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)

2020 FINAL RESULTS ANNOUNCEMENT

The directors (the "Directors") of Glory Sun Land Group Limited (the "Company") are pleased to announce the consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2020 (the "Year") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	**2020** ***HK$'000***	2019 *HK$'000*
Continuing operations			
Revenue	5	**6,785,385**	9,767,512
Cost of sales		**(6,754,188)**	(8,022,911)
Gross profit		**31,197**	1,744,601
Selling expenses		**(94,402)**	(47,912)
Administrative expenses		**(122,095)**	(107,614)
Gain on bargain purchase		**–**	31,485
Fair value loss on investment properties		**(52,297)**	(22,338)
Fair value loss on contingent consideration payable		**–**	(605)
Fair value gain on derivative financial assets		**18,291**	10,615
Impairment losses on goodwill		**(18,566)**	(177,347)
Impairment losses on other intangible assets		**(419,802)**	(138,873)
Impairment losses on property, plant and equipment		**(34,687)**	(54,611)
Impairment losses on financial and contract assets – net		**(83,765)**	(45,664)
Other income, gains/(losses) – net	6	**85,733**	40,786
(Loss)/profit from operations		**(690,393)**	1,232,523
Finance costs	7	**(120,484)**	(231,783)

	Notes	**2020** *HK$'000*	2019 *HK$'000*
(Loss)/profit before income tax	9	**(810,877)**	1,000,740
Income tax credit/(expense)	8	**20,255**	(532,545)
(Loss)/profit for the year from continuing operations		**(790,622)**	468,195
Discontinued operation			
Profit for the year from discontinued operation		**–**	30,830
(Loss)/profit for the year		**(790,622)**	499,025
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")		**(32,822)**	(131,299)
		(32,822)	(131,299)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**249,868**	(51,668)
Exchange differences reclassified to profit or loss on disposal of subsidiaries		**–**	18,514
		249,868	(33,154)
Other comprehensive income for the year, net of tax		**217,046**	(164,453)
Total comprehensive income for the year		**(573,576)**	334,572

	Notes	**2020** HK$'000	2019 HK$'000
(Loss)/profit for the year attributable to:			
Owners of the Company			
– Continuing operations		**(735,144)**	355,020
– Discontinued operation		**–**	30,830
(Loss)/profit for the year attributable to owners of the Company		**(735,144)**	385,850
Non-controlling interests			
– Continuing operations		**(55,478)**	113,175
(Loss)/profit for the year attributable to non-controlling interests		**(55,478)**	113,175
		(790,622)	499,025
Total comprehensive income for the year attributable to:			
Owners of the Company		**(624,980)**	198,339
Non-controlling interests		**51,404**	136,233
		(573,576)	334,572
(Loss)/earnings per share – basic and diluted *(HK cents)*			
– Continuing operations	11	**(16.16)**	8.19
– Discontinued operation	11	**–**	0.71
		(16.16)	8.90

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment		**159,448**	151,626
Investment properties		**6,034,541**	5,377,641
Goodwill		**–**	18,175
Other intangible assets		**101,348**	547,465
Financial assets at FVTOCI		**7,477**	179,893
Derivative financial assets		**–**	13,753
Deferred tax assets		**36,657**	28,146
		6,339,471	6,316,699
Current assets			
Inventories		**10,875,059**	7,894,958
Contract assets		**33,293**	214,201
Derivative financial assets		**32,044**	–
Trade and other receivables	12	**5,002,498**	4,269,533
Tax recoverable		**30,616**	20,260
Pledged and restricted bank deposits		**618,133**	825,802
Bank and cash balances		**735,501**	634,120
		17,327,144	13,858,874
Current liabilities			
Borrowings		**5,420,474**	4,544,953
Trade and other payables	13	**4,058,138**	4,614,160
Consideration payable		**589**	300,620
Contract liabilities		**1,923,928**	736,885
Lease liabilities		**6,521**	1,744
Financial guarantee		**–**	33,180
Current tax liabilities		**206,553**	369,464
		11,616,203	10,601,006
Net current assets		**5,710,941**	3,257,868
Total assets less current liabilities		**12,050,412**	9,574,567

	Notes	2020 *HK$'000*	2019 *HK$'000*
Non-current liabilities			
Borrowings		**6,943,190**	3,924,642
Consideration payable		**163,747**	136,019
Lease liabilities		**53,430**	28,570
Deferred tax liabilities		**812,689**	836,781
		7,973,056	4,926,012
NET ASSETS		**4,077,356**	4,648,555
Capital and reserves			
Share capital		**227,505**	227,505
Reserves		**2,055,344**	2,680,293
Equity attributable to owners of the Company		**2,282,849**	2,907,798
Non-controlling interests		**1,794,507**	1,740,757
TOTAL EQUITY		**4,077,356**	4,648,555

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business in Hong Kong is Unit 2602, 26/F., Lippo Centre, Tower One, No. 89 Queensway, Admiralty, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The immediate parent of the Company is Hong Kong Bao Xin Asset Management Limited, a company incorporated in Hong Kong with limited liability and the Directors consider its ultimate holding company is Glory Sun Financial Group Limited ("GSFG"), a company incorporated in the Cayman Islands with limited liability and with its shares listed on the Main Board of the Stock Exchange.

The Company is an investment holding company. The principal activities of its subsidiaries are property development and property investment, trading of commodities, operation of a yacht club, provision of training services, operation of golf practising court, children playroom and fitness room as well as trading of seafood and home appliances in The People's Republic of China ("PRC").

2. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

3. ADOPTION OF HKFRSs

(a) Adoption of new or amended HKFRSs – effective 1 January 2020

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

- Amendments to HKFRS 3, Definition of a Business
- Amendments to HKAS 1 and HKAS 8, Definition of Material
- Amendments to HKAS 39, HKFRS 7 and HKFRS 9, Interest Rate Benchmark Reform
- Revised Conceptual Framework for Financial Reporting

The adoption of the amendments to standards and framework has no significant impact on the Group's results and financial position or any substantial changes in Group's accounting policies.

In addition, the Group has early adopted amendments to HKFRS 16 "COVID-19-related Rent Concessions" ahead of the effective date and applied the amendments from 1st January 2020.

Rent concessions that satisfy these criteria may be accounted for in accordance with this practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of lease modification. Lessees shall apply other requirements of HKFRS 16 in accounting for the rent concession.

Accounting for rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

The Group has early adopted the amendment ahead of its effective date and applied the amendment from 1 January 2020. The adoption of this amendment does not have a material impact to the Group's results and financial position.

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

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[4]
Amendments to HK Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[4]
Amendments to HKAS 16	Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
HKFRS 17	Insurance Contracts[4]
Amendments to HKFRS 3	Reference to the Conceptual Framework[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[1]
Annual Improvements to HKFRSs 2018–2020 cycle[2]	

[1] Effective for annual periods beginning on or after 1 January 2021.

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

[3] Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

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

[5] The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

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

4. SEGMENT REPORTING

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

The Group has several operating segments as follows:

Yacht club	–	operation of a yacht club
Training	–	provision of training services
Real estate and property investment	–	property development and property investment
Trading of commodities	–	trading of commodities
Construction	–	provision of construction works
Others	–	operation of golf practising court;
	–	operation of children playroom;
	–	operation of fitness room;
	–	trading of seafood; and
	–	trading of home appliances

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

For the year ended 31 December 2019, the operating segment of provision of online game services was discontinued.

For the year ended 31 December 2020, others included operation of golf practising court, operation of children playroom, and fitness room, and trading of seafood and home appliances while operation of children playroom, operation of fitness room and trading of home appliances are new business components for the year (For the year ended 31 December 2019, others included only operation of golf practising court and trading of seafood).

Segment revenue and results

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

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

For the year ended 31 December 2020

	Continuing operations						
	Yacht club	**Training**	**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	**10,000**	**8,915**	**532,724**	**6,129,006**	**–**	**104,740**	**6,785,385**
Segment results	**(249,314)**	**(197,113)**	**(222,056)**	**(8,354)**	**(59,830)**	**18,544**	**(718,123)**
Fair value loss on investment properties							**(52,297)**
Fair value gain on derivative financial assets							**18,291**
Other income, gains/(losses) – net							**85,733**
Finance costs							**(120,484)**
Unallocated corporate expenses							**(23,997)**
Loss before income tax							**(810,877)**

For the year ended 31 December 2019

	Continuing operations							Discontinued operation	
	Yacht club	Training	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	68,820	49,089	4,380,350	5,231,585	12,280	25,388	9,767,512	355	9,767,867
Segment results	(200,058)	(130,146)	1,583,151	177	(57,668)	488	1,195,944	30,830	1,226,774
Gain on bargain purchase									31,485
Fair value loss on investment properties									(22,338)
Fair value loss on contingent consideration payable									(605)
Fair value gain on derivative financial assets									10,615
Other income, gains/(losses) – net									40,786
Finance costs									(231,783)
Unallocated corporate expenses									(23,364)
Profit before income tax									1,031,570

5. REVENUE

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

	2020	2019
	HK$'000	*HK$'000*
Continuing operations:		
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of properties	**519,541**	4,365,965
Revenue from construction contracts	**–**	12,280
Trading of commodities	**6,129,006**	5,231,585
Training services	**8,915**	49,089
Yacht club services	**1,612**	60,055
Others	**104,740**	25,388
	6,763,814	9,744,362
Revenue from other sources		
Rental income	**21,571**	23,150
	6,785,385	9,767,512
Discontinued operation:		
Revenue from contracts with customers within the scope of HKFRS 15		
Online game operation	**–**	355
	–	355
	6,785,385	9,767,867

6. OTHER INCOME, GAINS/(LOSSES) – NET

	2020 *HK$'000*	2019 *HK$'000*
Continuing operations:		
Interest income from bank balances	**18,106**	13,530
Interest income from bond receivable	**12,135**	516
Gain from derecognition of financial guarantee contract	**33,419**	27,348
Recovery of bad debt written off	**–**	6,212
Government grants	**2,221**	1,063
Dividend income	**9,100**	5,370
Foreign exchange loss – net	**(1,278)**	(31,903)
Loss on disposal of property, plant and equipment	**(123)**	(2)
Others	**12,153**	18,652
	85,733	40,786
Discontinued operation:		
Others	**–**	(22)
	85,733	40,764

7. FINANCE COSTS

	2020 *HK$'000*	2019 *HK$'000*
Continuing operations:		
Interest on bank borrowings	**278,928**	150,092
Interest on other borrowings	**267,247**	288,214
Interest on note payables	**6,331**	–
Interest on corporate bonds	**96,737**	86,753
Interest on PRC corporate bonds	**19,356**	2,598
Interest on loans from related parties	**72,740**	22,462
Imputed interest on consideration payable	**18,826**	18,688
Interest on lease liabilities	**3,086**	1,600
	763,251	570,407
Amount capitalised	**(642,767)**	(338,624)
	120,484	231,783

8. INCOME TAX (CREDIT)/EXPENSE

The amount of taxation in the consolidated statement of comprehensive income represents:

	2020	2019
	HK$'000	*HK$'000*
Continuing operations:		
Current tax:		
– PRC Enterprise Income Tax	**7,592**	153,070
– PRC Land Appreciation tax	**47,795**	408,299
	55,387	561,369
Deferred tax:		
– Current year	**(75,642)**	(28,824)
	(20,255)	532,545

9. (LOSS)/PROFIT BEFORE INCOME TAX

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

	2020	2019
	HK$'000	*HK$'000*
Continuing operations:		
Cost of inventories	**6,469,228**	5,633,180
Write-down of inventories	**136,826**	–
Cost of inventories recognised as expenses	**6,606,054**	5,633,180
Acquisition-related costs (included in administrative expenses)	**–**	518
Auditor's remuneration		
– Annual audit	**3,000**	3,680
– Other audit and non-audit services	**470**	2,095
Amortisation of other intangible assets (included in cost of sales)	**36,875**	46,015
Depreciation		
– Owned property, plant and equipment	**10,992**	12,666
– Leasehold land for own use	**6,342**	6,433
– Properties leased for own use	**5,499**	4,571
	22,833	23,670
Loss on disposal of property, plant and equipment	**123**	2
Impairment losses on goodwill	**18,566**	177,347
Impairment losses on other intangible assets	**419,802**	138,873
Impairment losses on property, plant and equipment	**34,687**	54,611
Impairment losses on financial and contract assets – net	**83,765**	45,664
Short-term leases expenses	**2,111**	79
Direct operating expenses arising from investment properties that generated rental income	**1,621**	2,855
Discontinued operation:		
Depreciation		
– Owned property, plant and equipment	**–**	132

10. DIVIDENDS

The Directors did not recommend payment of any final dividend for the year ended 31 December 2020 (2019: Nil).

11. (LOSS)/EARNINGS PER SHARE

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

	2020	2019
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted (loss)/earnings per share	**4,550,105**	4,333,369

(a) For continuing and discontinued operations

	2020	2019
	HK$'000	*HK$'000*
(Loss)/profit for the purpose of calculating basic (loss)/earnings per share	**(735,144)**	385,850

(b) For continuing operations

	2020	2019
	HK$'000	*HK$'000*
(Loss)/profit for the year attributable to owners of the Company	**(735,144)**	385,850
Less: Profit for the year from discontinued operation	**–**	(30,830)
(Loss)/profit for the purpose of calculating basic (loss)/earnings per share from continuing operations	**(735,144)**	355,020

(c) From discontinued operation

	2020	2019
	HK$'000	*HK$'000*
Profit for the purpose of calculating basic earnings per share from discontinued operation	**–**	30,830

There were no dilutive potential ordinary shares outstanding for the years ended 31 December 2019 and 2020.

12. TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**113,253**	194,777
Less: loss allowance for ECL	**(782)**	(535)
	112,471	194,242
Other receivables	**183,596**	180,325
Other receivables from related parties	**558**	–
Bond receivable	**–**	166,950
Interest receivable	**–**	2,870
Consideration receivables	**13,416**	3,438
Prepayments and other deposits	**4,407,020**	3,562,672
Other tax assets	**285,437**	159,036
	4,890,027	4,075,291
Total trade and other receivables	**5,002,498**	4,269,533

The Group generally allows an average credit period of 2 days (2019: 2 days) for sales of properties, 30 days (2019: 30 days) for operation of a yacht club, provision of training services and its tenants, 10 days (2019: 10 days) for its customers of trading of commodities, 30 days (2019: N/A) for its customers of trading of home appliances and ranged from 2 to 15 days (2019: ranged from 2 to 15 days) for its customers of trading of seafood.

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

	2020	2019
	HK$'000	*HK$'000*
0–30 days	**38,137**	79,348
31–60 days	**3,443**	7,572
61–90 days	**312**	10,867
91–120 days	**301**	22
Over 120 days	**70,278**	96,433
	112,471	194,242

13. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payable	**2,978,021**	3,387,530
	2,978,021	3,387,530
Wages and salaries payables	**23,421**	20,380
Accruals	**5,706**	8,641
Other tax liabilities	**2,943**	16,104
Interest payables	**206,406**	472,046
Interest payables to related parties	**24,589**	29
Secured deposits from contractors	**341,204**	316,253
Other payables	**314,867**	270,531
Other payable to an non-controlling interests	**46,916**	44,558
Other payables to related parties	**114,065**	78,088
	1,080,117	1,226,630
	4,058,138	4,614,160

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

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

	2020	2019
	HK$'000	*HK$'000*
0–30 days	**1,963,931**	2,880,428
31–60 days	**11,936**	96,275
61–90 days	**2,503**	23,787
91–120 days	**517**	2,317
Over 120 days	**999,134**	384,723
	2,978,021	3,387,530

14. ACQUISITION OF SUBSIDIARY

Acquisition of Shenzhen Baoxin Supply Chain Company Limited ("Baoxin Supply Chain")

In July 2020, the Group entered into a sale and purchase agreement to acquire 100% equity interest in Baoxin Supply Chain, which is an indirect wholly owned subsidiary of GSFG, at a total consideration of RMB500,000 (equivalent to approximately HK$548,000). The transaction was completed in July 2020.

The recognised amounts of assets acquired and liabilities at the date of acquisition of the subsidiary comprise the following:

	HK$'000
Other receivables	7,512
Bank and cash balances	2,937
Other payable	(9,870)
Net identifiable assets and liabilities acquired	579
Gain on acquisition of assets	(31)
Total consideration satisfied by cash	548

INDUSTRY AND MARKET OVERVIEW

Along with the sudden outbreak of the COVID-19 pandemic in 2020, global business activities have suffered a huge impact where the world's major economies have experienced a severe decline in economic indicators. At the same time, the PRC encountered tremendous pressures and challenges in economic development. As the pandemic ravaged the world, the PRC government quickly and resolutely took a series of pandemic prevention and control measures, and effectively controlled the pandemic at the end of the first quarter of 2020. As a result, the PRC became the singular major economy that achieved positive economic growth till now, showing a strong resilience in subsequent economic development with the gross domestic product (GDP) firstly exceeding RMB100 trillion.

The orderly economic recovery has simultaneously stimulated the PRC domestic demand for purchase of housing properties. Due to the impact from the pandemic, the growth rate of investment in real estate in February 2020 dropped sharply to 16.3%, and the scale of real estate sales, development and investment across the country declined significantly. Since March 2020, the real estate market has gradually stabilized and rebounded as the pandemic prevention and control situation was getting better, and thus resuming a positive growth from June and onwards. The real estate market maintained an overall positive growth rate of around 7% in 2020, a slight decrease than that in 2019. According to the statistics from the National Bureau of Statistics, investment in the PRC real estate development in 2020 amounted to approximately RMB14,144.3 billion, representing an increase of approximately 7% over the past year; while the investment in residential real estate amounted to approximately RMB10,444.6 billion, representing an increase of approximately 7.6%.

Throughout the Year, the principles of "real estate for residential purpose rather than speculation" and "Stability on Three Fronts" continued to be the main tone of the domestic real estate market. However, for sake of hedging the pandemic and attaining "Security in Six Areas", the more relaxing monetary measures were in place which rendered the sales performance of real estate continuously exceeding expectation through such favourable policy support. In core cities within the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area, the real estate market was even hot. A number of those cities recorded a short term sharp increase in housing prices, but for the majority, the approach of "cutting prices for more sales" was more widely adopted. As a result, regional differentiation was intensified. The pandemic has been seen to accelerate the reshuffle, deleveraging and differentiation of the real estate industry.

Affected by the pandemic, the cultural, sports and entertainment sectors of the Group that should have originally gained the development momentum were hit hard in 2020. Worldwide, a large number of cultural activities and sports events were postponed or canceled, related outlets and cinemas were shut down, and entertainment entities and other offline formats were severely disrupted. In short, the entire industry structure was changed rapidly. As the pandemic was gradually controlled, market sentiment recovered to certain extent, and the suppressed consumer demand and the newly spawned awareness of healthy consumption were further released. In the post-pandemic era, the culture and entertainment industry ushered in the era of "revenge spending", domestic movie box offices repeatedly hit a record high, domestic tourists increased sharply, and cultural events such as offline performances were frequently held and thereby indicating, a trend of strong V-shaped reversal.

BUSINESS REVIEW

In 2020, the COVID-19 pandemic has caused a substantial impact of varying degrees on the operation and development of the Group's two major core business segments. The Company faced huge operating pressures in the property investment and development sectors due to a couple of different factors. To be specific, the overall development, sales, delivery, settlement and others were disrupted in pace. Meanwhile, a number of construction projects were suspended, and the opening of the sales centres was postponed. Even worse, work resumption after the Spring Festival was delayed, and market consumption was not "unfrozen" for a long time. At the same time, the Group has experienced also a great stagnation in the operations and development of commercial cultural sports sector.

Faced with the severe market situation, the Company responded rapidly and provided active cooperation in implementing measures introduced by the PRC government to fight against the pandemic. Facing the complex economic situation, our management firmed the confidence in development, maintained strategic willpower, insisted on rational investment, improved quality of operation and service, and actively seized the opportunities of industry recovery, to embrace the subsequent industry recovery with the strategy of steady progress. In accordance with the Group's established property development planning, the scale of properties delivery for the Year was greatly reduced as compared to the past year, which had a negative impact on the turnover and gross profit contributed by the Group's property investment and development sectors. However, this situation will get steadily improved as the existing property development projects are being completed and delivered on schedule starting from 2021.

As for the cultural sports sector that has been severely impacted by the pandemic, our management adjusted the mentality in a timely and active manner, made innovations in strategy with efforts, searched for potential investment opportunities under the premise of balancing between risks and returns and between safety and development, and relied on the coordinated development of diversified industries to seek for new points of profit growth.

Property investment and development

In terms of the property investment and development sectors, taking rooted in the Guangdong-Hong Kong-Macao Greater Bay Area, and deeply exploring the business of property investment and development in strong first-tier cities, new first-tier cities and strong second-tier cities, the Group is committed to meeting people's needs for a better life in the aspects of housing, shopping, travel and entertainment while seizing the opportunities of consumption upgrade. So far, the Group has undertaken a total of twelve property development projects in eight PRC cities, including Shenzhen, Changchun, Shenyang, Weinan, Changsha, Shantou, Yunfu and Nanning. With a gross floor area of about 4.65 million square meters, such projects cover commercial complexes, high-grade residences, hotels, commercial apartments, villas, garden houses and other multi-format products, involving a total investment of about RMB38,000 million. In 2020, the Group actively responded to the difficulties and market changes, quantified the impact of the pandemic on its normal operations during the Year, and adjusted the development pace and business strategies according to the current development conditions, making the feasible recovery strategies and plans.

In terms of strategic development, the Company has deepened the "strategic deep cultivation" in key cities of Guangdong-Hong Kong-Macao Greater Bay Area and other regions that have good plans, strong economic strength and sustained demographic dividends, while making full use of the industry window period brought about by the pandemic. In addition, the Company has seized the opportunities of financing environment improvement, high-quality land supply, and strategic mergers and acquisitions, trying to achieve a balance between appreciation and land banking and speed up the integration of real estate resources.

In terms of product development, the pandemic has changed or even reshaped the core purchasing needs of consumers for housing properties. More and more people have increasingly recognised the importance of home environment on physical health. The Company, on the basis of deeply understanding consumers' experiences and needs in different scenarios, actively engages in product innovation and iterative upgrade, having achieved a shift of focus from purely pursuing the perfect spatial functions to improving living quality and satisfying customers' emotional needs. The Company hopes to provide property owners with diversified experiences, improve the growth performance of communities, and make them and their neighbors enjoy a healthy life in a good ecological community.

In terms of marketing management, the Company has formulated comprehensive pandemic prevention and control rules and measures and has taken the innovative initiatives under the premise of normalized prevention and control, including live property viewing, online sales, and online properties purchase. These initiatives, to a certain extent, make up for potential property buyers' lack of motivation to view properties offline, effectively promoting the recovery of the Company's sales performance.

In terms of engineering construction, the Group strives to push forward the progress of all developing projects on the guiding principle of "overcoming difficulties", sparing no effort to ensure they are delivered as scheduled with the desired effects in both quality and quantity. The Company continues to increase added values of products by improving the product quality and all links.

In 2020, the Group performed well in multiple project nodes of property investment and development sectors.

On 18 June 2020, the groundbreaking ceremony of the foundation pit supporting project of Baoxin Building located at Huaqiangbei of Shenzhen was successfully held, marking the official commencement of Baoxin Building construction.

Block No. 3 of Weinan Project was opened for sale on 17 May 2020. Block Nos. 2 and 5 were opened for sale on 22 August 2020. Block No. 6 was opened for sale on 26 September 2020. Block Nos. 1 and 7 were opened for sale on 21 November 2020. The annual target subscription completion rate, target contract signing completion rate, and target return completion rate of Weinan Project all exceeded 100%. The Weinan Project Company accomplished to become the sales champion in the real estate market of Weinan during the pandemic.

On 7 May 2020, the Shenyang Baoxin Mansion Project obtained a land of parcel (the "Jiuzhong Land") with an area of approximately 11,000 square meters through bidding at a total consideration of RMB599 million. The construction of Shenyang Baoxin Mansion Project officially commenced on 10 August of the same year. As planned, two 33-storey high-rise residences and one 3-storey commercial complex would be built. It is planned that Shenyang Baoxin Mansion would be launched for sale by the end of May 2021, and the saleable area would exceed 35,000 square meters.

On 15 May 2020, property units in Block Nos. 13 and 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 at the early stage, the project achieved excellent sales within a short period.

Block No. 7 and the parking lot of Phase II of Shantou Chaoyang Project was subscribed offline on 1 October 2020 and 30 October 2020 respectively.

In addition, Phase I of the Yunfu Yuelanshan Project was launched for sale for the first time on 29 May 2020, and was completed and put on records on 31 December 2020.

Cultural sports industry

In terms of the Company's cultural sports sector, relying on its proprietary property resources, the Company has unblocked the industrial chain of the culture and sports industry, greatly developing culture and entertainment, leisure tourism, sports and health, and other large consumption industries. The Group's main cultural sports industry includes New Sports Marine Sports Centre ("Sports Centre"), New Sports Marine Training Centre ("Training Centre") and Shenzhen Bihaiwan Golf Practising Court.

In 2020, in addition to the original sports and training facilities, the Group further increased and successfully expanded the investment in the cultural sports industry. By incorporating new formats of purpose-oriented consumption into the layout of cultural sports industry, the Company has achieved the integrated development of culture, sports, and entertainment sectors, providing more possibilities for high-quality projects in core cities.

In the first half of 2020, Sports Centre could hardly carry out any sports events as planned on schedule and suspended all marine sports leisure projects, and the harbor basin was almost in a state of suspension, leading to an inevitable huge effect on the performance of our cultural sports sector, which in turn caused huge economic losses. Hence, Sports Centre took full advantage of the mandatory rest period to enrich the service connotation and improve the business skills, business planning ability and professional operation ability. Besides, Sports Centre enhanced innovative thinking of product structure and operation mode, actively adapted itself to the changes in social consumption demand in the post-pandemic era, and enhanced its sensitivity to market trends, and the efficiency of product design and landing, which aims to strengthen the resisting ability to cope with force majeure events in the future.

As the pandemic was gradually controlled in the second half of 2020, the economic recovery began, the awareness of universal health was significantly enhanced, "healthy consumption" became an important trend, and the demand for healthy consumption was further released. Paying close attention to the changes in consumer demands, value propositions and consumption scenarios, the Company re-evaluated the product portfolio and overall strategies. The Company focused on the business layout in advance around the theme of "healthy life" in the post-pandemic era, aiming to find a new way different from the traditional cultural sports sector platform of Sports Centre and Training Centre. The three purpose-oriented consumer businesses, namely children playroom, fitness room and KTV, were being introduced during the Year, to realize diversity of healthy entertainment activities with the excellent experience, and to better address the adverse impact of the pandemic and meet the rebounding demand after the new normal.

On 26 September 2020, the Group's mid-to-high-end children entertainment project, namely Xiao Mu Tong Playroom was put into trial operation. As of the date of this announcement, the project was recognized on the Internet review platforms, ranking atop in Shenzhen in the applause rate.

On 26 September 2020, Xin Dong Neng Fitness Club, the Company's high-end gymnasium project, was opened for trial operation. Since its opening, it has been highly recognized by its members with admiration to its high-end fitness equipment, comfortable environmental facilities and high service level.

To summarise, in 2020, the Group's cultural sports sector especially Sports Centre and Training Centre experienced a cliff fall in visiting guests due to the deep impact of the pandemic as a direct result, the operating revenue of yacht club segment and training segment has significantly deteriorated for the whole year, representing a sharp decrease from HK$118 million in 2019 to approximately HK$18.9 million for the Year, which has led to significant losses and seemed not being able to be restored to its original position within a short period of time. As a result, there was an impairment loss of intangible assets in the financial accounts of Sports Centre and Training Centre for approximately HK$420 million, compounded by the declining of profit contribution from above property investment and development, which ultimately resulted in a net loss of approximately HK$790 million for the Year. Notwithstanding, the Group's cash position was not affected since such impairment loss of intangible asset had no impacts on the cash flow being generated from normal operations. The Group still maintained sufficient funds and sound overall financial strength regardless of outbreak of the pandemic.

Prospect

Looking forward to 2021, the PRC will embrace new-type urbanization of higher quality, many first-tier and second-tier cities will relax restrictions on household registration, and development dividends of key regions and urban agglomerations will be released. During the 14th Five-Year Plan period, the Guangdong-Hong Kong-Macao Greater Bay Area will also usher in the strategic window period of real rapid growth.

Under the new development pattern with domestic large cycle as the mainstay and domestic and international dual cycle promoting each other, the PRC real estate market will continue to maintain its stable development, and the cultural sports and entertainment industry will experience a more robust growth under the background of deeper integration. The Group's management and team members will calmly handle new situations and new changes arising from the pandemic, and promote the Company's "national layout optimization" strategy, to improve the property industry layout and achieve the diversified development of the culture and sports industry.

In 2021 as the first year of the 14th Five-Year Plan, both opportunities and challenges will coexist. The Group will continue to shoulder the mission of creating more value for shareholders and assuming more social responsibilities, implement the vision of "Building the Beauty of Life", resort to two-wheel driving based on high-quality services and commercial innovation, and strive to achieve the goal of property investment and development, and leading development of the culture, sports and entertainment sectors.

REVIEW OF RESULTS AND OPERATIONS

The revenue of the Group mainly arose from five (5) major business segments, namely (i) property development and property investment, (ii) trading of commodities, (iii) operation of a yacht club and a golf practising court, (iv) provision of training services and (v) trading of home appliances in the PRC.

During the Year, the Group recorded revenue of approximately HK$6,785.4 million which was decreased by approximately 30.5% from that of approximately HK$9,767.5 million for the year ended 2019 (the "Prior Year"). The decline in revenue would be mainly attributable to the outbreak of the pandemic since the beginning of 2020 and the significant decrease in the revenue from the property sector of the Group. The revenue with respect to the sector of the property investment and property development has dropped whilst the operating revenue of the Group's cultural sports segment has significantly deteriorated as a direct result of cliff fall in the visiting guests.

In respect of the revenue from the property development and property investment sectors, the revenue was approximately HK$532.7 million for the Year which was decreased by approximately 87.8% year-on-year. Meanwhile, revenue from operation of a yacht club and provision of training services recorded approximately HK$18.9 million for the Year and dropped by approximately 84% year-on-year.

In 2020, the cost of sales of the Group was approximately HK$6,754.2 million, which was decreased by 15.8% from approximately HK$8,022.9 million in the Prior Year. Along with the decrease in revenue, the gross profit was approximately HK$31.2 million for the Year, comparing to approximately HK$1,744.6 million for the Prior Year, while the corresponding gross profit margin decreased from 17.9% to 0.5%. The significant drop in gross profit margin was mainly attributable to the decline of contribution from property sales since those property projects made handover to customers in the Year were relatively smaller in scale than those in the Prior Year.

With the sustainable business development and expansion of the Group for the Year, the Group's selling and distribution expenses amounted to approximately HK$94.4 million (2019: approximately HK$47.9 million) representing an increase of approximately 97.0%. In addition, administrative expenses was increased by approximately 13.5% when compared to the Prior Year and amounted to approximately HK$122.1 million (2019: approximately HK$107.6 million).

The cultural sports sector of the Group suffered from the declining performance throughout the Year due to the pandemic. Based on the valuation of fair value changes in relevant business, an impairment loss for the relevant intangible assets of operation of both Yacht Club and Training segments amounted to approximately HK$419.8 million was incurred (2019: approximately HK$138.9 million).

As at 31 December 2020, based on the corresponding results of valuation carried out by an independent professional valuer related to Yunfu Baoneng Property Limited ("Yunfu Project Company"), the Group made a one-off impairment loss provision for the goodwill amounted to HK$18.6 million (2019: HK$177.3 million). Besides, since the assessed net realisable value of the property inventories held by Yunfu Project Company had been lower than its carrying cost amount, the inventory value was therefore written down by approximately HK$121.7 million (2019: Nil).

The real estate portfolio of the Group comprised residential and commercial properties in Shenyang, Hefei, Shenzhen and Hunan, as well as certain properties under construction in Shantou and Nanning, which were held for investment purpose. As at 31 December 2020, the loss arising from the net fair values change of those investment properties amounted to approximately HK$52.3 million (2019: approximately HK$22.3 million) was recognized.

Meanwhile, a fair value gain of approximately HK$18.3 million for the Year (2019: approximately HK$10.6 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.

Net impairment losses on financial and contract assets increased to approximately HK$83.8 million from approximately HK$45.7 million for the Prior Year, which was primarily due to an increase in impairment recognized on the contract assets related to the construction project.

Finance costs represented mainly interest expenses and other borrowing costs in relation to bank and other borrowings. During the Year, finance costs amounted to approximately HK$120.5 million (2019: approximately HK$231.8 million), representing a decrease by approximately 48% compared to the Prior Year.

Income tax, which consisted of the Enterprise Income Tax ("EIT") and the Land Appreciation Tax ("LAT") levied in the PRC as well as their deferred tax effect, contributed a credit of approximately HK$20.3 million for the Year while an income tax expense amounted to approximately HK$532.5 million was recognized in the Prior Year. The income tax credit was mainly attributable to the increase in deferred tax credit along with the reversal of temporary differences arising on fair value adjustments on investment properties and intangible assets.

Given the foregoing factors, the Group recorded a net loss of approximately HK$790.6 million for the Year, as compared to the net profit of approximately HK$499.0 million for the Prior Year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2020, the Group had bank and cash balances of approximately HK$735.5 million (31 December 2019: approximately HK$634.1 million), while the pledged and restricted bank deposits amounted to approximately HK$618.1 million (31 December 2019: approximately HK$825.8 million). Total borrowings of the Group amounted to approximately HK$12,363.7 million as at 31 December 2020 (31 December 2019: approximately HK$8,469.6 million), of which equivalents of approximately HK$1,388.0 million (31 December 2019: approximately HK$1,499.5 million) and approximately HK$10,975.7 million (31 December 2019: approximately HK$6,970.1 million) were denominated in Hong Kong dollar and Renminbi respectively.

Total borrowings included bank and other loans of approximately HK$11,271.9 million (31 December 2019: approximately HK$6,373.0 million), and corporate bond of approximately HK$874.0 million (31 December 2019: approximately HK$1,539.4 million), and notes payable of approximately HK$217.8 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 31 December 2020, the Group had a net current asset of approximately HK$5,710.9 million, as compared to amount of approximately HK$3,257.9 million as at 31 December 2019. As at 31 December 2020, the gearing ratio of the Group was approximately 2.7 (31 December 2019: approximately 1.5), which was calculated on the basis of the total borrowings less bank and cash balances and pledged and restricted bank deposits divided by total equity as at the respective reporting date.

CAPITAL EXPENDITURE

The total spending on the additions of property, plant and equipment and investment properties amounted to approximately HK$446.4 million for the Year (2019: approximately HK$2,775.7 million).

CHARGES OF ASSETS

As at 31 December 2020, the carrying amount of property, plant and equipment, inventories and investment properties amounted to approximately HK$5.1 million (2019: Nil), approximately HK$7,803.0 million (2019: approximately HK$5,052.5 million) and approximately HK$3,522.8 million (2019: approximately HK$2,065.7 million) respectively were pledged as security for the Group's bank loans and other borrowings granted in relation to the Group's real estate business.

As at 31 December 2019, the carrying amount of inventories approximately HK$397.0 million were pledged for provision of financial guarantee to an associated party of a former equity holder of a subsidiary of the Group. As at 31 December 2020, the financial guarantee had been released and the respective properties under development had been unpledged during the Year.

The Group's pledged and restricted bank deposits amounted to approximately HK$618.1 million (2019: approximately HK$825.8 million) was pledged to banks to secure notes payable granted to the Group and guarantee deposits for construction of pre-sale properties.

EMPLOYEE AND REMUNERATION POLICIES

The Group has 614 employees as at 31 December 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 security insurance in the PRC and the mandatory provident fund scheme in Hong Kong, the Group has not set aside or accrued any significant funds to provide for retirement or similar benefits for its employees.

FOREIGN EXCHANGE AND CURRENCY RISKS

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

CONTINGENT LIABILITIES

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

COMMITMENTS

As at 31 December 2020, the Group's commitment was approximately HK$15,961.7 million (2019: approximately HK$10,992.4 million) in respect of contracted but not provided for expenditures on properties under development and the acquisition of property, plant and equipment.

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

Save for those disclosed in this announcement, there were no other significant investments held as at 31 December 2020 nor other material acquisitions and disposals of subsidiaries or affiliated companies made by the Group during the Year.

SHARE OPTIONS

2014 Share Option Scheme was adopted on 26 March 2014. As at 31 December 2020, the number of shares in respect of which options had been granted and remained outstanding was Nil (2019: Nil).

FINAL DIVIDEND

The Directors do not recommend payment of any final dividend for the year ended 31 December 2020 (2019: Nil).

EVENTS AFTER THE REPORTING PERIOD

Placing Agreement dated 18 March 2021 in relation to the placing of 910,020,959 shares

As disclosed in the announcement of the Company dated 18 March 2021, pursuant to an ordinary resolution passed by the shareholders of the Company (the "Shareholders") on 2 June 2020, the Company entered into the placing agreement with the placing agent, the placing agent has conditionally agreed to procure not fewer than six placees, on a best effort basis to subscribe for up to 910,020,959 new placing shares at the placing price of HK$0.30 per placing share (the "Placing") during the placing period subject to the terms and conditions of the placing agreement. The placees and (where appropriate) their respective ultimate beneficial owner(s) shall be third parties independent of and not connected with the Company and its connected persons.

On the basis that the maximum number of 910,020,959 placing shares will be placed in full, the gross proceeds from the Placing and the net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing will amount to approximately HK$273 million and approximately HK$272.46 million respectively. The net price of each placing share will be approximately HK$0.299.

The Company intends to apply the net proceeds from the Placing wholly for financing the general working capital of the Group. The Directors consider that the net proceeds from the Placing will meet the financial needs of the Group. Further, the Placing offers a good opportunity to raise funds to strengthen the financial position of the Company, provide the Group with working capital to meet any future development and obligations, and broaden its Shareholder base and capital base.

The Directors (including the independent non-executive Directors) consider that the terms of the placing agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Other than disclosed above and elsewhere in this announcement, up to the date of this announcement, there is no other significant event identified by the management subsequent to the Year.

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 Year.

CORPORATE GOVERNANCE

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

The board of Directors (the "Board") and the management of the Company are of the opinion that the Company has properly operated in accordance with the Corporate Governance Code and Corporate Governance Report (the "CG Code") during the Year which sets out (a) code provisions (which are expected to comply with); and (b) recommended best practices (which are for guidance only) under Appendix 14 of the Listing Rules. The Company has applied and complied with the code provisions and the recommended best practices as applicable.

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

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders who are entitled to attend and vote at the annual general meeting of the Company to be held on 3 June 2021 (the "2021 Annual General Meeting"), the register of members of the Company will be closed from Monday, 31 May 2021 to Thursday, 3 June 2021, both days inclusive. During this period, no transfer of shares will be registered. In order to qualify for attending and voting at the 2021 Annual General Meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Friday, 28 May 2021.

AUDIT COMMITTEE

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

The Audit Committee has reviewed and approved the Group's final results for the year ended 31 December 2020.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2020 have been agreed by the Company's auditors, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2020. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

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

The annual report of the Company for the year ended 31 December 2020 containing all the information required by the Listing Rules shall be despatched to the Shareholders and made available on the abovementioned websites in due course.

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

Hong Kong, 22 March 2021

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.