditures, which is included in the consolidated statement of profit or loss as income tax. The Group has estimated the tax provision for PRC Land Appreciation Tax according to the requirements set forth in the relevant PRC tax laws and regulations. The actual PRC Land Appreciation Tax liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for PRC Land Appreciation Tax is calculated.

6. PROFIT FOR THE PERIOD

Profit for the period has been arrived at charging/(crediting) the following:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(re-presented)
Continuing operations:		
Amortisation of other intangible assets (included in cost of services)	**23,389**	24,782
Depreciation of property, plant and equipment *(note(i))*	**11,388**	1,357
Directors' remuneration	**1,288**	1,654
Interest income from bank balances	**(778)**	(676)
Net foreign exchange loss	**3,505**	35,200
Operating lease charges in respect of short term lease	**249**	3,480
Fair value gain on investment properties	**(104,866)**	(175,098)
Fair value (gain)/loss on derivative financial assets	**(3,692)**	870
Gain from derecognition of financial guarantee	**(27,348)**	–
Fair value loss on contingent consideration payable	**605**	6,992
Discontinued operation:		
Gain on disposal of subsidiaries	**(41,411)**	–
Research and development expenses *(note (ii))*	**–**	1,191

Note:

(i) Depreciation of right-of-use assets included in property, plant and equipment was HK$5,176,000 during the Period.

(ii) Research and development expenses include staff costs of approximately HK$Nil (2018: HK$1,191,000).

7. DISCONTINUED OPERATION

On 29 June 2019, the Company entered into a sale and purchase agreement to dispose of the entire share capital of Kingworld Holdings Limited ("Kingworld Holdings"), which carried out the Group's provision of online game services. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in note 18(b).

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Revenue	**355**	4,798
Cost of sales	**(6,157)**	(8,512)
Selling expenses	**(9)**	(18,183)
Administrative expenses	**(4,748)**	(6,121)
Research and development expenses	**–**	(1,191)
Other income, (losses)/gains	**(22)**	259
Loss from operation	**(10,581)**	(28,950)
Finance costs	**–**	(2)
Loss before income tax	**(10,581)**	(28,952)
Income tax expense	**–**	–
Loss after income tax from discontinued operations	**(10,581)**	(28,952)
Gain on disposal of subsidiaries	**41,411**	–
Profit/(loss) for the Period from discontinued operations	**30,830**	(28,952)
Operating cash flows	**(528)**	(464)
Investing cash flows	**–**	–
Financing cash flows	**–**	–
Total cash flows	**(528)**	(464)

A gain of HK$41,411,000 arose on the disposal of Kingworld Holdings, being the proceeds of disposal less the carrying amount of the subsidiary's net liabilities and attributable goodwill. No tax charge or credit arose from the disposal.

For the purpose of presenting discontinued operations, the comparative consolidated statement of comprehensive income and the related notes have been re-presented as if the operations discontinued during the Period had been discontinued at the beginning of the comparative period.

8. DIVIDENDS

The directors did not recommend payment of an interim dividend for the current Period (2018: Nil).

9. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 June	
	2019	2018
	'000	*'000*
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	**4,113,040**	3,200,901

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
From continuing and discontinued operations:	**(unaudited)**	(unaudited)
		(re-presented)
(Loss)/profit		
(Loss)/profit for the purpose of calculating basic (loss)/earnings per share	**(13,366)**	114,788
Basic and diluted (loss)/earnings per shares *(HK$ cents)*	**(0.32)**	3.59

From continuing operations:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(re-presented)
(Loss)/profit attributable to owners of the Company for the Period	**(13,366)**	114,788
Less: Profit/(loss) for the Period from discontinued operation	**30,830**	(28,952)
(Loss)/profit for the purpose of calculating basic (loss)/earnings for share from continuing operations	**(44,196)**	143,740
Basic and diluted (loss)/earnings per share from continuing operations *(HK$ cents)*	**(1.07)**	4.49

From discontinued operation:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(re-presented)
Profit/(loss) attributable to owners of the Company for the Period	**30,830**	(28,952)
Basic and diluted earnings/(loss) per share from discontinued operation *(HK$ cents)*	**0.75**	(0.90)

The effects of all potential ordinary shares are anti-dilutive for the six months ended 30 June 2018 and 2019.

10. INVESTMENT PROPERTIES

During the six months ended 30 June 2019, the Group acquired investment properties of approximately HK$408,672,000 through acquisition of a subsidiary disclosed in note 18(a).

At 30 June 2019, the carrying amount of investment properties amounting to HK$817,843,000 (31 December 2018: HK$288,167,000) is pledged as security for the Group's bank loans.

11. GOODWILL

	HK$'000
Cost	
At 1 January 2018 (audited)	681,721
Arising on acquisition of subsidiaries	19,358
Exchange differences	(36,490)
At 31 December 2018 and 1 January 2019 (audited)	664,589
Derecognised on disposal of subsidiaries *(note 18(b))*	(355,729)
Exchange differences	(1,085)
At 30 June 2019 (unaudited)	307,775
Accumulated impairment	
At 1 January 2018 (audited)	494,235
Exchange differences	(25,904)
At 31 December 2018 and 1 January 2019 (audited)	468,331
Derecognised on disposal of subsidiaries *(note 18(b))*	(355,729)
Exchange differences	(396)
At 30 June 2019 (unaudited)	112,206
Carrying amount	
At 30 June 2019 (unaudited)	195,569
At 31 December 2018 (audited)	196,258

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill (net of accumulated impairment losses) had been allocated as follows:

	30 June 2019 *HK$'000* **(unaudited)**	31 December 2018 *HK$'000* (audited)
Operation of a yacht club		
Shenzhen Dapeng Yacht Club Company Limited ("Dapeng Yacht Club")	**67,301**	67,538
Provision of international education services		
Shenzhen Dapeng International Education Company Limited ("Dapeng International Education")	**109,734**	110,121
Real estate and property investment		
Yunfu Baoneng Property Limited ("Yunfu Baoneng")	**18,534**	18,599
	195,569	196,258

The recoverable amounts of the CGUs have been determined on the basis of their value in use discounted cash flow method. The key assumptions for the discounted cash flow method are those regarding the discount rates, growth rates and budgeted gross margin and turnover during the Period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGUs operate. Budgeted gross margin and turnover are based on past practices and expectations on market development.

The Group prepares cash flow forecasts of Dapeng Yacht Club, Dapeng International Education and Yunfu Baoneng derived from the most recent financial budgets approved by the Directors for the next five years with the residual period using the growth rate of 3%, 3% and 3% respectively. This rate does not exceed the average long-term growth rate for the relevant markets.

The rates used to discount the forecast cash flows are set out as follows:

Dapeng Yacht Club:	17% (2018: 18%)
Dapeng International Education:	15% (2018: 16%)
Yungu Baoneng:	14% (2018: 14%)

At 30 June 2019, before impairment testing, goodwill of HK$67,301,000 and HK$109,734,000 were allocated to Dapeng Yacht Club and Dapeng International Education within operation of a yacht club and provision of international education segment respectively. Based on their recoverable amounts as at 30 June 2019, no impairment loss has been recognised in profit or loss.

At 30 June 2019, before impairment testing, goodwill of HK$18,534,000 was allocated to Yunfu Baoneng within the real estates and property investment segment. Based on its recoverable amount as at 30 June 2019, no impairment loss has been recognised in profit or loss.

During the six months ended 30 June 2019, the Group disposed of the goodwill of HK$$355,729,000 which had been fully impaired in prior years through disposal of subsidiaries disclosed in note 18(b).

12. OTHER INTANGIBLE ASSETS

During the six months ended 30 June 2019, the Group disposed of other intangible assets of HK$47,400,000 which had been fully impaired in prior years through disposal of subsidiaries disclosed in note 18(b).

The Group prepares cash flow forecasts of Dapeng Yacht Club and Dapeng International Education derived from the most recent financial budgets approved by the Directors for the next five years with the residual period using the growth rate of 3.0%. This rate does not exceed the average long-term growth rate for the relevant markets.

13. INVENTORIES

The Group's inventories represent properties held for sale and properties for sale under development.

As at 30 June 2019, the carrying amount of properties for sale under development amounting to approximately HK$3,389,000,000 (31 December 2018: HK$1,760,400,000) are pledged as security for bank loans granted to the Group.

As at 30 June 2019, the carrying amount of properties for sale under development amounting to approximately HK$375,524,000 (31 December 2018: HK$170,868,000) are pledged for provision of financial guarantees to an associated party of a former equity holder of a subsidiary.

As at 31 December 2018, the carrying amount of properties for sale under development amounting to approximately HK$74,751,000 was pledged for provision of financial guarantees to associated parties of a non-controlling interest holder of a subsidiary. The respective financial guarantee had been released during the Period.

14. TRADE AND OTHER RECEIVABLES

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables	**105,133**	230,109
Less: allowance	**(367)**	(3,117)
	104,766	226,992
Other receivables	**206,647**	160,176
Consideration receivables	**1,405,811**	3,518
Prepayments and other deposits	**2,498,462**	133,970
Other tax assets	**91,720**	97,431
Total trade and other receivables	**4,307,406**	622,087

The Group generally allows an average credit period of 2 days (31 December 2018: 2 days) for sales of properties, 30 days (31 December 2018: 30 days) for operation of a yacht club and 30 days (31 December 2018: 30 days) for provision of education services, 30 days (31 December 2018) for its tenants.

The following is an aged analysis of trade receivables presented based on dates on which revenue was recognised.

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0-30 days	**8,958**	175,027
31-60 days	**1**	38,769
61-90 days	**49**	995
91-180 days	**340**	7,809
181-360 days	**95,418**	4,392
	104,766	226,992

15. TRADE AND OTHER PAYABLES

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade payables	**1,404,113**	1,242,553
Trade payables to a related party	**–**	5,695
Accruals	**14,149**	53,249
Other tax payables	**1,783**	21,020
Interest payables	**388,287**	302,480
Interest payables to a related party	**–**	29
Secured deposits from contractors	**435,684**	302,104
Other payables	**407,071**	127,313
Other payables to related parties	**–**	229
Other payable to non-controlling interest equity holder of a subsidiary	**78,723**	–
	2,729,810	2,054,672

The average credit period of trade payables; ranged from 7-30 days (31 December 2018: ranged from 7-30 days) for provision of real estates and property investment.

The following is an aged analysis of trade payables based on invoice dates at the end of the reporting period:

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0-30 days	**1,093,473**	1,007,890
31-60 days	**1,532**	13,408
61-90 days	**100**	647
91-180 days	**17,234**	8,103
181-360 days	**291,774**	218,200
	1,404,113	1,248,248

16. FINANCIAL GUARANTEES

	30 June 2019 *HK$'000*	31 December 2018 *HK$'000*
Financial guarantee contracts	**33,836**	60,831

(a) At 30 June 2019, the Group has recognised certain guarantees of HK$33,836,000 (31 December 2018: HK33,956,000) issued to some banks in respect of banking facilities granted to an associated party of a former equity holder of a subsidiary. Under the guarantees, the Group and the associated party are jointly and severally liable for all or any of the borrowings of each of them from the banks upon failure of the guaranteed entity to make payments when due.

The maximum liability of the Group at 30 June 2019 under guarantees is the amount of bank loans drawn under the guarantees at that date of HK$340,500,000 (31 December 2018: HK$339,000,000).

(b) As at 31 December 2018, the Group had recognised certain guarantees of HK$26,875,000 issued to some banks in respect of banking facilities granted to associated parties of a non-controlling interest equity holder. Under the guarantees, the Group and the associated parties are jointly and severally liable for all or any of the borrowings of each of them from the banks upon failure of the guaranteed entities to make payments when due. During the Period, the guarantees were released.

The maximum liability of the Group at 31 December 2018 under guarantees was the amount of bank loans drawn under the guarantees at that date of HK$119,026,000.

The carrying amount of financial guarantee contracts are analysed as follows:

	30 June 2019 *HK$'000*	31 December 2018 *HK$'000*
Non-current portion	**33,836**	60,831

17. SHARE CAPITAL

		2019		2018	
		Number of shares		Number of shares	
		'000	***HK$'000***	*'000*	*HK$'000*
Authorised:					
Ordinary shares of HK$0.05 (31 December 2018: HK$0.05) each					
At the beginning of the period/year		**8,000,000**	**400,000**	4,000,000	200,000
Increase in capital		**–**	**–**	4,000,000	200,000
At 30 June/31 December		**8,000,000**	**400,000**	8,000,000	400,000
Issued and fully paid:					
At the beginning of the period/year		**4,059,556**	**202,978**	2,043,128	102,156
Shares issued on settlement of contingent consideration payable	*(a)*	**111,549**	**5,577**	–	–
Shares issued on placements	*(b)*	**379,000**	**18,950**	1,634,502	81,725
Shares issued on subscription		**–**	**–**	408,626	20,432
Shares repurchased and cancelled		**–**	**–**	(26,700)	(1,335)
At 30 June/31 December		**4,550,105**	**227,505**	4,059,556	202,978

(a) On 14 May 2019, 111,548,585 retained consideration shares of the Company have been allotted and issued by the Company to Yue Jin International Limited pursuant to the sale and purchase agreement to satisfy the retained consideration for the acquisition of Yue Jin Asia Limited (粵錦亞洲有限公司) in prior years.

(b) On 24 June 2019, 379,000,000 ordinary shares of the Company have been allotted and issued to the subscribers at HK$0.45 per share, pursuant to a subscription agreement dated 18 June 2019. The placement was completed on 24 June 2019 and the premium on the issue of shares, amounting to approximately HK$170,500,000, net of related transaction costs of HK$50,000, was credited to the Company's share premium account.

18. BUSINESS COMBINATION AND DISPOSAL

(a) Acquisition of Karsen International Limited ("Karsen International")

On 31 May 2019, an indirectly wholly owned subsidiary of the Company completed the acquisition of entire equity interests in Karsen International for a cash consideration of HK$60,000,000. Karsen International is principally engaged in investment properties in the PRC. The acquisition aims to expand the business of the Company.

The fair value of the identifiable assets and liabilities of Karsen International acquired as at its date of acquisition is as follows:

	HK$'000
Property, plants and equipment	51
Investment properties	408,672
Trade and other receivables	1,790
Bank and cash balances	3,300
Borrowings	(174,750)
Trade and other payables	(91,193)
Deferred tax liabilities	(56,385)
Net identifiable assets and liabilities	91,485
Gain on bargain purchase	(31,485)
Total consideration satisfied by cash	60,000
Net cash inflow arising on acquisition:	
Cash and cash equivalents acquired	3,300

The fair value of the trade and other receivables acquired is HK$1,790,000, none of which is expected to be uncollectible.

Karsen International contributed revenue and a loss of approximately HK$359,000 and HK$786,000 to the Group's revenue and profit respectively for the period from the date of acquisition to the end of the Period.

If the acquisition had been completed on 1 January 2019, total Group's turnover for the Period would have been HK$2,633,000, and loss for the Period would have been HK$4,807,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2019, nor is intended to be a projection of future results.

(b) Disposal of Kingworld Holdings

On 29 June 2019, the Group disposed of its entire equity interest in Kingworld Holdings for a cash consideration of HK$1.

Net liabilities at the date of disposal were as follow:

	HK$'000
Property, plant and equipment	718
Bank and cash balances	4
Trade and other receivables	15,147
Trade and other payables	(75,794)
Amount due to the Group	(32,839)
Net liabilities disposed of	(92,764)
Release of translation reserve	18,514
Derecognition of goodwill *(note)*	–
Assignment of amount due to the Group	32,839
Gain on disposal of subsidiaries	41,411
Total consideration satisfied by cash	–*
Net cash outflow arising on disposal:	
Cash consideration received	–*
Cash and cash equivalents disposed of	(4)
	(4)

* Represents the balance less than HK$1,000

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

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY AND MARKET OVERVIEW

In the first half of 2019, faced with the complex situation where risks and challenges increase both at home and abroad, China's economic operation continued the overall stable development trend while securing growth. The main macroeconomic indicators moved within a reasonable band and the economic structure continued to be optimized. In terms of industry, the central government adhered to the policy of "houses are for living, not for speculation". As a result, the real estate markets in most cities have entered a stable cycle whether in terms of housing prices, volume or land market, the residential attribute of houses has become increasingly prominent, and a consensus has been reached in the industry that the real estate industry has entered the silver age. Backed by national policies, which encourage the integration of fitness and leisure activities and sports events by developing and innovating various types of sports training, the broader environmental climate of China's sports industry is still bullish. However, the overall scale of the sports industry is still small and its vitality is feeble. We believe that with "the people's increasing yearning for a better life", the scale and vitality of the sports industry will expand and improve exponentially.

Amidst this market environment, in the first half of 2019, the Group continued to optimize and integrate various business segments and steadily promoted the development strategy of "centering on property investment and development and relying on sports culture" to achieve the strategic transformation from a single business unit to diversified businesses in real estate and steady progress to become the "expert operator of urban complexes". In the property investment and development segment, the Group continued to integrate various resources to consolidate its business foundation, while eying market openings to increase project investment and develop intensively. In the sports culture industry sector, we continued to expand the project pipeline, innovate development ideas, and accelerate the seizing of market share.

BUSINESS REVIEW

Property investment and development

After establishing property investment and development as an important business segment of the Company in 2017, followed by business adjustment in 2017 and 2018, the Group has now developed into a large-scale real estate company primarily engaged in integrated property development and services covering multi-forked product segments including office buildings, commercial, multi-story and high-rise residences, hotels, commercial apartments, villas, and garden houses, owning a total of nine development projects in seven cities across the country with a total construction area of 2.93 million square meters and a total investment of approximately RMB25 billion. In the first half of 2019, the Group prioritized both investment and operation to accelerate the entry of residential units into the market. At the same time, it promoted the development and construction of various property projects as planned while actively exploring new projects.

On 30 May 2019, the Group agreed to acquire the entire equity interest in Karsen International Limited, thereby obtaining a commercial land of approximately 38,000 square meters located at No. 34, Shenxin East Road, Tiexi District, Shenyang. The building under the project had six floors. Floors one to three are used for commercial purposes, and the floors four to six are partially used for hotels and office purposes. There are 159 parking spaces in the ground parking lot. At present, many well-known merchants have settled in the building.

On 7 June 2019, Shantou Times Bay (汕頭時代灣) project officially opened to the public. With ample previous customer reserves, the premises were in high demand after the opening. With an investment of over RMB10 billion and a total floor area of over 1 million square meters, the Shantou Times Bay project was positioned as a technology, creativity and leisure center in the global context aimed at creating a vibrant modern metropolitan office park with a supporting apartment area for high-end talents.

As at 30 June 2019, three of the Group's self-owned real estate development projects have opened to the public with stable sales, and the remaining six projects are all under construction and progress in an orderly manner, well-prepared for the subsequent sales and opening. In addition, the Group continued to operate and manage some of its property investment projects in Shenyang, Hefei and Shenzhen, among others. The leasing business has improved and the internal operations have developed steadily.

Although the government has not relaxed the control over the real estate market, the Group believes that as a developing country with less than 60% of urbanization, China still has large room for the development of the real estate market, and the real estate industry still hosts tremendous investment demand in the future. In addition, compared with pure residential projects, the government is more interested in projects with on-going operations such as urban complexes and favors developer capable of operating urban complexes, as these projects can bring sustainable drives to cities, which is also the development direction and objective of the Group and its team. Most of the Company's projects are currently in the early stage of cultivation, and will bear fruits in the next three years, helping the Group ensure sufficient cash flow and achieve a virtuous circle of funds.

Sports Culture

The main sports and cultural business operated by the Group include the New Sports Marine Sports Center ("Sports Center"), the New Sports Marine Training Center ("Training Center") and the Shenzhen Bihai Bay Golf Practising Court ("Baoxin Golf"). In the first half of 2019, the Group adopted a strategy of striving for growth while maintaining stability for this sector, seeking breakthroughs through innovation and facilitating development through resource integration.

The Sports Center carried out nearly 20 events and activities in the first half of the year relying on the main businesses such as docking and rental services and event operations. On 24 April 2019, prominent leaders of the Shenzhen Boating Industry Association (深圳休閒船艇協會) visited the Sports Center and established a new positioning for the Sports Center as a seaside tourist attraction in China integrating multiple functions such as promotion of marine sports, marine entertainment experience, marine style accommodation, marine specialty dining, and marine theme team building, which is more in line with and better meets market needs. The Training Center mainly serves enterprises, institutions and camp teaching teams, providing services such as camp education, team building and training. On 29 June 2019, the Wharton Asia-Pacific International Education (沃頓亞太國際教育) entered into a cooperation agreement with the Organizing Committee of China Cup International Regatta (中國杯帆船賽組委會) and the Group to develop the Training Center into an ordinary high school featuring marine sports skills training and the base of marine sports research and learning for the young people in Shenzhen.

Baoxin Golf is a high-end leisure club that primarily offers golf practice and training services. It is located in a beautiful, green and natural environment, and it is an international golf club with fitness, entertainment, leisure and dining. At present, Baoxin Golf derives most of its revenue from members' spending, and a minority of its revenue is from rental income. Baoxin Golf has a stable customer base, and sound management team and operation mode. In the first half of 2019, Baoxin Golf delivered solid operating results. Its revenue was stable and operational targets were achieved.

The Group opined that despite the development of sports and cultural industry is encouraged by national policies, the general public's acceptance and market popularity of the yacht sports industry and golf sports, as middle and high-end consumer industry, are far from enough under the gloom of the overall economic situation. It may take a long time before the yacht and golf sports become widely accepted by the public. The Group will keep a close watch on market conditions, continue studying national policies and consumption trends, and maintain the sustainable development of the sports and cultural industry.

Structural Change

On 24 June 2019, the Group's domestic subsidiary Shenzhen Baoxin Industrial Group Limited (深圳寶新實業集團有限公司) ("Baoxin Industrial") introduced a new investor, namely Shenzhen Ke Xin Shi Dai Industrial Investment Company Limited (深圳市科信時代實業投資有限公司)(the "Investor"). According to the capital injection agreement, the Investor agreed to invest RMB1,235,500,000 into Baoxin Industrial. Upon completion of the capital injection, the total registered capital of Baoxin Industrial increased to RMB1,764,800,000 from RMB1,500,000,000, and the remaining RMB970,700,000 was credited to the capital reserve. The Group's equity interest in Baoxin Industrial dropped from 100% to 85%, whereas the remaining 15% of equity interest in Baoxin Industrial was held by the Investor. The injected capital will be primarily used to repay external borrowings owned by related real estate project companies for existing and future land development projects, and remaining capital shall be used for funding the working capital of Baoxin Industrial to meet future capital needs.

In addition, the Group sold its 100% equity interest in Kingworld Holdings Limited on 29 June 2019. Upon completion of the sale, the Group officially ended all its non-core business in online gaming services and related platform services. The sale allows the Group to better focus its resources and efforts on real estate development and property investment businesses, thereby delivering better results in the future. In addition, the Group's debt relationship with Zhou Xu and Xu Rong, the ultimate beneficial owners of the former shareholder of Kingworld Holdings Limited, will remain valid. Therefore, the Company and its related subsidiaries still have the right to recover all outstanding arrears from Zhou Xu and Xu Rong, and no negative impact will arise from the sale of the abovementioned equity interest.

Prospects

The Company believed that given the China-US trade war and slowing consumption growth, Chinese economy exposed to downward pressure in the first half of 2019, and fixed asset investment will become a key drive for Chinese economy in 2019. Property investment is a major component of the fixed asset investment. Therefore, in the second half of 2019, the Group will adapt to the market trends and focus on property investment and development. On one hand, the Group will focus on and actively expand its presence in city clusters and regional core cities that enjoy national support. On the other hand, the Group will accelerate its paces in launching real estate projects, and enhance the velocity of turnover of real estate development projects so as to maintain sound liquidity. The Group will solidify its property investment and development segment so as to ensure smooth operation of its core business.

In the meanwhile, the stable development of the sports and cultural industry will lay a solid foundation for the Group. In the second half of 2019, the Group will follow Chinese government's policies and measures for development of sports industry, and continue boosting its operation and innovating its development mode according to Shenzhen municipal committee and municipal government's plan of building Shenzhen into a modern, international and innovative city with strong sports industry.

REVIEW OF RESULTS AND OPERATIONS

During the Period, the Group achieved approximately HK$1,629,947,000 in revenue, representing a significant increase of approximately 84% from that of approximately HK$887,126,000 during the corresponding period of last year. Along with the revenue growth, the gross profit was approximately HK$21,974,000, comparing to approximately HK$24,126,000 during the corresponding period of last year, representing an decrease of 8.92%. The gross profit margin slightly decreased by 1.37 percentage points from 2.72% in the corresponding period last year to 1.35%. The revenue was mainly contributed by the sales of properties by Hunan Project Company and Shantou Project Company as well as the trading of commodities business.

During the Period, the Group's selling expenses amounted to approximately HK$11,043,000 (six months ended 30 June 2018: approximately HK$3,714,000) representing an increase of approximately 197% which was mainly due to the Group further increasing its property marketing efforts to accelerate the pre-sales and sales of its properties under development in 2019.

The Group had expedited the real estate and property investment business by expanding its operation scale. As a result, administrative expenses were increased by approximately 42% when compared with the corresponding period of last year which amounted to approximately HK$45,028,000 (six months ended 30 June 2018: approximately HK$31,610,000).

The properties portfolio of the Group comprised residential and commercial properties in Shenyang, Hefei, Shenzhen and Hunan, as well as certain properties under construction in Shantou which were held for investment purpose. As at 30 June 2019, the gain resulted from the fair value appreciation of those investment properties amounted to approximately HK$104,866,000 (six months ended 30 June 2018: approximately HK$175,098,000) was recognised.

In addition, the Group recognised a gain on bargain purchase from business combination of approximately HK$31,485,000 during the period (six months ended 30 June 2018: approximately HK$102,024,000). It was contributed by the acquisition of Shenyang Project Company.

During the Period, the Group disposed of its online game service business in the PRC and recognized a gain from discontinued operation amounted to approximately HK$30,830,000 (six months ended 30 June 2018: loss approximately HK$28,952,000) accordingly.

Income tax expense for the Period was approximately HK$42,804,000 as compared with the corresponding period of last year of approximately HK$36,040,000, representing an increase in approximately 19% compare to the corresponding period of last year.

As a result of the above-mentioned factors, the Group recorded net profit of approximately HK$41,896,000 for the Period, as compared with the amount of approximately HK$146,780,000 for the six months ended 30 June 2018.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2019, the Group had bank and cash balances of approximately HK$1,708,177,000 (31 December 2018: HK$758,316,000).

Total borrowings of the Group amounted to approximately HK$8,250,738,000 as at 30 June 2019 (31 December 2018: approximately HK$4,827,735,000), of which equivalents of approximately HK$1,247,500,000 and approximately HK$7,003,238,000 were denominated in Hong Kong dollars and Renminbi respectively. Total borrowings included bank and other loans of approximately HK$7,063,238,000 and corporate bond of approximately HK$1,187,500,000. All loans bore fixed interest rates and exposed the Group to fair value interest rate risk.

As at 30 June 2019, the Group had a net current asset of approximately HK$4,258,730,000, as compared with an amount of approximately HK$1,007,456,000 as at 31 December 2018. As at 30 June 2019, the gearing ratio of the Group was approximately 1.476 (31 December 2018: approximately 1.210), which was calculated on the basis of the total borrowings divided by total equity as at the respective reporting date.

CAPITAL EXPENDITURE

During the Period, the Group acquired property, plant and equipment of approximately HK$7,789,000 (six months ended 30 June 2018: HK$11,835,000), of which approximately HK$51,000 was acquired through acquisition of subsidiaries.

CHARGE OF ASSETS

As at 30 June 2019, properties for sale under development and investment properties with a carrying amount of approximately HK$3,389,000,000 and HK$817,843,000 respectively were pledged as security for bank loans in relation to the Group's real estate and property investment business. Besides the Group has utilised approximately HK$215,650,000 of notes payable which is secured by a charge over the pledged bank deposited amounted to HK$250,000,000. Properties for sale under development with carrying amount of approximately HK$375,524,000 was pledged for the provision of financial guarantees to an associated party of a former equity holder of a subsidiary. As at 30 June 2019, certain equity investments at fair value through other comprehensive income with a carrying amount of approximately HK$95,224,000 were pledged to secure the relevant loans from a related party amounting HK$60,000,000 which granted to a subsidiary of the Group.

As at 31 December 2018, properties for sale under development and investment properties with a carrying amount of approximately HK$1,760,400,000 and HK$288,167,000 respectively were pledged as security for bank loans in relation to the Group's real estate and property investment business. The Group has utilised approximately HK$261,400,000 of notes payable which is secured by a charge over the pledged bank deposited amounted to HK$250,000,000. Properties for sale under development with carrying amount of approximately HK$170,868,000 and HK$74,751,000 were pledged for the provision of financial guarantees to an associated party of a former equity holder of a subsidiary and the associated parties of a non-controlling equity holder of a subsidiary respectively. Besides, certain equity investments at fair value through other comprehensive income with a carrying amount of approximately HK$122,156,000 were pledged to secure the relevant loans from a related party amounting HK$60,000,000 which granted to a subsidiary of the Group.

EMPLOYEE AND REMUNERATION POLICIES

The Group had 516 full time staff as at 30 June 2019 (31 December 2018: 438) in Hong Kong and the mainland China. 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 insurance in mainland China 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 mainland China and were denominated in Renminbi. During the Period, the Group had not hedged its foreign exchange risk because the exposure was considered insignificant. Our management will continue to monitor our foreign exchange exposure and will consider hedging the foreign currency exposure when it is necessary.

SHARE CAPITAL

On 19 September 2016, the Company entered into the sale and purchase agreement in relation to purchase the entire issued share capital in Yue Jin Asia Limited. The initial consideration of HK$850,000,000 was settled and HK$150,000,000 was the retained consideration, subject to the retained consideration adjustment on the retained consideration release date. Pursuant to the written confirmation dated 29 April 2019 issued to the Company by RSM Hong Kong, the auditors of the Company at the material time, based on the annual report of the Company for the year ended 31 December 2018, each of the 2018 yacht profit and the 2018 school profit has reached the profit guarantee of HK$60,000,000 and HK$17,500,000 respectively. Therefore, no retained consideration adjustment shall be made. On 14 May 2019, 111,548,585 retained consideration shares was allotted and issued by the Company to Yue Jin International Limited at the issue price of HK1.24 (after the issue price adjustment) per consideration shares (under specific mandate granted to the Directors at the extraordinary general meeting on 19 December 2016). Details of which are disclosed in the announcements of the Company dated 19 September 2016, 28 December 2016 and 14 May 2019 and the circular of the Company dated 30 November 2016.

On 18 June 2019, the Company entered into the subscription agreements with two subscribers in relation to the subscription of shares of the Company. The subscriptions were completed on 24 June 2019 in accordance with the subscription agreements in which 277,600,000 shares and 101,400,000 shares were allotted and issued by the Company to two subscribers respectively at the subscription price of HK$0.45 per subscription share (under general mandate granted to the Directors at the Annual General Meeting on 30 May 2019). Details of which are disclosed in the announcements of the Company dated 18 June 2019 and 24 June 2019 respectively.

CONTINGENT LIABILITIES

As at 30 June 2019, the Group had no material contingent liabilities (31 December 2018: Nil).

CAPITAL COMMITMENTS

As at 30 June 2019, the Group's capital commitments were approximately HK$6,856,079 (31 December 2018: approximately HK$8,242,045,000) in respect of contracted but not provided for capital expenditures on properties under development.

INTERIM DIVIDEND

The Directors do not recommend payment of any interim dividend for the six months ended 30 June 2019 (as at 30 June 2018: Nil).

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 have complied with the required standards set out in the Model Code and the Code of Conduct during the Period.

CORPORATE GOVERNANCE

The Company emphasizes on corporate governance and committed to maintaining high standard of corporate governance which is 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 operated in accordance with the Corporate Governance Code and Corporate Governance Report (the "CG Code") during the Period which sets out (a) code provisions (which are expected to comply with); and (b) recommended best practices (which are for guidance only) in Appendix 14 of the Listing Rules. The Company has applied and complied with the applicable code provisions and the recommended best practices.

Risk Management and Internal Control

The Board has overall responsibilities for maintaining sound and effective internal control system of the Group. The Board has delegated to the management the implementation of such systems of internal controls as well as the annual review of the relevant financial, operational and compliance controls and risk management procedures. The Board considers the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. Details of the Group's risk management system and procedures were set out in the Corporate Governance Report of the Annual Report for the year ended 31 December 2018 published on 25 April 2019 (the "Annual Report") under the subject headed "Risk Management and Internal Control".

Compliance with CG Code

The Board confirms that, the Company has complied with the code provisions set out in the CG Code during the Period. The Board will carry out a regular review and propose any amendment, if necessary, to ensure compliance with the CG Code provisions as set out in the Listing Rules.

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

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with 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 interim report and to provide advice and comments thereon to the Board. The Audit Committee comprises of all the three independent non-executive Directors, currently Mr. Wong Chun Bong (Chairman), Ms. He Suying and Dr. Tang Lai Wah.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed and approved the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2019.

The unaudited interim consolidated financial statements for the six months ended 30 June 2019 have been reviewed by BDO Limited Certified Public Accountants, Hong Kong, in accordance with Hong Kong Standard on Review Engagements 2400 (Revised), "Engagements to Review Historical Financial Statements" issued by the HKICPA.

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

Hong Kong, 23 August 2019

As at the date of this announcement, the Company's executive directors are Mr. Yao Jianhui, Mr. Zhang Xiaodong 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 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.