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# 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 2021

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 2021 (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 2021

	Notes	Six months ended 30 June	
		2021	2020
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	5	3,194,019	2,235,635
Cost of sales		<u>(3,106,254)</u>	<u>(2,168,886)</u>
<b>Gross profit</b>		<b>87,765</b>	66,749
Selling expenses		<b>(41,659)</b>	(30,369)
Administrative expenses		<b>(67,079)</b>	(45,442)
Gain on disposal of a subsidiary	14	<b>1,806</b>	–
Fair value gain on investment properties		<b>75,854</b>	62,105
Fair value gain on derivative financial assets		<b>3,097</b>	3,592
Gain from derecognition of financial guarantee		–	32,972
Impairment losses on other intangible assets		<b>(10,390)</b>	(131,168)
Impairment losses on financial assets and contract assets – net		<b>(2,554)</b>	(53,785)
Other income, gains/(losses) – net		<b>32,485</b>	(15,232)
		<u>79,325</u>	<u>(110,578)</u>
<b>Profit/(loss) from operations</b>		<b>79,325</b>	(110,578)
Finance costs		<b>(139,439)</b>	(135,444)

		<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Loss before income tax expense</b>		<b>(60,114)</b>	(246,022)
Income tax expense	7	<u>(23,947)</u>	<u>(20,026)</u>
<b>Loss for the period</b>	6	<u><b>(84,061)</b></u>	<u>(266,048)</u>
<b>Other comprehensive income, net of tax</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value changes of equity instruments at fair value through other comprehensive income (“FVTOCI”)		<u>594</u>	<u>(39,353)</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		71,773	(103,777)
Exchange differences reclassified to profit or loss on disposal of a subsidiary		<u>(2,759)</u>	<u>–</u>
		<u><b>69,014</b></u>	<u>(103,777)</u>
<b>Other comprehensive income for the period, net of tax</b>		<u><b>69,608</b></u>	<u>(143,130)</u>
<b>Total comprehensive income for the period</b>		<u><b>(14,453)</b></u>	<u>(409,178)</u>

		<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>(Loss)/profit for the period attributable to:</b>			
Owners of the Company		<b>(87,589)</b>	(261,177)
Non-controlling interests		<b>3,528</b>	(4,871)
		<u><b>(84,061)</b></u>	<u>(266,048)</u>
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		<b>(67,025)</b>	(343,444)
Non-controlling interests		<b>52,572</b>	(65,734)
		<u><b>(14,453)</b></u>	<u>(409,178)</u>
<b>Loss per share attributable to owners of the Company during the period</b>			
Basic and diluted loss per share ( <i>HK cents</i> )	8	<u><b>(1.76)</b></u>	<u>(5.74)</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 30 JUNE 2021*

	<i>Notes</i>	<b>30 June 2021 HK\$'000 (unaudited)</b>	31 December 2020 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment		<b>163,377</b>	159,448
Investment properties	9	<b>6,559,905</b>	6,034,541
Goodwill		–	–
Other intangible assets		<b>90,782</b>	101,348
Financial assets at FVTOCI		<b>8,071</b>	7,477
Deferred tax assets		<b>34,835</b>	36,657
		<b>6,856,970</b>	6,339,471
<b>Current assets</b>			
Inventories	10	<b>12,200,410</b>	10,875,059
Contract assets		<b>34,334</b>	33,293
Derivative financial assets		<b>35,141</b>	32,044
Trade and other receivables	11	<b>5,151,944</b>	5,002,498
Tax recoverable		<b>83,017</b>	30,616
Pledged and restricted bank deposits		<b>826,063</b>	618,133
Bank and cash balances		<b>870,355</b>	735,501
		<b>19,201,264</b>	17,327,144
<b>Current liabilities</b>			
Borrowings		<b>5,846,156</b>	5,420,474
Trade and other payables	12	<b>4,481,989</b>	4,058,138
Consideration payable		–	589
Contract liabilities		<b>3,724,783</b>	1,923,928
Lease liabilities		<b>6,073</b>	6,521
Current tax liabilities		<b>180,965</b>	206,553
		<b>14,239,966</b>	11,616,203
<b>Net current assets</b>		<b>4,961,298</b>	5,710,941
<b>Total assets less current liabilities</b>		<b>11,818,268</b>	12,050,412

		<b>30 June</b>	31 December
		<b>2021</b>	2020
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(audited)</b>
<b>Non-current liabilities</b>			
Borrowings		6,417,177	6,943,190
Consideration payable		180,573	163,747
Lease liabilities		52,394	53,430
Deferred tax liabilities		841,205	812,689
		<u>7,491,349</u>	<u>7,973,056</u>
<b>NET ASSETS</b>		<b><u>4,326,919</u></b>	<b><u>4,077,356</u></b>
<b>Capital and reserves</b>			
Share capital	13	273,006	227,505
Reserves		2,220,417	2,055,344
		<u>2,493,423</u>	<u>2,282,849</u>
Equity attributable to owners of the Company		2,493,423	2,282,849
Non-controlling interests		1,833,496	1,794,507
		<u>4,326,919</u>	<u>4,077,356</u>
<b>TOTAL EQUITY</b>		<b><u>4,326,919</u></b>	<b><u>4,077,356</u></b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 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 property development and property investment, trading of commodities, operation of a yacht club, provision of training services and construction works, operation of a golf practising court, children playroom and fitness room as well as trading of home appliances and building materials in The People’s Republic of China (“PRC”).

## 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 (the “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.

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 2020. 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 2020.

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 2020, except for those that relate to new standards or interpretations effective for the first time for the period beginning on or after 1 January 2021 and the early adopted COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to HKFRS 16). Details of any changes in accounting policies are set out in note 3.

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 4.

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

### **3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)**

In the 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 2021. 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 beyond 30 June 2021 (Amendment to HKFRS 16) ahead of its effective date and applied the amendment from 1 January 2021. The adoption of this new amendment does not have a material impact to the Group’s results of operations or financial position.

### **4. USE OF JUDGEMENTS AND ESTIMATES**

In preparing these 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 2020.

### **5. 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 several operating segments as follows:

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

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

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

The operating segments of others included operation of a golf practising court, operation of a children playroom and a fitness room, and trading of home appliances and building materials during the six months ended 30 June 2021 (For the six months ended 30 June 2020, others included only operation of a golf practising court and trading of seafood). The Group disposed of its business of trading of seafood during the six months ended 30 June 2021.

### 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 2021

6 months ended 30 June 2021 (unaudited)	Yacht club <i>HKS'000</i>	Training <i>HKS'000</i>	Real estate and property investment <i>HKS'000</i>	Trading of commodities <i>HKS'000</i>	Construction <i>HKS'000</i>	Others <i>HKS'000</i>	Total <i>HKS'000</i>
Revenue	5,474	–	252,429	2,905,302	–	30,814	3,194,019
Segment results	<u>(4,214)</u>	<u>(7,831)</u>	<u>(28,748)</u>	<u>1,848</u>	<u>(89)</u>	<u>12,466</u>	(26,568)
Gain on disposal of a subsidiary							1,806
Fair value gain on investment properties							75,854
Fair value gain on derivative financial assets							3,097
Other income, gains/(losses) – net							32,485
Finance costs							(139,439)
Unallocated corporate expenses							<u>(7,349)</u>
Loss before income tax expense							<u>(60,114)</u>
<b>Time of revenue recognition</b>							
At a point in time	–	–	244,056	2,905,302	–	30,814	3,180,172
Transferred over time	<u>656</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>656</u>
	656	–	244,056	2,905,302	–	30,814	3,180,828
Revenue from other sources	<u>4,818</u>	<u>–</u>	<u>8,373</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>13,191</u>
	<u>5,474</u>	<u>–</u>	<u>252,429</u>	<u>2,905,302</u>	<u>–</u>	<u>30,814</u>	<u>3,194,019</u>



For the six months ended 30 June 2020

6 months ended 30 June 2020 (unaudited)	Yacht club HK\$'000	Training HK\$'000	Real estate and property investment HK\$'000	Trading of commodities HK\$'000	Construction HK\$'000	Others HK\$'000	Total HK\$'000
Revenue	3,062	8,460	281,786	1,911,052	–	31,275	2,235,635
Segment results	<u>(97,541)</u>	<u>(44,811)</u>	<u>27,609</u>	<u>(8,290)</u>	<u>(55,300)</u>	<u>(4,612)</u>	(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							<u>(11,070)</u>
Loss before income tax expense							<u>(246,022)</u>
<b>Time of revenue recognition</b>							
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	<u>2,800</u>	<u>–</u>	<u>5,472</u>	<u>–</u>	<u>–</u>	<u>–</u>	8,272
	<u>3,062</u>	<u>8,460</u>	<u>281,786</u>	<u>1,911,052</u>	<u>–</u>	<u>31,275</u>	<u>2,235,635</u>

## Segment assets and liabilities

As at 30 June 2021

	Yacht club <i>HK\$'000</i>	Training <i>HK\$'000</i>	Real estate and property investment <i>HK\$'000</i>	Trading of commodities <i>HK\$'000</i>	Construction <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>59,166</u>	<u>48,043</u>	<u>25,238,075</u>	<u>6,798</u>	<u>69,444</u>	<u>422,749</u>	25,844,275
Unallocated assets							
– Bank and cash balances							140,948
– Others							<u>73,011</u>
							<u>213,959</u>
Consolidated total							<u><u>26,058,234</u></u>
Segment liabilities	<u>187,536</u>	<u>69,271</u>	<u>19,290,284</u>	<u>135,601</u>	<u>128,766</u>	<u>68,438</u>	19,879,896
Unallocated liabilities							
– Borrowings							1,817,944
– Others							<u>33,475</u>
							<u>1,851,419</u>
Consolidated total							<u><u>21,731,315</u></u>

As at 31 December 2020

	Yacht club <i>HK\$'000</i>	Training <i>HK\$'000</i>	Real estate and property investment <i>HK\$'000</i>	Trading of commodities <i>HK\$'000</i>	Construction <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>62,066</u>	<u>54,693</u>	<u>22,987,632</u>	<u>25,057</u>	<u>67,241</u>	<u>185,366</u>	23,382,055
Unallocated assets							
– Bank and cash balances							205,834
– Others							<u>78,726</u>
							<u>284,560</u>
Consolidated total							<u><u>23,666,615</u></u>
Segment liabilities	<u>117,181</u>	<u>119,150</u>	<u>16,579,955</u>	<u>199,486</u>	<u>124,538</u>	<u>65,725</u>	17,206,035
Unallocated liabilities							
– Borrowings							2,297,745
– Others							<u>85,479</u>
							<u>2,383,224</u>
Consolidated total							<u><u>19,589,259</u></u>

## 6. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Cost of inventories	<b>3,093,440</b>	2,075,029
Write-down of inventories	–	4,146
	<hr/>	<hr/>
Cost of inventories recognised as expenses	<b>3,093,440</b>	2,079,175
Amortisation of other intangible assets (included in cost of sales)	<b>3,689</b>	18,152
Depreciation		
– Owned property, plant and equipment	<b>6,420</b>	6,743
– Leasehold land for own use	<b>2,112</b>	3,129
– Properties leased for own use	<b>4,595</b>	2,178
Directors' remuneration	<b>1,556</b>	1,488
Impairment losses on other intangible assets	<b>10,390</b>	131,168
Impairment losses on financial assets and contract assets – net	<b>2,554</b>	53,785
Foreign exchange (gain)/loss – net	<b>(23,183)</b>	26,060
Gain on early termination of lease	<b>(2)</b>	–
Short-term lease expenses	<b>946</b>	917
Direct operating expenses arising from investment properties that generated rental income	<b>1,350</b>	505
	<hr/> <hr/>	<hr/> <hr/>



## 9. INVESTMENT PROPERTIES

During the six months ended 30 June 2021, the Group incurred expenditures of approximately HK\$260,350,000 (six months ended 30 June 2020: approximately HK\$262,506,000) and had recorded a fair value gain on investment properties of approximately HK\$75,854,000 (six months ended 30 June 2020: approximately HK\$62,105,000). During the six months ended 30 June 2021, the Group disposed of certain investment properties of approximately HK\$20,747,000 (six months ended 30 June 2020: Nil).

As at 30 June 2021, the carrying amount of investment properties amounting to approximately HK\$2,675,122,000 (31 December 2020: approximately HK\$2,395,811,000) was pledged as security for the Group's bank loans and approximately HK\$1,236,937,000 (31 December 2020: approximately HK\$1,126,955,000) was pledged as security for the Group's other borrowings.

## 10. INVENTORIES

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

As at 30 June 2021, the carrying amounts of properties under development and properties held for sale amounting to approximately HK\$5,358,298,000 (31 December 2020: approximately HK\$3,123,958,000) and approximately HK\$1,295,479,000 (31 December 2020: approximately HK\$1,324,689,000) respectively were pledged as security for the Group's bank loans.

As at 30 June 2021, the carrying amount of properties under development amounting to approximately HK\$2,846,525,000 (31 December 2020: approximately HK\$3,354,329,000) was pledged as security for the Group's other borrowings.

According to the state-owned land use rights grant contract ("Land Use Rights Contract 2014") dated in March 2014, the parcels of land in the PRC for the property development project of which certain properties under development of approximately HK\$149,111,000 and properties held for sale of approximately HK\$218,830,000 held by a subsidiary namely Yunfu Baoneng Property Limited ("Yunfu Baoneng") was required to be completed by March 2017. As at 30 June 2021, the development was still under construction. A failure to meet any development milestones contained in the Land Use Rights Contract 2014 may lead to a daily penalty of 0.01% of the consideration of the Land Use Rights Contract 2014 in according with the terms of the Land Use Rights Contract 2014. The Group had made submissions to relevant land authority on application of extension of completion of development on the ground amongst others that such delay has been due to various reasons beyond its control. During the period, a written notice has been served to Yunfu Baoneng by the relevant land authority stating that Yunfu Baoneng shall accelerate the progress of construction works and the relevant land authority reserves the right to pursue penalty. After consultation with the PRC legal advisor, the directors of the Company consider that the probability for penalty by the relevant land authority in respect of the possible breach of the Land Use Rights Contract 2014 is minimal, and therefore no provision is to be recognised as of the end of reporting period.

## 11. TRADE AND OTHER RECEIVABLES

	<b>30 June 2021</b>	31 December 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(audited)
Trade receivables	<b>91,804</b>	113,253
Less: loss allowance for expected credit losses	<b>(1,587)</b>	(782)
	<b>90,217</b>	112,471
Other receivables	<b>201,229</b>	183,596
Other receivables from related parties	<b>563</b>	558
Consideration receivables	<b>3,703</b>	13,416
Prepayments and other deposits	<b>4,576,484</b>	4,407,020
Other tax assets	<b>279,748</b>	285,437
	<b>5,061,727</b>	4,890,027
Total trade and other receivables	<b>5,151,944</b>	5,002,498

The Group generally allows an average credit period of 2 days (31 December 2020: 2 days) for sales of properties, 30 days (31 December 2020: 30 days) for its tenants, operation of a yacht club and provision of training services, 10 days (31 December 2020: 10 days) for its customers of trading of commodities and 30 days (31 December 2020: 30 days) for its customers of trading of home appliances and building materials.

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

	<b>30 June 2021</b>	31 December 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(audited)
0 — 30 days	<b>11,263</b>	38,137
31 — 60 days	<b>688</b>	3,443
61 — 90 days	<b>434</b>	312
91 — 120 days	<b>486</b>	301
Over 120 days	<b>77,346</b>	70,278
	<b>90,217</b>	112,471

## 12. TRADE AND OTHER PAYABLES

	<b>30 June 2021</b>	31 December 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(audited)
Trade payables	<u>3,363,776</u>	<u>2,978,021</u>
Wages and salaries payables	9,262	23,421
Accruals	1,743	5,706
Other tax liabilities	141,532	2,943
Interest payables	236,701	206,406
Interest payables to related parties	4,755	24,589
Secured deposits from contractors	360,377	341,204
Other payables	280,944	314,867
Other payable to a non-controlling interest	48,412	46,916
Other payables to related parties	<u>34,487</u>	<u>114,065</u>
	<u>1,118,213</u>	<u>1,080,117</u>
	<u><b>4,481,989</b></u>	<u><b>4,058,138</b></u>

The credit period of trade payables in relation to trading of commodities is ranged from 10 to 360 days (31 December 2020: ranged from 10 to 180 days); provision of real estate and property investment is ranged from 7 to 30 days (31 December 2020: ranged from 7 to 30 days) and trading of home appliances and building materials is 30 days (31 December 2020: 30 days).

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

	<b>30 June 2021</b>	31 December 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(audited)
0 — 30 days	1,788,633	1,963,931
31 — 60 days	37,254	11,936
61 — 90 days	302,336	2,503
91 — 120 days	59,679	517
Over 120 days	<u>1,175,874</u>	<u>999,134</u>
	<u><b>3,363,776</b></u>	<u><b>2,978,021</b></u>



### 13. SHARE CAPITAL

	2021		2020	
	Number of shares '000	HK\$'000 (unaudited)	Number of shares '000	HK\$'000 (audited)
Authorised:				
Ordinary shares of HK\$0.05 (31 December 2020: HK\$0.05) each				
At 1 January and 30 June/31 December	<b>8,000,000</b>	<b>400,000</b>	8,000,000	400,000
Issued and fully paid:				
At 1 January	4,550,105	227,505	4,550,105	227,505
Shares issued on placement ( <i>note</i> )	910,020	45,501	–	–
At 30 June/31 December	<b>5,460,125</b>	<b>273,006</b>	4,550,105	227,505

*Note:*

On 7 April 2021, 910,020,000 ordinary shares of the Company were allotted and issued to the placees at HK\$0.3 each, pursuant to a placing agreement dated 18 March 2021. The placement was completed on 7 April 2021 and the premium on the issue of shares, amounting to approximately HK\$227,034,000 after deducting the share issuance expenses, was credited to the Company's share premium account.

#### 14. DISPOSAL OF A SUBSIDIARY

Disposal of Shenzhen Xinpeng Fresh Food Industry Company Limited (“Shenzhen Xinpeng”).

On 23 June 2021, the Group disposed of its 51% equity interest in Shenzhen Xinpeng which was principally engaged in trading of seafood for a cash consideration of RMB15,000,000 (equivalent to approximately HK\$18,270,000).

Net assets at the date of disposal were as follow:

	<i>HK\$'000</i> (unaudited)
Property, plant and equipment	44
Bank and cash balances	2,483
Trade and other receivables	25,215
	<hr/>
Net assets disposed of	27,742
Release of translation reserve	(2,759)
Release of non-controlling interests	(8,519)
Gain on disposal of a subsidiary	1,806
	<hr/>
Total consideration satisfied by cash	18,270
	<hr/> <hr/>
Net cash inflow arising on disposal	
Cash consideration received	18,270
Cash and cash equivalents disposed	(2,483)
	<hr/>
	15,787
	<hr/> <hr/>

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY AND MARKET OVERVIEW

In 2021, the global economic situation has remained complex and challenging. Regardless of whether it was due to the Sino-US trade wars or the impact arising from the worldwide COVID-19 pandemic (the “Pandemic”), they have exerted a certain degree of influence on the economic condition and development of the PRC. During the first half of 2021, the PRC’s gross domestic product (GDP) increased by approximately 12.7% year-on-year, with its economy showing strong resilience. The whole country aimed at strengthening its pandemic prevention and control measures as well as accelerating the economic recovery and strived to achieve the annual goals and missions of economic development, while it also brought more momentum and opportunities to the global economic growth.

Various policy meetings held by the PRC’s government from 2020 to 2021 have continued to reiterate the principle of “housing is for living in and not for speculation” and have normalized its long-term positioning. From the enforcement of “Three Red Lines” on real estate enterprises in August 2020 to the implementation of “Housing Loan Concentration Management” by banks at the end of the year, and then to the carrying out of the new policy of “Two Centralizations of Land Supply (centralize the publishing of sales announcements; centralize the organization of sales activities)” in February 2021, the regulatory policies have started with the market participants at micro level, allowing the effects to be more precise and quantitative. Under such context, the overall financing environment in the real estate development market has gradually tightened, the difficulty and cost of financing have substantially increased, and lowering debt has become one of the most important tasks for real estate enterprises. Meanwhile, the short-term declining trend of gross profit in the real estate industry continued, and the median of gross profit margin dropped from approximately 29.5% to approximately 24.3%, which further challenged the comprehensive capabilities such as operation, management and control of real estate enterprises. With further tightening of the policies, resources in the real estate industry, such as land reserve and credits, also continued to flow into those real estate enterprises with stable and healthy financial positions and sound financing resources.

As China’s economy continued to steadily recover and the government has encouraged the development of consumer goods industry, which had sped up the release of consumption potentials in the cultural, sports, entertainment and health sectors, and the effects led by new business phenomenon were enhanced. In the first half of 2021, the cultural, sports, entertainment and health sectors in China showed promising development, the number of stores and operating revenue of cultural, sports and entertainment sectors maintained rapid growth. The suppressed consumer demand and the newly spawned awareness of healthy consumption were further released during the Pandemic. In midst of mid-and-long-term contradictions of the imbalance between demand and supply, the culture, sports and entertainment industry in the post-pandemic era will be ushered to accelerated recovery.

China has been vigorously promoting the “Belt and Road Initiative”, which has pushed forward the infrastructure construction, connection and building of logistic channels as well as economic and trade relations of countries and regions along such route, thus gradually deepened the mutual communication and cooperation among all regions. In 2020, China’s total social logistics volume reached a new level of RMB30 billion, representing an increase of approximately 3.5% year-on-year calculated at comparable prices. Total revenue of the logistics industry was RMB10.5 trillion, representing an increase of approximately 2.2% year-on-year. The service capabilities of logistics companies in China were further enhanced, which provided crucial guarantee for opening supply chains, coordinating industry chains and creating value chains. The logistics industry maintained at a prosperous level. In order to better support the development of enterprise economy, the country has strengthened its investments and support policies in relation to the construction of supply chains and logistics infrastructure, reduced the overall logistics costs of supply chain, and ensured the healthy and stable long-term development of enterprises. With the increasingly close economic and trade cooperation among countries and regions along the “Belt and Road Initiative”, a new landscape of supply chain logistics with openness in funding and win-win cooperation has continued to thrive.

Facing a complex and challenging market environment, in the first half of 2021, the Group focused on high-tier cities, steadily promoted its development strategy centering on property investment and development and guaranteed by its cultural, sports and entertainment industry, and actively seized the valuable opportunities arose during the period of industry recovery.

## **BUSINESS REVIEW**

### **Property investment and development**

Taking root in the Guangdong-Hong Kong-Macao Greater Bay Area, the Group’s property investment and development sectors continued to consistently maintain its development strategy of “deeply exploring the business of property investment and development in strong first-tier cities, new first-tier cities and strong second-tier cities”, seized opportunities in mergers and acquisitions as well as urban renewal, and created a community with high quality and sustainable development. As of the date of this announcement, the Group has had a total of twelve land development projects in eight PRC cities, including Shenzhen, Changsha, Changchun, Shenyang, Weinan, 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.

Due to the impact of the Pandemic, the fair value of the Group’s investment properties and other assets dropped last year, and construction delays occurred in certain development projects which led to delays in delivery as well. However, throughout the first half of 2021, the Group worked together to actively respond to the negative effects of the Pandemic and promptly adjusted the project operation and management processes in order to adapt itself to the new environment. Despite encountering radical adjustment in the current real estate market, projects within the sector still achieved great progress, and construction of all projects were able to advance in an orderly manner.

With gradual emergence of impacts from policies such as “Three Red Lines” and bank credit red lines, it is expected that the overall capital funding trend in the real estate development industry will continue to be tight throughout the year, and the overall market response will gradually become rational. Facing economic pressure, the Group will proactively seize market opportunities, constantly optimize its debt structure, enhance the flexibility of capital management, adjust its competitive strategies in time, and strive to provide strong support for business development.

During the first half of 2021, the Group performed well in the node completion of projects in several cities. Changsha Project, Shantou East Coast Project, Yunfu Villa Project, Changchun Project, Weinan Project Phase II and Nanning Financial Centre Project were successfully opened for sale, and residential and commercial properties of Shantou Chaoyang Project also completed delivery successively.

### **Cultural, sports and entertainment operation**

Relying on its proprietary property resources, the Company actively unblocks the industrial chain and has developed an innovative platform that integrates culture, sports and entertainment. In this way, the Company strives to offer customers healthy leisure and entertainment activities with the excellent experience, launch traditional business form and promote the integrated development of the culture and sports sectors, while further enhancing the industry’s ability to resist various risks so as to realize optimal allocation of resources. The Group’s main cultural sports operation includes New Sports Marine Sports Centre (“Sports Centre”), New Sports Marine Training Centre (“Training Centre”) and Bihaiwan Golf Practising Court (“Bihaiwan Golf”), and its culture and entertainment operation in new business form includes high-end children entertainment project Xiao Mu Tong Playroom, high-end gymnasium project Xin Dong Neng Fitness Club, and KTV T.T. Club.

Affected by the volatile Pandemic situation and the tightened epidemic control measures, cultural sports, tourism and entertainment sectors have not fully recovered yet. In the first half of 2021, the development of sailing sports and marine entertainment projects in Sports Centre, and nautical culture training and short-term training of nautical sports in Training Centre were not as expected due to the Pandemic. On the other hand, Bihaiwan Golf showed a good trend in operation. It has completed the leasing of all-inclusive rooms for the first time since the opening of the practising court. The overall revenue and visits of customers both continued to rise, with half-year revenue, profit and net cash flow hitting the highest record over the past several years. Xiao Mu Tong Playroom quickly gained its market presence through fun and innovative physical fitness education projects such as family trip, video games, light meals, etc., and received nearly 70,000 customers in the first half of the year. Xin Dong Neng Fitness Club has achieved steady growth in performance through a strong management model, personalized and high-standard services, as well as effective marketing activities and brand building. KTV T.T. Club is currently undergoing internal operational testing and adjustment and staff training, and it is committed to developing differentiated health and entertainment products to provide customers with a comfortable environment and high-end services. It is now planned to open in the first half of next year.

## **Trading of commodities**

Through the understanding and involvement in various kinds of trade and leveraging its own strengths, the Group engages in the trading of commodities and owns a large-scale trading platform for non-ferrous metals, mainly involving in the supply of non-ferrous metals (which were raw materials for industrial purpose). The Group further expanded its business scale, enhanced customer stickiness, and improved its business flexibility and turnover rate, which led to a breakthrough growth.

## **Other operations**

In the first half of 2021, with strengths in channels and platforms, the Group expanded its supply chain business in trading of building materials and home appliances by providing high-quality upstream and downstream customers with services ranging from orders taking, warehousing logistics, transportation logistics, payment and settlement to risk management.

At the same time, the Group actively explored new business models such as supply chain finance, and it also actively sought various possibilities for the development of supply chain finance, supply chain management, and logistics service business at various nodes in the supply chain. It also made good use of the state's investment and support policies in the building of logistics infrastructure, tapped the momentum of business growth to accelerate the overall development of its enterprises.

## **Organizational changes**

Since the outbreak of the Pandemic, the Group's imported fresh food business has continued to be negatively affected, and it is expected that it would not be able to recover within a short period of time. In order to focus on the core business to further optimize its profit structure, the Group completed the disposal of its entire interests in its non-wholly owned subsidiary Shenzhen Xinpeng Fresh Food Industrial Company Limited ("Shenzhen Xinpeng") on 23 June 2021 and ceased the related seafood trading business.

The Board considered that the disposal of Shenzhen Xinpeng is in the interest of the Group and the shareholders of the Company as a whole, as it allocates more resources to the core business segments of the Group and strengthens the capital base of the Group.

Moreover, due to the high debt ratio and relatively slow sales of the Nanning real estate development project, in order to optimize the gearing ratio so as to effectively reduce the Group's financial risks, the Group disposed the entire equity interest of its non-wholly owned subsidiary 深圳新恒創實業有限公司 (Shenzhen Xinhengchuang Industrial Company Limited) ("Xinhengchuang") on 20 July 2021. Xinhengchuang and its subsidiaries held the Nanning Real Estate Development Projects, the Shenyang Real Estate Development Project and the corresponding land use rights. As at the date of this announcement, the relevant disposal has not yet been completed. Details of such disposal were set out in the joint announcement published by the Company on 20 July 2021.

Due to the impact of the Pandemic, the income of the Sports Centre and Training Centre dropped significantly and incurred huge losses. It is foreseen that business operations will not return to the previous normal state in the short term. In order to prevent continuous loss and reduce the Group's overall liabilities, the Group completed the external disposal of the entire issued share capital of its wholly-owned subsidiary Yue Jin Asia Limited ("Yue Jin Asia") on 23 July 2021.

## PROSPECT

Looking forward to the second half of 2021, it is expected that the domestic regulation policies for real estate industry and financial supervision will remain strict. Due to the weakening of the low base effect and the notable effect of the strengthened regulatory policies, the increase in the sales amount of the industry will continue to slow down. The result of the tightening of financing policies will continue to be reflected, and the capital chain of real estate enterprises will continue to be tightened. In the second half of the year when financial policies remain prudent and risk events continue to simmer, the Group expects stable real estate companies to welcome a window of development once again. If the "two-centralized" land supply policy can be further standardized in the second and third rounds, it will benefit the active development of high-quality and stable real estate enterprises. The National People's Congress of the PRC passed the resolution of the "14th Five-Year (2021-2025) ("14th Five-Year") Plan for National Economic and Social Development and the Outline of Visions for 2035 of the People's Republic of China (《中華人民共和國國民經濟和社會發展第十四個五年(2021年-2025年)「十四五」規劃和2035年遠景目標綱要》)" ("14th Five-Year Plan") in March 2021, which clearly defined the goal of building a great modern socialist country. Such plan provides positive directions to the development of various industries (including real estate), fully indicates the improvement in the external environment and also gives clearer guidance to subsequent industrial planning.

In order to implement the 14th Five-Year Plan and the National "14th Five-Year" Cultural Reform and Development Plan (國家十四五文化改革發展規劃), facilitate the cultural and tourism development and fully promote consumption, authorities such as the Development and Reform Commission issued the "Implementation Opinions on Promoting Consumption Expansion, Improving Quality and Accelerating the Formation of a Strong Domestic Market (《關於促進消費擴容提質加快形成強大國內市場的實施意見》)", while the Ministry of Culture and Tourism issued the "14th Five-Year Plan For Cultural and Tourism Development (《十四五文化和旅遊發展規劃》)". The policy to promote cultural and tourism consumption proposed in the plan sets out that it is intended to implement policies such as building national exemplary cities of cultural and tourism consumption and regional cultural and tourism consumption centers during the 14th Five-Year Plan period. It also plans to accelerate the improvement of the consumption system and mechanism, strengthen effective supply and meet consumers' demand, as well as further improve the consumption environment to give full play to the fundamental role of consumption with focus on facilitating the advancement and upgrading of consumption. Thus, the cultural consumption sector is welcoming an important favourable policy environment. The Tokyo Olympics in the second half of 2021 and the orderly development of various social cultural and sports activities will ignite the vigorous development of the cultural, sports and entertainment industry that will also embrace a stronger consumption demand.

In 2021 as the first year of the 14th Five-Year Plan, both opportunities and challenges will coexist. Confronted with various new situations and changes, the Group will seek to realize a high-quality and diversified industry layout, enhance the overall competitiveness of the life cycle, advance to high-quality development, and plan the layout of supply chain and logistics business. At the same time, the Group will make full use of diversified financing channels from home and abroad and actively prepare refinancing plans. 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” 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**

Revenue of the Group for the Period mainly consists of revenue derived from the property development and property investment and the trading of commodities. Revenue of the Group for the Period amounted to approximately HK\$3,194.0 million, representing an increase of approximately 42.9% from approximately HK\$2,235.6 million for the corresponding period of 2020.

Revenue from property development represents the proceeds from sales of properties held for sales by the Group. The Group recognises revenue from the sale of properties at a point in time when the customer obtains the control of the completed property and the Group has present right to payment and the collection of the consideration is probable. Revenue derived from property development dropped by approximately 11.7% to approximately HK\$244.1 million for the Period from approximately HK\$276.3 million for the corresponding period in 2020, which was primarily due to the decrease in the unit price of property units sold during the Period.

Meanwhile, as the Group has built up a large-scale trading platform for non-ferrous metals with a team of staff equipped with specialized experience and expertise, revenue derived from the trading of commodities increased by more than 52% to approximately HK\$2,905.3 million for the Period from approximately HK\$1,911.1 million for the corresponding period in 2020.

Gross profit of the Group for the Period was approximately HK\$87.8 million, representing an increase of 31.6% from approximately HK\$66.7 million for the corresponding period of 2020. Gross profit margin for the Period remained steady at approximately 2.7% as compared with the corresponding period of 2020 which was approximately 3.0%. The respective gross profit of the Group for the Period and the corresponding period of 2020 was mainly attributable to the sales of properties.

During the Period, the Group’s selling expenses amounted to approximately HK\$41.7 million (six months ended 30 June 2020: approximately HK\$30.4 million), representing an increase of approximately 37.2%. The increase was mainly due to the increment in advertising expenses and commission in relation to the promotion of sales of property development projects. In addition, administrative expenses increased by approximately 47.8% as compared with the corresponding period of last year which amounted to approximately HK\$67.1 million mainly attributable to increase of PRC tax levies, salaries and bank charge (six months ended 30 June 2020: approximately HK\$45.4 million).



The investment properties portfolio of the Group comprised of 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 2021, the gain resulting from the fair value appreciation of these investment properties amounted to approximately HK\$75.9 million was recognised, while it amounted to approximately HK\$62.1 million during the corresponding period of last year.

Following the uncertainty brought by the outbreak of the Pandemic, 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 suffered from the declining performance in the first half of 2021. Hence, based on valuation of fair value changes in relevant businesses, impairment for the other intangible assets of operation of Sports Centre and Training Centre amounted to approximately HK\$10.4 million (six months ended 30 June 2020: approximately HK\$131.2 million).

During the Period, the Company disposed its entire equity interest in an indirect wholly-owned subsidiary of the Company to an independent third party and resulted a gain on disposal amounted to approximately HK\$1.8 million (six months ended 30 June 2020: HK\$Nil).

Besides, a fair value gain of approximately HK\$3.1 million for the Period (six months ended 30 June 2020: approximately HK\$3.6 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 in 2016.

Finance costs mainly consisted of interest expenses and other borrowing costs in relation to bank as well as imputed interest expense on non-current accounts, payable calculated using the effective interest method. During the Period, finance costs amounted to approximately HK\$139.4 million (six months ended 30 June 2020: approximately HK\$135.4 million). There is no significant variance compared to the corresponding period of last year.

Income tax expense for the Period was approximately HK\$23.9 million as compared with the corresponding period of last year of approximately HK\$20.0 million, representing an increase of approximately 19.5%.

Given the foregoing factors, the Group recorded a net loss of approximately HK\$84.1 million for the Period, as compared with a net loss of approximately HK\$266.0 million for the six months ended 30 June 2020. The decrease in net loss was mainly attributable to the significant drop in the impairment loss of financial assets of the Group by approximately 95.3% for the Period and the significant drop in the impairment loss of other intangible assets of the Group by approximately 92.1% for the Period as compared to the corresponding period of last year.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2021, the Group had bank and cash balances of approximately HK\$870.4 million (31 December 2020: approximately HK\$735.5 million), while the pledged and restricted bank deposits amounted to approximately HK\$826.1 million (31 December 2020: approximately HK\$618.1 million).

Total borrowings of the Group amounted to approximately HK\$12,263.3 million as at 30 June 2020 (31 December 2020: approximately HK\$12,363.7 million), among which approximately HK\$1,817.9 million (31 December 2020: approximately HK\$1,388.0 million) and approximately HK\$10,445.4 million (31 December 2020: approximately HK\$10,975.7 million) were denominated in Hong Kong dollars and Renminbi respectively.

Total borrowings included bank and other loans of approximately HK\$11,297.6 million (31 December 2020: approximately HK\$11,271.9 million), corporate bond of approximately HK\$903.5 million (31 December 2020: approximately HK\$874.0 million) and notes payable of approximately HK\$62.2 million (31 December 2020: approximately HK\$217.8 million). Except for interest-free for note payables, all loans bore fixed interest rates and exposed the Group to fair value interest rate risk.

As at 30 June 2021, the Group had a net current asset of approximately HK\$4,961.3 million, as compared to an amount of approximately HK\$5,710.9 million as at 31 December 2020. As at 30 June 2021, the gearing ratio of the Group was approximately 2.442 (31 December 2020: approximately 2.700), which was calculated on the basis of the total borrowings less bank and cash balances and pledged and restricted bank deposits divided by the total equity as at the respective reporting date.

## **CAPITAL EXPENDITURE**

The spending on the acquisition of property, plant and equipment and investment properties amounted to approximately HK\$12.0 million and approximately HK\$260.4 million for the Period respectively (six months ended 30 June 2020: approximately HK\$5.1 million and approximately HK\$262.5 million respectively).

## **CHARGE OF ASSETS**

As at 30 June 2021, the carrying amount of investment properties amounting to approximately HK\$2,675.1 million (31 December 2020: approximately HK\$2,395.8 million) was pledged as security for the Group's bank loans and approximately HK\$1,236.9 million (31 December 2020: approximately HK\$1,127.0 million) was pledged as security for the Group's other borrowings.

As at 30 June 2021, the carrying amounts of properties under development and properties held for sale amounting to approximately HK\$5,358.3 million (31 December 2020: approximately HK\$3,124.0 million) and approximately HK\$1,295.5 million (31 December 2020: approximately HK\$1,324.7 million) respectively were pledged as security for the Group's bank loans.

As at 30 June 2021, the carrying amount of properties under development amounting to approximately HK\$2,846.5 million (31 December 2020: approximately HK\$3,354.3 million) was pledged as security for the Group's other borrowings.

The pledged and restricted bank deposit amounted of approximately HK\$826.1 million (31 December 2020: approximately: HK\$618.1 million) was pledged to banks to secure bank borrowings and notes payable granted to the Group and guaranteed deposits for construction of pre-sale properties.

## **EMPLOYEE AND REMUNERATION POLICIES**

The Group had a total of 597 full time staff as at 30 June 2021 (31 December 2020: 614) 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 scheme 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. The management of the Company will continue to monitor the foreign exchange exposure and will consider hedging the foreign currency exposure when necessary.

## **SHARE CAPITAL**

On 18 March 2021, the Company entered into a placing agreement with the placing agent in relation to the placing of shares. The placing was complete on 7 April 2021 in accordance with the placing agreement in which an aggregate of 910,020,000 placing shares were successfully placed to not less than six placees at the placing price of HK\$0.3 per placing share. The net proceeds from the placing, after deduction of related costs and expenses, amounted to approximately HK\$272,535,000, will be used for financing the general working capital of the Group. Details of which were disclosed in the announcement and the joint announcement of the Company dated 18 March 2021 and 7 April 2021 respectively.

## **CONTINGENT LIABILITIES**

As at 30 June 2021, the Group had no material contingent liabilities (31 December 2020: Nil).

## **COMMITMENTS**

As at 30 June 2021, the Group's commitment was approximately HK\$10,776.7 million (31 December 2020: approximately HK\$15,961.7 million) in respect of contracted but not provided for capital expenditures on properties under development, investment properties under construction and the acquisition of property, plant and equipment.

## **INTERIM DIVIDEND**

The Directors do not recommend payment of any interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: Nil).

## **EVENTS AFTER THE REPORTING PERIOD**

On 20 July 2021, an indirect non-wholly owned subsidiary of the Company entered into an agreement with an independent third party in relation to the disposal of the entire equity interest of Xinhengchuang, for a cash consideration of RMB300 million (equivalent to approximately to HK\$360 million). Xinhengchuang and its subsidiaries are principally engaged in property development and property investment in the PRC. The transaction has not yet been completed as of the date of this announcement. For details of the transaction, please refer to the joint announcement of the Company dated 20 July 2021.

On 23 July 2021, an indirect wholly-owned subsidiary of the Company entered into an agreement with an independent third party in relation to the disposal of the entire issued share capital of Yue Jin Asia (together with an interest-free shareholder's loan owned by Yue Jin Asia) for a cash consideration of HK\$1.00.

Yue Jin Asia and its subsidiaries are principally engaged in operation of Sports Centre as well as Training Centre. The transaction was completed on 23 July 2021. As discussed previously in this announcement, the Board considered that the disposal of Yue Jin Asia is in the interest of the Group and the shareholders of the Company as a whole, because it prevents the continuous loss and reduces the overall liabilities of the Group.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct for securities transactions and dealing (the "Code of Conduct") by the 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 throughout 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”) throughout the Period which sets out (a) the code provisions (which are expected to comply with); and (b) the 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 2020 published on 28 April 2021 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 throughout 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 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 2021. The unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2021 have been reviewed by the external auditors of the Company, BDO Limited, Certified Public Accountants, 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, 26 August 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.*