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 2020

The directors (the "Directors") of Glory Sun Land Group Limited (the "Company") are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2020 (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 2020

		Six months ended 30 June	
		2020	2019
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
			(restated)
Continuing operations			
Revenue	7	**2,235,635**	1,629,947
Cost of sales		**(2,168,886)**	(1,607,973)
Gross profit		**66,749**	21,974
Selling and distribution expenses		**(30,369)**	(14,151)
Administrative expenses		**(45,442)**	(45,977)
Gain on bargain purchase		**–**	31,485
Fair value gain on investment properties		**62,105**	104,677
Fair value gain on derivative financial assets		**3,592**	3,692
Fair value loss on contingent consideration payable		**–**	(605)
Gain from derecognition of financial guarantee		**32,972**	27,348
Impairment losses on other intangible assets		**(131,168)**	–
(Impairment losses)/reversal of impairment losses on financial assets and contract assets – net		**(53,785)**	7,860
Other income, gains/(losses) – net		**(15,232)**	9,875
(Loss)/profit from operations		**(110,578)**	146,178
Finance costs		**(135,444)**	(96,561)

	Notes	Six months ended 30 June **2020** *HK$'000* **(unaudited)**	2019 *HK$'000* (unaudited) (restated)
(Loss)/profit before income tax expense		**(246,022)**	49,617
Income tax expense	9	**(20,026)**	(42,757)
(Loss)/profit for the period from continuing operations		**(266,048)**	6,860
Discontinued operation			
Profit for the period from discontinued operation		**–**	30,830
(Loss)/profit for the period	8	**(266,048)**	37,690
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")		**(39,353)**	(72,049)
		(39,353)	(72,049)
Items that will be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(103,777)**	21,869
Exchange differences reclassified to profit or loss on disposal of subsidiaries		**–**	18,514
		(103,777)	40,383
Other comprehensive income for the period, net of tax		**(143,130)**	(31,666)
Total comprehensive income for the period		**(409,178)**	6,024

	Notes	Six months ended 30 June 2020 HK$'000 (unaudited)	2019 HK$'000 (unaudited) (restated)
(Loss)/profit for the period attributable to:			
Owners of the Company			
– Continuing operations		**(261,177)**	(48,402)
– Discontinued operation		**–**	30,830
		(261,177)	(17,572)
Non-controlling interests			
– Continuing operations		**(4,871)**	55,262
– Discontinued operation		**–**	–
		(4,871)	55,262
		(266,048)	37,690
Total comprehensive income for the period attributable to:			
Owners of the Company		**(343,444)**	(47,214)
Non-controlling interests		**(65,734)**	53,238
		(409,178)	6,024
(Loss)/earnings per share – basic and diluted *(HK$ cents)*			
– Continuing operations		**(5.74)**	(1.18)
– Discontinued operation		**–**	0.75
	10	**(5.74)**	(0.43)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Notes	30 June 2020 HK$'000 (unaudited)	31 December 2019 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**142,164**	151,626
Investment properties	11	**5,566,076**	5,377,641
Goodwill		**17,734**	18,175
Other intangible assets		**388,081**	547,465
Financial assets at FVTOCI		**140,540**	179,893
Derivative financial assets		**17,345**	13,753
Deferred tax assets		**19,370**	28,146
		6,291,310	6,316,699
Current assets			
Inventories	12	**8,177,585**	7,894,958
Contract assets		**166,642**	214,201
Trade and other receivables	13	**4,198,191**	4,269,533
Tax recoverable		**5,790**	20,260
Pledged and restricted bank deposits		**1,045,943**	825,802
Bank and cash balances		**580,273**	634,120
		14,174,424	13,858,874
Current liabilities			
Borrowings		**3,707,979**	4,544,953
Trade and other payables	14	**4,556,571**	4,614,160
Consideration payable		**–**	300,620
Contract liabilities		**840,984**	736,885
Lease liabilities		**2,761**	1,744
Financial guarantee		**–**	33,180
Current tax liabilities		**194,034**	369,464
		9,302,329	10,601,006
Net current assets		**4,872,095**	3,257,868
Total assets less current liabilities		**11,163,405**	9,574,567

	Notes	30 June 2020 HK$'000 (unaudited)	31 December 2019 HK$'000 (audited)
Non-current liabilities			
Borrowings		**5,967,743**	3,924,642
Consideration payable		**141,543**	136,019
Lease liabilities		**26,210**	28,570
Deferred tax liabilities		**786,186**	836,781
		6,921,682	4,926,012
NET ASSETS		**4,241,723**	4,648,555
Capital and reserves			
Share capital	15	**227,505**	227,505
Reserves		**2,336,849**	2,680,293
Equity attributable to owners of the Company		**2,564,354**	2,907,798
Non-controlling interests		**1,677,369**	1,740,757
TOTAL EQUITY		**4,241,723**	4,648,555

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020

1. GENERAL INFORMATION

Glory Sun Land Group Limited (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 2602, 26/F., Lippo Centre, Tower 1, No. 89 Queensway, Admiralty, Hong Kong. The Company is an investment holding company. The Company and its subsidiaries (collectively the "Group") are principally engaged in operation of a yacht club, provision of education and training services, property development and property investment, trading of commodities, provision of construction works, operation of golf practise court and trading of seafood.

2. BASIS OF PREPARATION

These condensed consolidated interim 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 provision of Main Board Listing Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2019, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2020. Details of any changes in accounting policies are set out in note 5.

The preparation of these condensed consolidated interim 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 6.

These condensed consolidated interim financial statements contain condensed consolidated interim 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 2019. These condensed consolidated interim 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 2019.

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

3. MERGER ACCOUNTING RESTATEMENT

On 19 September 2019, an indirect non-wholly owned subsidiary of the Company entered into the sale and purchase agreement with Baoneng Real Estate Company Limited ("Baoneng Real Estate"), a company controlled by Mr. Yao Jianhui ("JH Yao") and Mr. Yao Zhenhua ("ZH Yao"), the elder brother of JH Yao, as concert parties (the "Controlling Parties"), to acquire the entire equity interest of Shenzhen Baoneng Hengchuang Industrial Limited ("Nanning Project Company") and its subsidiaries (collectively "Nanning Project Group") at a total cash consideration of RMB300 million (equivalent to approximately HK$333 million) (the "Nanning Project Acquisition"). Since the Group and Nanning Project Group are controlled by the Controlling Parties as concert parties together before and after the Nanning Project Acquisition, the Nanning Project Acquisition is considered as a combination of businesses under common control. Further details about the Nanning Project Acquisition have been set out in the circular of the Company dated 29 November 2019.

The Nanning Project Acquisition was completed on 24 December 2019 ("Completion Date of Nanning Project Acquisition"). Upon the completion of the Nanning Project Acquisition, Nanning Project Company became an indirect non-wholly owned subsidiary of the Company. As the Nanning Project Acquisition was regarded as business combinations under common control, the Nanning Project Acquisition have been accounted for based on the principles of merger accounting in accordance with Accounting Guideline 5 Merger Accounting for Common Control Combinations ("AG 5") issued by the HKICPA.

On 23 April 2019 (the "Step Acquisition Completion Date"), Glory Sun Financial Group Limited ("GS Financial") completed the acquisition of 37.16% equity interest in the Company (the "Step Acquisition"). As at the Step Acquisition Completion Date, after taking into the pre-existing equity interest in the Company held by GS Financial and the additional equity interest in the Company acquired by GS Financial in the course of the Step Acquisition, the Company became the non-wholly owned subsidiary of GS Financial. GS Financial is a company incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange. The substantial shareholders of GS Financial are the Controlling Parties acting in concert; and the Controlling Parties and their associates together hold more than 51% equity interests in GS Financial.

In this respect, upon the completion of the Step Acquisition, the directors of the Company considered that the Step Acquisition Completion Date was regarded as the effective date when both the Nanning Project Group and the Group first came under common control.

Consequently, the assets and liabilities acquired in the common control combinations are stated at their carrying amounts as if they had been held or incurred by the Group from the later of the date on which the combining entities first came under the control of the Controlling Parties or the relevant transactions giving rise to the assets or liabilities arose, which is on the Step Acquisition Completion Date.

As a result, the comparative unaudited condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended 30 June 2019 have therefore been restated, in order to include the loss, assets and liabilities of the combining entities since the Step Acquisition Completion Date on which they first come under common control.

The effects of the Nanning Project Acquisition using merger accounting on the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2019 are as follows:

	Six months ended 30 June 2019		
	Unaudited and originally reported	**Business combination of entities under common control**	**Unaudited and restated after adjustment**
	HK$'000	*HK$'000*	*HK$'000*
Continuing operations			
Revenue	1,629,947	–	1,629,947
Cost of sales	(1,607,973)	–	(1,607,973)
Gross profit	21,974	–	21,974
Selling and distribution expenses	(11,043)	(3,108)	(14,151)
Administrative expenses	(45,028)	(949)	(45,977)
Gain on bargain purchase	31,485	–	31,485
Fair value gain/(loss) on investment properties	104,866	(189)	104,677
Fair value gain on derivative financial assets	3,692	–	3,692
Fair value loss on contingent consideration payable	(605)	–	(605)
Gain from derecognition of financial guarantee	27,348	–	27,348
Reversal of impairment losses/(impairment losses) on financial assets and contract assets – net	7,897	(37)	7,860
Other income, gains/(losses) – net	9,845	30	9,875
Profit/(loss) from operations	150,431	(4,253)	146,178
Finance costs	(96,561)	–	(96,561)
Profit/(loss) before income tax expense	53,870	(4,253)	49,617
Income tax (expense)/credit	(42,804)	47	(42,757)
Profit/(loss) for the period from continuing operations	11,066	(4,206)	6,860
Discontinued operation			
Profit for the period from discontinued operation	30,830	–	30,830
Profit/(loss) for the period	41,896	(4,206)	37,690

	Six months ended 30 June 2019		
	Unaudited and originally reported	Business combination of entities under common control	Unaudited and restated after adjustment
	HK$'000	*HK$'000*	*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 FVTOCI	(72,049)	–	(72,049)
	(72,049)	–	(72,049)
Items that will be reclassified to profit or loss:			
Exchange differences on translating foreign operations	(6,406)	28,275	21,869
Exchange differences reclassified to profit or loss on disposal of subsidiaries	18,514	–	18,514
	12,108	28,275	40,383
Other comprehensive income for the period, net of tax	(59,941)	28,275	(31,666)
Total comprehensive income for the period	(18,045)	24,069	6,024
(Loss)/profit for the period attributable to:			
Owners of the Company			
– Continuing operations	(44,196)	(4,206)	(48,402)
– Discontinued operation	30,830	–	30,830
	(13,366)	(4,206)	(17,572)
Non-controlling interests			
– Continuing operations	55,262	–	55,262
– Discontinued operation	–	–	–
	55,262	–	55,262
	41,896	(4,206)	37,690

	Six months ended 30 June 2019		
	Unaudited and originally reported *HK$'000*	Business combination of entities under common control *HK$'000*	Unaudited and restated after adjustment *HK$'000*
Total comprehensive income for the period attributable to:			
– Owners of the Company	(71,283)	24,069	(47,214)
– Non-controlling interests	53,238	–	53,238
	(18,045)	24,069	6,024
(Loss)/earnings per share – basic and diluted *(HK$ cents)*			
– Continuing operations	(1.07)	(0.11)	(1.18)
– Discontinued operation	0.75	–	0.75
	(0.32)	(0.11)	(0.43)

4. THE IMPACT OF COVID-19 PANDEMIC

The outbreak of COVID-19 pandemic and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had negative impacts to the global economy, business environment and directly and indirectly affect the operations of the Group. The Group suspended its operation of yacht club as well as education and training services for a certain period during the period due to the mandatory government quarantine measures in an effort to contain the spread of the pandemic. As such, the financial performance of the segment of yacht club and education were affected in certain aspects, including reduction in revenue and results as disclosed in the relevant note.

The Group may continue to be significantly impacted by the COVID-19 pandemic even after the marine sports base and the sailing school under the segment of yacht club and education are reopened. The timing and extent of a recovery of consumer behaviour and willingness to spend discretionary income on yacht club as well as education and training services may delay the Group's ability to generate significant revenue until such time as consumer behaviour normalises and consumer spending recovers.

The Group updated its recoverability test of the carrying value of the intangible assets under the segment of yacht club and education. In performing its review of recoverability, the Group estimated the discounted future cash flows expected to result from the use of the assets and determined that there was impairment of approximately HK$131,168,000 recorded for the six months ended 30 June 2020. The cash flow estimates used in the review are consistent with management's estimated long-term projections, against which various sensitivity analyses were performed. These estimates would face a serious challenge due to the COVID-19 pandemic, therefore management's estimated cash flows factor in a number of underlying variables and ranges of possible cash flow scenarios. Actual results may materially differ from management's estimates, especially due to the uncertainties associated with the COVID-19 pandemic.

5. **ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")**

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 2020. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations.

The adoption of the new HKFRSs and amendments to HKFRSs has no material impact on the Group's condensed consolidated interim financial statements.

In addition, the Group has early adopted COVID-19-Related Rent Concessions (Amendment to HKFRS 16) ahead of its effective date and applied the amendment from 1 January 2020. The adoption of these new or revised standards, amendments and interpretations does not have a material impact to the Group's results of operations or financial position.

6. **USE OF JUDGEMENTS AND ESTIMATES**

In preparing this condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar to those that applied to annual financial statements for the year ended 31 December 2019.

There is significant ongoing uncertainty surrounding the COVID-19 pandemic and the extent and duration of impacts that it may have on operation of yacht club as well as education and training services. There is heightened potential for future credit losses on receivables, impairments of property, plant and equipment and intangible assets. In the current environment, assumptions about results of operation of yacht club as well as education and training services and customer creditworthiness have greater variability than normal, which could in the future significantly affect the valuation of the Group's assets, both financial and non-financial. The Group's cash flow estimates for certain assets are based on a longer time horizon due to the long-term nature of its underlying contracts, allowing time for a recovery of such assets. As an understanding of the long-term impacts of COVID-19 pandemic on the Group's customers and business develops, there is heightened potential for changes in these views over the remainder of 2020.

7. **SEGMENT INFORMATION**

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 six operating segments as follows:

Yacht club	–	operation of a yacht club
Education	–	provision of education and training services
Real estates and property investment	–	property development and property investment
Trading of commodities	–	trading of commodities
Construction	–	provision of construction works
Others	–	operation of golf practise court
	–	trading of seafood

The Group's revenue are principally attributable to a single geographical region, which is the People's Republic of China ("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 six months ended 30 June 2019.

The operating segments of others included operation of golf practise court and trading of seafood during the six months ended 30 June 2020 (For the six months ended 30 June 2019, others included only operation of golf practise court).

Segment revenue and results

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

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

For the six months ended 30 June 2020

	Continuing operation						
6 months ended 30 June 2020 (unaudited)	**Yacht club**	**Education**	**Real estate and property investment**	**Trading of commodities**	**Construction**	**Others**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**3,062**	**8,460**	**281,786**	**1,911,052**	**–**	**31,275**	**2,235,635**
Segment results	**(97,541)**	**(44,811)**	**27,609**	**(8,290)**	**(55,300)**	**(4,612)**	**(182,945)**
Fair value gain on investment properties							**62,105**
Fair value gain on derivative financial assets							**3,592**
Gain from derecognition of financial guarantee							**32,972**
Other income, gains/(losses) – net							**(15,232)**
Finance costs							**(135,444)**
Unallocated corporate expenses							**(11,070)**
Loss before income tax							**(246,022)**
Time of revenue recognition							
At a point in time	**–**	**–**	**276,314**	**1,911,052**	**–**	**31,275**	**2,218,641**
Transferred over time	**262**	**8,460**	**–**	**–**	**–**	**–**	**8,722**
	262	**8,460**	**276,314**	**1,911,052**	**–**	**31,275**	**2,227,363**
Revenue from other sources	**2,800**	**–**	**5,472**	**–**	**–**	**–**	**8,272**
	3,062	**8,460**	**281,786**	**1,911,052**	**–**	**31,275**	**2,235,635**

For the six months ended 30 June 2019

6 months ended 30 June 2019 (unaudited and restated)	Continuing operation							Discontinued operation	
	Yacht club	Education	Real estate and property investment	Trading of commodities	Construction	Others	Sub-total	Provision of online game services	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)	(11,043)	2,501	626	(8,991)	(30,294)	30,830	536
Gain on bargain purchase									31,485
Fair value gain on investment properties									104,677
Fair value gain on derivative financial assets									3,692
Fair value loss on contingent consideration payable									(605)
Gain from derecognition of financial guarantee									27,348
Other income, gains/(losses) – net									9,875
Finance costs									(96,561)
Profit before income tax									80,447
Time of revenue recognition									
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
	14,819	9,336	444,840	1,142,918	12,517	5,517	1,629,947	355	1,630,302

Segment assets and liabilities

As at 30 June 2020

	Continuing operations						
	Yacht club *HK$'000*	**Education** *HK$'000*	**Real estate and property investment** *HK$'000*	**Trading of commodities** *HK$'000*	**Construction** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Segment assets	**214,625**	**206,172**	**18,626,829**	**43,869**	**232,735**	**132,796**	**19,457,026**
Unallocated assets							
– Pledged and restricted bank deposits							**556,000**
– Bank and cash balance							**286,007**
– Others							**166,701**
							1,008,708
Consolidated total							**20,465,734**
Segment liabilities	**122,531**	**117,293**	**13,564,809**	**485,234**	**52,435**	**3,281**	**14,345,583**
Unallocated liabilities							
– Borrowings							**1,637,619**
– Others							**240,809**
							1,878,428
Consolidated total							**16,224,011**

As at 31 December 2019

	Continuing operations						
	Yacht club *HK$'000*	Education *HK$'000*	Real estate and property investment *HK$'000*	Trading of commodities *HK$'000*	Construction *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment assets	324,241	266,464	18,023,932	73,148	290,760	174,026	19,152,571
Unallocated assets							
– Pledged and restricted bank deposits							556,000
– Bank and cash balance							264,059
– Others							202,943
							1,023,002
Consolidated total							20,175,573
Segment liabilities	128,538	143,799	12,790,001	502,401	107,540	16,304	13,688,583
Unallocated liabilities							
– Borrowings							1,499,500
– Others							338,935
							1,838,435
Consolidated total							15,527,018

8. (LOSS)/PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Continuing operations:		
Cost of inventories	**2,075,029**	1,569,656
Write-down of inventories	**4,146**	–
Amortisation of other intangible assets (included in cost of sales)	**18,152**	23,389
Depreciation of property, plant and equipment		
– Owned property, plant and equipment	**6,743**	6,587
– Leasehold land for own use	**3,129**	3,279
– Properties leased for own use	**2,178**	1,897
Directors' remuneration	**1,488**	1,288
Foreign exchange loss – net	**26,060**	3,505
Impairment losses on other intangible assets	**131,168**	–
Impairment losses/(reversal of impairment loss) on financial assets and contract assets – net	**53,785**	(7,860)
Short-term lease expenses	**917**	249
Direct operating expenses arising from investment properties that generated rental income	**505**	19
Discontinued operation:		
Depreciation	**–**	132

9. INCOME TAX EXPENSE

Income tax relating to continuing operations has been recognised in the condensed consolidated statement of profit or loss and other comprehensive income as following:

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Current tax:		
PRC Enterprise Income Tax	**24,654**	8,973
PRC Land Appreciation Tax	**18,111**	9,765
	42,765	18,738
Deferred tax:		
Current period	**(22,739)**	24,019
	20,026	42,757

10. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 June	
	2020	2019
	'000	*'000*
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	**4,550,105**	4,113,040

(a) From continuing and discontinued operations:

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Loss for the purpose of calculating basic loss per share	**(261,177)**	(17,572)
Basic and diluted loss per share *(HK$ cents)*	**(5.74)**	(0.43)

(b) From continuing operations:

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Loss for the period attributable to owners of the Company	**(261,177)**	(17,572)
Less: Profit for the period from discontinued operation	**–**	30,830
Loss for the purpose of calculating basic loss per share from continuing operations	**(261,177)**	(48,402)
Basic and diluted loss per share from continuing operations *(HK$ cents)*	**(5.74)**	(1.18)

(c) From discontinued operation:

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Profit for the period attributable to owners of the Company	–	30,830
Basic and diluted earnings per share from discontinued operation *(HK$ cents)*	–	0.75

There were no dilutive potential ordinary shares outstanding for the six months ended 30 June 2020 and 2019.

11. INVESTMENT PROPERTIES

During the six months ended 30 June 2020, the Group incurred expenditures of approximately HK$262,506,000 (six months ended 30 June 2019: approximately HK$317,391,000) and had recorded a fair value gain on investment properties of approximately HK$62,105,000 (six months ended 30 June 2019: approximately HK$104,677,000).

As at 30 June 2020, the carrying amount of investment properties amounting to approximately HK$1,687,284,000 (31 December 2019: approximately HK$2,065,728,000) was pledged as security for the Group's bank loans and other borrowings.

12. INVENTORIES

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

As at 30 June 2020, the carrying amount of properties under development and properties held for sale amounting to approximately HK$2,153,983,000 (31 December 2019: approximately HK$3,183,936,000) and approximately HK$476,983,000 (31 December 2019: approximately HK$57,751,000) respectively were pledged as security for the Group's bank loans.

As at 30 June 2020, the carrying amount of properties under development and properties held for sale amounting to approximately HK$3,033,803,000 (31 December 2019: approximately HK$1,782,632,000) and HK$nil (31 December 2019: approximately HK$28,172,000) respectively were pledged as security for the Group's other borrowings.

As at 31 December 2019, the carrying amount of properties under development amounting to approximately HK$397,037,000 were pledged for provision of financial guarantees to an associated party of a former equity holder of a subsidiary. The financial guarantee had been released and the respective properties under development had been unpledged during the period.

According to the state-owned land use rights grant contract dated in March 2014, a parcel of land in the PRC for the property development project of which certain property under development of approximately HK$404,292,000 held by a subsidiary namely Yunfu Baoneng Property Limited ("Yunfu Baoneng") was required to be completed by March 2017.

As at 30 June 2020, the development was still under construction. The failure to meet any development milestones contained in the relevant state-owned land use rights grant contract may lead to a daily penalty of 0.01% of the consideration of the state-owned land use rights grant contract in accordance with the terms of the state-owned land use rights grant contract. The Group made submission to the relevant land authority for application of an extension of completion of development on the ground that such delay had been due to various reasons beyond its control. As advised by the Group, there was no formal written notice being served to Yunfu Baoneng by the relevant land authority in respect of the possible breach of the state-owned land use rights grant contract but the relevant land authority had verbally agreed to postpone the completion date to a later date without imposing any penalty.

Up to the date of this announcement, the Group has been still waiting for the written notice of extension from the relevant land authority. After consultation with the PRC legal advisor and taking into account the current status of the construction, the Directors considered that no provision in respect of the possible breach of the state-owned land use rights grant contract would be required to be recognised as of the end of reporting period.

13. TRADE AND OTHER RECEIVABLES

	30 June 2020 *HK$'000* **(unaudited)**	31 December 2019 *HK$'000* (audited)
Trade receivables	**117,041**	194,777
Less: loss allowance for expected credit losses	**(254)**	(535)
	116,787	194,242
Other receivables	**183,210**	180,325
Other receivables from related parties	**1,362**	–
Bond receivable	**162,900**	166,950
Interest receivables	**–**	2,870
Consideration receivables	**3,321**	3,438
Prepayments and other deposits	**3,513,820**	3,562,672
Other tax assets	**216,791**	159,036
Total trade and other receivables	**4,198,191**	4,269,533

The Group generally allows an average credit period of 2 days (31 December 2019: 2 days) for sales of properties, 30 days (31 December 2019: 30 days) for its tenants, 30 days (31 December 2019: 30 days) for operation of a yacht club and 30 days (31 December 2019: 30 days) for provision of education and training services, and 10 days (31 December 2019: 10 days) for its customers of trading of commodities, and 2 to 15 days (31 December 2019: 2 to 15 days) for its customers of trading of seafood.

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

	30 June 2020 *HK$'000* **(unaudited)**	31 December 2019 *HK$'000* (audited)
0 – 30 days	**31,344**	79,348
31 – 60 days	**387**	7,572
61 – 90 days	**522**	10,867
91 – 120 days	**133**	22
Over 120 days	**84,401**	96,433
	116,787	194,242

14. TRADE AND OTHER PAYABLES

	30 June 2020 *HK$'000* **(unaudited)**	31 December 2019 *HK$'000* (audited)
Trade payables	**3,164,501**	3,387,530
Wages and salaries payables	**8,285**	20,380
Accruals	**5,590**	8,641
Other tax liabilities	**21,112**	16,104
Interest payables	**482,736**	472,046
Interest payables to related parties	**5,728**	29
Secured deposits from contractors	**317,185**	316,253
Other payables	**212,173**	270,531
Other payables to non-controlling interests	**43,356**	44,558
Other payables to related parties	**295,905**	78,088
	4,556,571	4,614,160

The credit period of trade payables in relation to trading of commodities is ranged from 10–180 days (31 December 2019: ranged from 10–180 days); the credit period of trade payables in relation to provision of real estate and property investment is ranged from 7–30 days (31 December 2019: ranged from 7–30 days).

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

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 30 days	**2,062,197**	2,880,428
31 – 60 days	**8,487**	96,275
61 – 90 days	**535,292**	23,787
91 – 120 days	**2,937**	2,317
Over 120 days	**555,588**	384,723
	3,164,501	3,387,530

15. SHARE CAPITAL

		2020		2019	
		Number of shares		Number of shares	
		'000	***HK$'000***	*'000*	*HK$'000*
			(unaudited)		(audited)
Authorised:					
Ordinary shares of HK$0.05 (31 December 2019: HK$0.05) each					
At 1 January and 30 June/31 December		**8,000,000**	**400,000**	8,000,000	400,000
Issued and fully paid:					
At 1 January		**4,550,105**	**227,505**	4,059,556	202,978
Shares issued on placement	(a)	**–**	**–**	379,000	18,950
Shares issued on settlement of contingent consideration payable	(b)	**–**	**–**	111,549	5,577
At 30 June/31 December		**4,550,105**	**227,505**	4,550,105	227,505

(a) On 24 June 2019, 379,000,000 ordinary shares of the Company have been allotted and issued to the subscribers at HK$0.45 each, 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$151,600,000, was credited to the Company's share premium account.

(b) On 14 May 2019, 111,548,585 retained shares have been allotted and issued by the Company to the seller of Yue Jin Asia Limited ("Yue Jin Asia") pursuant to the sale and purchase agreement to satisfy the retained consideration for the acquisition of Yue Jia Asia in 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY AND MARKET OVERVIEW

Since the beginning of this year, the COVID-19 pandemic has heavily affected the economy of the PRC and plunged the global economy into a deep recession. With the concerted efforts of the whole country to fight against the epidemic, the PRC has made great strategic achievements in epidemic prevention and control and achieved steady and improving economic development, making it stand at the forefront of the world in both epidemic prevention and control and economic recovery.

In the first half of the year, to address the impact of the epidemic, the PRC has significantly increased the counter-cyclical adjustment of macroeconomic policies. The government has successively introduced policies in relation to refinancing, targeted cuts to required reserve ratios, and interest rate cuts. The broad money supply and social financing scale grow noticeably faster than those at the same period last year and the overall liquidity environment for financing has improved. Since February this year, many local governments have introduced supply-side support policies in relation to the postponement or installments of land premiums, relaxation of pre-sale conditions and extending of completion time. Driven by launching of high quality lands in hotspot cities at the same time, the average trading price per floor area of residential land as well as the relating premium rate have increased more than 15% year on year. Furthermore, the demand for some hot cities in core city clusters has rebounded so that the general trading price level of real estate has risen slightly.

Affected by the epidemic, the sports industry, with momentum to develop in 2020, has been heavily disrupted due to its clustering characteristic offline. In the first half of the year, sports retail stores were closed down, most of the sports events were postponed, relocated or even cancelled, and sports tourism consumption during the Spring Festival period was completely stagnated. However, the epidemic has also increased the public's health awareness and their consumption motivation on health, thus laying a solid foundation for the long-term development of the sports industry. With the introduction of special preferential supporting policies such as exemption of value-added tax on income obtained from provision of cultural, sports, tourism and entertainment services, and the progressive control of the epidemic, the culture, sports and entertainment industry is gradually returning to the track of steady development.

Facing such a complicated external environment, in the first half of the year, the Group maintained its strategic focus, steadily promoted the development strategy centering on property investment and development and guaranteed by the cultural sports industry, and closely focused on the theme of improving economic efficiency and development quality, in an effort to ensure the health and safety of all employees and customers, stabilise the team's mood and achieve the orderly resumption of work and production, thus successfully ensuring the smooth operation of the Company's production and operation in the first half of the year.

BUSINESS REVIEW

Property investment and development

Since the establishment of the main business segment of property investment and development in 2017, the Group has achieved remarkable development in terms of overall business operation scale and quality and continuously expanded business scale and brand influence through efficient resource integration, introduction of investors and deepening of the national strategic layout. Up to the present, in respect of real estate property segment, the Group has a total of twelve property development projects in eight cities, including Changchun, Shenyang, Weinan, Changsha, Shantou, Shenzhen, Yunfu and Nanning. The product formats include Grade A office buildings, commercial buildings, multi-storey and high-rise residences, garden houses, hotels, commercial apartments, villas, etc. with a gross construction area of 4.65 million square meters and a total investment of approximately RMB38 billion.

In the first half of 2020, the overall real estate market faced sustained pressure, and the structural market differentiation became increasingly prominent. The Group insists on taking root in core cities and exploring sustained opportunities in new first-tier cities and strong second-tier cities. The national layout of the project closely coincides with the development characteristics of urban agglomeration. Through constructing a strict and comprehensive risk management control system, grasping the opportunities brought by financing improvement and favorable conditions for quality land supply, making available replenishment of goods value and land reserves, and paying attention to the opportunities for mergers and acquisitions of strategic significance, the Company can still maintain its existing development rhythm and steadily cross the cycle in the current context of real estate market shocks and adjustment.

Affected by the epidemic, domestic real estate enterprises closed their project marketing centers at the beginning of the year, and construction sites were also delayed in commencement, throwing the operation rhythm in relation to the overall development, sales, delivery, and settlement into confusion. In terms of operation and management, the Group has formulated comprehensive prevention and control systems and measures to extend the service from offline to online by carrying out such response options as showing houses on air and setting up online sales offices under the strict implementation of the national and provincial requirements for epidemic prevention and control. Besides, external professional teams were appointed to carry out thorough disinfection in the office area, the sales department and the project site to ensure a safe resumption environment of the Group and each project companies, and strive to achieve the Group's business objectives for this year.

In the first half of 2020, the Group has made significant progress in the addition of new high quality land reserves and the accomplishment of milestones for various projects in different places.

On 7 May 2020, the Group acquired, by the means of bid invitation, auction or listing, a piece of residential land in Shenhe District, Shenyang City (the "Jiuzhong Land") of approximately 11,000 square meters, at the total consideration of RMB599 million. The planned construction gross floor area is about 75,000 square meters, which can be developed into two 33-storey high-rise residences and one 3-storey commercial complex.

On 15 May 2020, property units in Block No. 13 and Block No. 21 of Nanning Premium Residential Project Phase III were officially launched for sale. As result of adequate preliminary preparation and the advantages of strong project residence products which contributed to sufficient customer reserves in the early stage, the project achieved excellent sales within a short period.

On 17 May 2020, property units in Block No. 3 of Weinan Project Phase I was open for sale. The sales rate at the same day was up to 48% which were much higher than that of other real estate enterprises in the market, making it the sales champion in Weinan real estate market during the epidemic.

On 30 June 2020, property units in Block No. 6 of Shantou Chaoyang Phase II have been delivered to owners for occupancy.

As of the first half of 2020, all of the twelve real estate development projects of the Group have basically started construction. Weinan Project, Shantou Chaoyang project, Shantou Eastern Coast Project, Yunfu Villa Project, Nanning Financial Center Project, and Nanning Premium Residential Project have been officially launched for sale; Shantou Chaoyang Project Phase I, and Nanning Premium Residential Project Phase I and Phase II have been completed; Shantou Chaoyang Project Phase I, Nanning Premium Residential Project Phase I and Phase II, and Nanning Financial Center Project have been completed and delivered to owners for occupancy. All real estate development projects of the Group are operated steadily based on the development plan where the safety and order in the construction site is well maintained, and is fully prepared for the subsequent sales, opening, completion and delivery milestones.

Cultural sports

The Group's main cultural sports segment has included New Sports Marine Sports Centre (the "Sports Centre"), New Sports Marine Training Centre (the "Training Centre") and Shenzhen Bihaiwan Golf Practise Court (the "Baoxin Golf"). Sports Centre mainly provides general tourists, enterprise teams, public institution teams, event participants and spectators with sailing, marine entertainments, dining and other services. Training Centre mainly serves enterprises, and camp education teams, and provides services for activities such as camp education, team building and training, as well as support and services for activities such as navigation culture training and navigation sports training. Baoxin Golf is a high-end international golf club that primarily offers golf practice and training services and provides other integrated services such as fitness, entertainment, leisure and dining.

Due to the epidemic, the whole country of the PRC implemented restrictions on physical movement of people, reduced and limited on various gatherings, delayed or cancelled many sports events and training services, suspended the opening of stadiums to the public. Against the backdrop, the Company could hardly carry out any sports events as planned in the first half of 2020, suspended all sports leisure projects, and the harbor basin was almost in a state of suspension, leading to inevitable effect on its performance of cultural sports segment.

In the first half of the year, the Company took full advantage of the mandatory rest period brought by the epidemic to the cultural sports industry. Focusing on the work theme "deepening the service connotation and improving the business skills", it strengthened the management process of internal project and improved the project management efficiency; it also improved the business planning ability, professional operation ability, enhanced innovative thinking of product structure and operation mode, and actively adapted itself to the changes in social consumption demand in the post epidemic era.

With the resumption of work and production in the sports events according to their categories, the Sports Centre has received about a hundred batches of customers, 4,000 person-times, by means of hosting, co-organizing and venue supporting. Sailing Club League in the Adult Group, OP Sailing Championship in the Youth Group, and the seaside water activities for "Haitian Happy Season" have been successfully held in succession, which contributed to the steady rising of visitor number. In the first half of the year, the Training Centre has accumulatively provided support and services for nearly 1,000 teenagers in activities such as navigation culture training and navigation sports training. Baoxin Golf has accumulatively received customers for nearly 10,000 person-times in the first half of the year, with good social response.

Meanwhile, the Group has also focused on the business around the theme of "healthy life" in the post-epidemic era. Preparations are being made for developing the configuration of KTV, children's amusement and gymnasium, the three purpose-oriented consumer formats, to realise diversified operation of healthy entertainment activities providing excellent experience. While meeting people's needs for diversified spending scenarios, the Group aims to further enrich the business structure of listed companies, and enhance its own ability to resist risks, so as to form a new ecosystem for the health and leisure industry and actively create a new drive for performance growth.

Structural changes

At the end of 2019, in order to provide the carrier for the consumer businesses of KTV and children's amusement, the Group successively set up two wholly-owned subsidiaries, namely Shenzhen Baole Entertainment Development Limited (深圳寶樂文娛發展有限公司) and Shenzhen Baoxin Wisdom Development Limited (深圳寶新智慧發展有限公司), in the PRC.

On 23 April 2020, the Group established another wholly-owned subsidiary, Shenzhen Baoxin Fitness Development Limited (深圳寶新健體發展有限公司) in the PRC, to carry out the operating consumer business of gymnasium.

On 19 May 2020, the Group established a wholly-owned subsidiary, Shenyang Baoxin Land Limited (瀋陽寶新置地有限公司) ("Shenyang Baoxin") in the PRC, with a registered capital of RMB600 million. After the completion of business registration, Shenyang Baoxin would undertake the development and construction of the newly acquired Jiuzhong Land.

PROSPECT

In the first half of the year, the economy of the PRC fell first and then rose. In the second quarter, the economic growth turned negative into positive. Thanks to recovery and growth of main indicators, steady recovery of the economy operation and strongly guaranteed basic people's livelihood, the market is expected to improve and the overall situation of social development is stable. The Company believes that in the post-epidemic era, the real estate market of the PRC will be characterized by coexistence of "polarized market and firm policy control" for a relatively long time. Under the premise of "houses are for living, not for speculation" adhering to the concept of "implementing differentiated policies for different cities", supplemented by reasonable and moderate regulation, the market's stimulus to the housing demand will not weaken, and the housing market will also maintain stable and healthy development. With the gradual implementation of the national strategy of "National Fitness and Healthy China", the integrated development of sports industry and cultural tourism industry will be further facilitated. The epidemic makes the sports industry have increasingly prominent effect and value in the development of the national economy and the construction of a healthy China, which will play an important role in guiding healthy lives, further expanding domestic demand and promoting supply-side structural reform.

In the second half of the year, the Company will continue to further promote the "strategic in-depth exploration", and make full use of the industry window period brought about by the epidemic by grasping inverse cycle adjustment opportunities such as loose financial regulations and real estate policy optimization. In that regard, we will continue to explore high-quality projects in Guangdong-Hong Kong-Macao Greater Bay Area and first-tier and strong second-tier cities with major planning benefits, strong economic strength and demographic dividend sustainability. Meanwhile, we will seize opportunities for merger and acquisition, reserve high-quality project resources as a guarantee for future benefits, and accelerate the integration of real estate resources.

Relying on sound national policies, industrial resource advantages of the Group and the specific requirements of "building a strong sports city" by Shenzhen, the cultural sports segment will seize the opportunities of restorative consumption, and launch in-depth exploration of new models and new business. It will also continuously improve the business content, operation and service, strive to cultivate new growth points of enterprises so as to realise the quality improvement of and upgrading of cultural sports industry.

In the future, under the new development pattern with domestic large cycle as the mainstay and domestic and international dual cycle promoting each other, the Company will continue to focus on the domestic consumption upgrading and the demand for quality consumption and livelihood service represented by fresh goods, instant distribution and frozen chain service that are generated from the outbreak of "otaku economy". It will closely follow the national policy objectives of upgrading the industrial chain, supply chain, innovation chain and logistics chain, and based on its own advantages, seek opportunities for cross-border integration for the purpose of facilitating business integration and innovation and realising the optimal allocation of resources.

REVIEW OF RESULTS AND OPERATIONS

The Group's revenue is primarily generated from real estates and property investment, trading of commodities, operation of yacht club (Sports Centre) and education and training (Training Centre). During the Period, the Group achieved approximately HK$2,235.6 million in revenue, representing a significant increase of approximately 37.2% from that of approximately HK$1,629.9 million during the corresponding period of last year. The revenue was mainly contributed by the sales of properties by Hunan Jinxiang International Star City Project and Shantou Baoneng City Garden Project as well as the trading of commodities business.

Along with the revenue growth, the gross profit for the Period was approximately HK$66.7 million, comparing to approximately HK$22.0 million during the corresponding period of last year, representing a significant increase of 203.2%. The gross profit margin raised by 1.7 percentage points from 1.3% in the corresponding period of last year to 3.0%. The increase was primarily due to the increase in recognised income from sales of properties with higher gross profit margin as compared with the corresponding period of 2019.

During the Period, the Group's selling and distribution expenses amounted to approximately HK$30.4 million (six months ended 30 June 2019: approximately HK$14.2 million) representing an increase of approximately 114.1%. The increase was mainly due to the increase in pre-sales volume. On the other hand, administrative expenses remained steady and slightly decreased by approximately 1.3% when compared with the corresponding period of last year which amounted to approximately HK$45.4 million (six months ended 30 June 2019: approximately HK$46.0 million).

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 and Nanning which were held for investment purpose. As at 30 June 2020, the gain resulted from the fair value appreciation of investment properties amounted to approximately HK$62.1 million was recognised, when compared with the corresponding period of last year which amounted to approximately HK$104.7 million.

Following the uncertainty brought by the outbreak of the epidemic, the Directors considered that the anticipated cash flows to be generated from the future use of the asset in relation to the operation of Sports Centre and Training Centre would face a serious challenge. The business of the Sports Centre and Training Centre was suffered from the declining performance in the first half of 2020. Hence, based on the valuation in the relevant businesses, an impairment for the other intangible assets of operation of Sports Centre and Training Centre amounted to approximately HK$131.2 million was made (six months ended 30 June 2019: Nil).

During the Period, a financial guarantee contract in relation to an associated party of a former equity holder of a subsidiary was released, hence, gain from derecognition of financial guarantee amounted to approximately HK$33.0 million was made (six months ended 30 June 2019: HK$27.3 million).

Besides, a fair value gain of approximately HK$3.6 million for the Period (six months ended 30 June 2019: approximately HK$3.7 million) was resulted from the adjustment on derivative financial assets in relation to the put option as part of the consideration for the acquisition of Yue Jin Asia Limited in 2016.

Finance costs represent mainly interest expenses and other borrowing costs in relation to bank and other borrowings as well as imputed interest expense on non-current accounts payable which calculated using the effective interest method. During the Period, finance costs amounted to approximately HK$135.4 million (six months ended 30 June 2019: approximately HK$96.6 million), representing an increase by approximately 40.2% compared to the corresponding period of last year. The increase was mainly due to the increase in bank and other borrowings and bonds issued during the Period.

Income tax expense for the Period was approximately HK$20.0 million as compared with the corresponding period of last year of approximately HK$42.8 million, representing a decrease in approximately 53.3% compared to the corresponding period of last year.

Given the foregoing factors, the Group recorded a net loss of approximately HK$266.0 million for the Period, as compared with a net profit of approximately HK$37.7 million for the six months ended 30 June 2019.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2020, the Group had bank and cash balances of approximately HK$580.3 million (31 December 2019: approximately HK$634.1 million), while the pledged and restricted bank deposits amounted to approximately HK$1,045.9 million (31 December 2019: approximately HK$825.8 million).

Total borrowings of the Group amounted to approximately HK$9,675.7 million as at 30 June 2020 (31 December 2019: approximately HK$8,469.6 million), of which equivalents of approximately HK$910 million and approximately HK$8,765.7 million were denominated in Hong Kong dollars and Renminbi respectively.

Total borrowings included bank and other loans of approximately HK$8,027.4 million (31 December 2019: approximately HK$6,373.0 million), corporate bond of approximately HK$941.8 million (31 December 2019: approximately HK$1,539.4 million) and notes payable of approximately HK$706.5 million (31 December 2019: approximately HK$557.2 million). All loans bore fixed interest rates and exposed the Group to fair value interest rate risk.

As at 30 June 2020, the Group had a net current asset of approximately HK$4,872.1 million, as compared to approximately HK$3,257.9 million as at 31 December 2019. As at 30 June 2020, the gearing ratio of the Group was approximately 1.898 (31 December 2019: approximately 1.508), which was calculated on the basis of the total borrowings less bank and cash balances and pledged and restricted bank deposits divided by total equity as at the respective reporting date.

CAPITAL EXPENDITURE

The total spending on the acquisition of property, plant and equipment and investment properties amounted to approximately HK$267.6 million for the Period (six months ended 30 June 2019: approximately HK$324.9 million).

CHARGE OF ASSETS

As at 30 June 2020, the carrying amount of investment properties amounting to approximately HK$1,687.3 million (31 December 2019: approximately HK$2,065.7 million) was pledged as security for the Group's bank loans.

As at 30 June 2020, the carrying amount of properties under development and properties held for sale amounting to approximately HK$2,154.0 million (31 December 2019: approximately HK$3,183.9 million) and approximately HK$477.0 million (31 December 2019: approximately HK$57.8 million) respectively were pledged as security for the Group's bank loans.

As at 30 June 2020, the carrying amount of properties under development and properties held for sale amounting to approximately HK$3,033.8 million (31 December 2019: approximately HK$1,782.6 million) and HK$nil (31 December 2019: approximately HK$28.2 million) respectively were pledged as security for the Group's other borrowings.

As at 30 June 2020, the pledged and restricted bank deposits amounted to approximately HK$1,045.9 million (31 December 2019: approximate: HK$825.8 million) was pledged to banks to secure bank borrowings and notes payable granted to the Group for the real estate business.

As at 31 December 2019, the properties for sale under development with carrying amount of approximately HK$397.0 million were pledged for provision of financial guarantees to an associated party of a former equity holder of a subsidiary. Such financial guarantee contract was released during the Period.

EMPLOYEE AND REMUNERATION POLICIES

The Group employed a total of 530 full time staff as at 30 June 2020 (31 December 2019: 555) 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 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 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.

CONTINGENT LIABILITIES

As at 30 June 2020, the Group had no material contingent liabilities (31 December 2019: Nil).

COMMITMENTS

As at 30 June 2020, the Group's commitment was approximately HK$9,983.3 million (31 December 2019: approximately HK$10,992.4 million) in respect of contracted but not provided for capital expenditures on properties under development and investment properties.

INTERIM DIVIDEND

The Directors do not recommend payment of any interim dividend for the six months ended 30 June 2020 (as at 30 June 2019: 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 of the Listing Rules. Having made specific enquiry of all Directors, they confirmed that they had complied with the required standards set out in the Model Code and the Code of Conduct during the Period.

CORPORATE GOVERNANCE

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

The board of Directors (the "Board") and the management of the Company are of the opinion that the Company has properly 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 code provisions and the recommended best practices as applicable.

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 2019 published on 24 April 2020 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 2020. The unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2020 have been reviewed by the external auditors of the Company, BDO Limited, Certified Public Accountants in Hong Kong, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

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

Hong Kong, 25 August 2020

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.