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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 2022

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 2022 (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 2022

	<i>Notes</i>	Six months ended 30 June	
		2022	2021
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
			(re-presented)
Continuing operations			
Revenue	5	1,253,295	3,188,545
Cost of sales		(1,381,738)	(3,100,509)
Gross (loss)/profit		(128,443)	88,036
Selling expenses		(40,865)	(41,659)
Administrative expenses		(60,695)	(66,283)
Gain on disposal of a subsidiary		–	1,806
Fair value (loss)/gain on investment properties		(85,716)	75,854
Fair value gain on derivative financial asset		–	3,097
Impairment losses on financial and contract assets – net		(25,473)	(1,966)
Other income, gains/(losses) – net		(47,898)	32,493
(Loss)/profit from operations		(389,090)	91,378
Finance costs		(27,227)	(120,384)

		Six months ended 30 June	
		2022	2021
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited) (re-presented)
Loss before income tax		(416,317)	(29,006)
Income tax credit/(expense)	7	<u>26,107</u>	<u>(23,947)</u>
Loss for the period from continuing operations		<u>(390,210)</u>	<u>(52,953)</u>
Discontinued operations			
Loss for the period from discontinued operations	14	<u>–</u>	<u>(31,108)</u>
Loss for the period	6	<u>(390,210)</u>	<u>(84,061)</u>
Other comprehensive income, net of tax			
<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>(935)</u>	<u>594</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(190,341)	71,773
Exchange differences reclassified to profit or loss on disposal of a subsidiary		<u>–</u>	<u>(2,759)</u>
		(190,341)	69,014
Other comprehensive income for the period, net of tax		<u>(191,276)</u>	<u>69,608</u>
Total comprehensive income for the period		<u>(581,486)</u>	<u>(14,453)</u>

		Six months ended 30 June	
		2022	2021
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited) (re-presented)
Loss for the period attributable to:			
Owners of the Company			
– Continuing operations		(209,402)	(56,481)
– Discontinued operations		–	(31,108)
		<hr/>	<hr/>
Loss for the period attributable to owners of the Company		(209,402)	(87,589)
		<hr/>	<hr/>
Non-controlling interests			
– Continuing operations		(180,808)	3,528
		<hr/>	<hr/>
(Loss)/profit for the period attributable to non-controlling interests		(180,808)	3,528
		<hr/>	<hr/>
		(390,210)	(84,061)
		<hr/>	<hr/>
Total comprehensive income for the period attributable to:			
– Owners of the Company		(341,974)	(67,025)
– Non-controlling interests		(239,512)	52,572
		<hr/>	<hr/>
		(581,486)	(14,453)
		<hr/> <hr/>	<hr/> <hr/>
Loss per share – basic and diluted			
(HK\$)			
– Continuing operations	8	(1.92)	(0.57)
– Discontinued operations		–	(0.31)
		<hr/>	<hr/>
		(1.92)	(0.88)
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	<i>Notes</i>	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		125,229	137,116
Investment properties	9	3,731,683	4,063,202
Goodwill		—	—
Financial assets at FVTOCI		3,760	4,694
		<u>3,860,672</u>	<u>4,205,012</u>
Current assets			
Inventories	10	9,183,523	10,016,940
Contract assets		33,501	34,619
Trade and other receivables	11	4,858,325	5,116,986
Tax recoverable		43,445	53,487
Pledged and restricted bank deposits		455,973	381,882
Bank and cash balances		190,339	341,393
		<u>14,765,106</u>	<u>15,945,307</u>
Current liabilities			
Borrowings		4,111,856	5,404,088
Trade and other payables	12	3,926,422	4,039,754
Contract liabilities		2,481,649	2,351,563
Lease liabilities		5,509	5,918
Current tax liabilities		96,138	101,877
		<u>10,621,574</u>	<u>11,903,200</u>
Net current assets		<u>4,143,532</u>	<u>4,042,107</u>
Total assets less current liabilities		<u>8,004,204</u>	<u>8,247,119</u>

		30 June 2022	31 December 2021
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(audited)
Non-current liabilities			
Borrowings		3,112,129	2,663,386
Financial guarantee		86,043	89,628
Lease liabilities		53,413	58,626
Deferred tax liabilities		530,845	643,522
		<u>3,782,430</u>	<u>3,455,162</u>
NET ASSETS		<u>4,221,774</u>	<u>4,791,957</u>
Capital and reserves			
Share capital	<i>13</i>	273,006	273,006
Reserves		2,350,257	2,680,928
		<u>2,623,263</u>	<u>2,953,934</u>
Equity attributable to owners of the Company		1,598,511	1,838,023
Non-controlling interests		<u>4,221,774</u>	<u>4,791,957</u>
TOTAL EQUITY		<u>4,221,774</u>	<u>4,791,957</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 was Unit 2602, 26/F., Lippo Centre, Tower One, No. 89 Queensway, Admiralty, Hong Kong and was changed to 18/F., Wing On Centre, 111 Connaught Road Central, Hong Kong with effect from 10 February 2022 and was further changed to Unit 1305, 13/F., Tower Two, Lippo Centre, No. 89 Queensway, Admiralty, Hong Kong with effect from 15 August 2022. The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in real estate development and property investment, trading of commodities, provision of construction works, operation of a golf practising court, children playrooms, fitness rooms, and a karaoke box as well as trading of home appliances and building materials in the People’s Republic of China (the “PRC”).

2. BASIS OF PREPARATION

a) Statement of compliance

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

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 2021. 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 2021.

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 2021, except for those that relate to new standards or interpretations effective for the first time for the period beginning on or after 1 January 2022. 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.

(b) Going concern assumption

As at 30 June 2022, the Group had total borrowings of approximately HK\$7,224 million of which the current borrowings amounted to approximately HK\$4,112 million. However, the Group had bank and cash balances of approximately HK\$190 million only.

The above events or conditions indicate the existence of material uncertainties which cast significant doubt on the Group’s ability to continue as a going concern, and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

For the purpose of assessing going concern, the Directors have prepared a cash flow forecast of the Group covering a period of twelve months from the end of the reporting period (the “Cash Flow Forecast”) with plans and measures to mitigate the liquidity pressure and to improve its financial position. Certain plans and measures have been or will be taken by the Directors including, but not limited to, the following:

- (i) the Group has been actively negotiating with the fund providers in respect of certain borrowings, which are repayable during the year ending 31 December 2022 (the “Renewable Borrowings”), for an extension of maturity beyond 31 December 2022 in order to improve the cash flows of the Group. The Directors are confident that the extension would be granted based on their advanced negotiation with the fund providers;
- (ii) as at 30 June 2022, the Group had a number of unutilised loan facilities and the Directors are confident that these unutilised loan facilities could provide adequate financing funding to the Group, as and when necessary; and
- (iii) the Group will accelerate the pre-sales of its major property development projects during the period of the Cash Flow Forecast.

Based on the Cash Flow Forecast and assuming the above plans and measures can be successfully implemented as scheduled, the Directors are of the opinion that the Group is able to continue as a going concern and would have sufficient financial resources to finance the Group’s operations and meet its financial obligations as and when they fall due. Accordingly, it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

Should the Group fail to achieve the above plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their net realisable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these condensed consolidated interim financial statements.

(c) Re-presentation due to discontinued operations

The presentation of comparative information in respect of the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2021 has been re-presented as if the operations discontinued during the current period at the beginning of prior period.

The details of discontinued operations were set out in note 14.

The re-presentation does not affect the condensed consolidated statement of financial position as at 31 December 2021.

The effect of the discontinued operations on the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2021 are as follows:

	Six months ended 30 June 2021		
	Unaudited and as previously reported HK\$'000	Effect of discontinued operations HK\$'000	Unaudited and as re-presented HK\$'000
Continuing operations			
Revenue	3,194,019	(5,474)	3,188,545
Cost of sales	<u>(3,106,254)</u>	<u>5,745</u>	<u>(3,100,509)</u>
Gross profit	87,765	271	88,036
Selling expenses	(41,659)	–	(41,659)
Administrative expenses	(67,079)	796	(66,283)
Gain on disposal of a subsidiary	1,806	–	1,806
Fair value gain on investment properties	75,854	–	75,854
Fair value gain on derivative financial asset	3,097	–	3,097
Impairment losses on other intangible assets	(10,390)	10,390	–
Impairment losses on financial and contract assets – net	(2,554)	588	(1,966)
Other income, gains/(losses) – net	<u>32,485</u>	<u>8</u>	<u>32,493</u>
Profit from operations	79,325	12,053	91,378
Finance costs	<u>(139,439)</u>	<u>19,055</u>	<u>(120,384)</u>
Loss before income tax	(60,114)	31,108	(29,006)
Income tax expense	<u>(23,947)</u>	<u>–</u>	<u>(23,947)</u>

	Six months ended 30 June 2021		
	Unaudited and as previously reported <i>HK\$'000</i>	Effect of discontinued operations <i>HK\$'000</i>	Unaudited and as re-presented <i>HK\$'000</i>
Loss for the period from continuing operations	<u>(84,061)</u>	<u>31,108</u>	<u>(52,953)</u>
Discontinued operations			
Loss for the period from discontinued operations	<u>–</u>	<u>(31,108)</u>	<u>(31,108)</u>
Loss for the period	<u>(84,061)</u>	<u>–</u>	<u>(84,061)</u>
Other comprehensive income, net of tax			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value changes of equity instruments at FVTOCI	<u>594</u>	<u>–</u>	<u>594</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations	71,773	–	71,773
Exchange differences reclassified to profit or loss on disposal of a subsidiary	<u>(2,759)</u>	<u>–</u>	<u>(2,759)</u>
	<u>69,014</u>	<u>–</u>	<u>69,014</u>
Other comprehensive income for the period, net of tax	<u>69,608</u>	<u>–</u>	<u>69,608</u>
Total comprehensive income for the period	<u><u>(14,453)</u></u>	<u><u>–</u></u>	<u><u>(14,453)</u></u>

Six months ended 30 June 2021

	Unaudited and as previously reported <i>HK\$'000</i>	Effect of discontinued operations <i>HK\$'000</i>	Unaudited and as re-presented <i>HK\$'000</i>
Loss for the period attributable to:			
Owners of the Company			
– Continuing operations	(87,589)	31,108	(56,481)
– Discontinued operations	–	(31,108)	(31,108)
	<u> </u>	<u> </u>	<u> </u>
Loss for the period attributable to owners of the Company	<u>(87,589)</u>	<u> </u>	<u>(87,589)</u>
Non-controlling interests			
– Continuing operations	3,528	–	3,528
	<u> </u>	<u> </u>	<u> </u>
Loss for the period attributable to non-controlling interests	<u>3,528</u>	<u> </u>	<u>3,528</u>
	<u>(84,061)</u>	<u> </u>	<u>(84,061)</u>
	<u><u>(84,061)</u></u>	<u><u> </u></u>	<u><u>(84,061)</u></u>
Total comprehensive income for the period attributable to:			
– Owners of the Company	(67,025)	–	(67,025)
– Non-controlling interests	52,572	–	52,572
	<u> </u>	<u> </u>	<u> </u>
	<u>(14,453)</u>	<u> </u>	<u>(14,453)</u>
	<u><u>(14,453)</u></u>	<u><u> </u></u>	<u><u>(14,453)</u></u>
Loss per share - basic and diluted (HK\$)			
– Continuing operations	(0.88)	0.31	(0.57)
– Discontinued operations	–	(0.31)	(0.31)
	<u> </u>	<u> </u>	<u> </u>
	<u>(0.88)</u>	<u> </u>	<u>(0.88)</u>
	<u><u>(0.88)</u></u>	<u><u> </u></u>	<u><u>(0.88)</u></u>

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

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 2022. 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.

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 2021.

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:

Continuing operations:

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 children playrooms; – operation of fitness rooms; – operation of a karaoke box; and – trading of home appliances and building materials

Discontinued operations:

Yacht club	–	operation of a yacht club
Training	–	provision of training services

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

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

For the year ended 31 December 2021, the operating segments of yacht club and training were discontinued.

The operating segments of others included operation of a golf practising court, children playrooms, fitness rooms, a karaoke box, and trading of home appliances and building materials during the Period (for the six months ended 30 June 2021, others included operation of a golf practising court, a children playroom and a fitness room, and trading of home appliances and building materials).

Segment revenue and results

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

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

For the six months ended 30 June 2022 (unaudited)

	Continuing operations					Discontinued operations			Total HK\$'000
	Real estate and property investment HK\$'000	Trading of commodities HK\$'000	Construction HK\$'000	Others HK\$'000	Subtotal HK\$'000	Yacht club HK\$'000	Training HK\$'000	Subtotal HK\$'000	
Revenue	743,918	489,990	-	19,387	1,253,295	-	-	-	1,253,295
Segment results	(248,051)	(633)	3	36	(248,645)	-	-	-	(248,645)
Fair value loss on investment properties									(85,716)
Other income, gains/(losses) – net									(47,898)
Finance costs									(27,227)
Unallocated corporate expenses									(6,831)
Loss before income tax									(416,317)
Timing of revenue recognition									
At a point in time	732,513	489,990	-	19,387	1,241,890	-	-	-	1,241,890
Transferred over time	-	-	-	-	-	-	-	-	-
	732,513	489,990	-	19,387	1,241,890	-	-	-	1,241,890
Revenue from other sources	11,405	-	-	-	11,405	-	-	-	11,405
	743,918	489,990	-	19,387	1,253,295	-	-	-	1,253,295

For the six months ended 30 June 2021 (unaudited)

	Continuing operations					Discontinued operations			Total HK\$'000 (re-presented)
	Real estate and property investment HK\$'000	Trading of commodities HK\$'000	Construction HK\$'000	Others HK\$'000	Subtotal HK\$'000	Yacht club HK\$'000	Training HK\$'000	Subtotal HK\$'000	
Revenue	252,429	2,905,302	–	30,814	3,188,545	5,474	–	5,474	3,194,019
Segment results	<u>(28,748)</u>	<u>1,848</u>	<u>(89)</u>	<u>12,466</u>	<u>(14,523)</u>	<u>(4,214)</u>	<u>(7,831)</u>	<u>(12,045)</u>	<u>(26,568)</u>
Fair value gain on investment properties									75,854
Fair value gain on derivative financial asset									3,097
Gain on disposal of a subsidiary									1,806
Other income, gains/(losses) – net									32,485
Finance costs									(139,439)
Unallocated corporate expenses									<u>(7,349)</u>
Loss before income tax									<u>(60,114)</u>
Timing of revenue recognition									
At a point in time	244,270	2,905,302	–	30,814	3,180,386	–	–	–	3,180,386
Transferred over time	–	–	–	–	–	1,114	–	1,114	1,114
	244,270	2,905,302	–	30,814	3,180,386	1,114	–	1,114	3,181,500
Revenue from other sources	8,159	–	–	–	8,159	4,360	–	4,360	12,519
	<u>252,429</u>	<u>2,905,302</u>	<u>–</u>	<u>30,814</u>	<u>3,188,545</u>	<u>5,474</u>	<u>–</u>	<u>5,474</u>	<u>3,194,019</u>

Segment assets and liabilities

As at 30 June 2022

	Continuing operations					Discontinued operations			Total (unaudited) HK\$'000
	Real estate and property investment (unaudited) HK\$'000	Trading of commodities (unaudited) HK\$'000	Construction (unaudited) HK\$'000	Others (unaudited) HK\$'000	Subtotal (unaudited) HK\$'000	Yacht club (unaudited) HK\$'000	Training (unaudited) HK\$'000	Subtotal (unaudited) HK\$'000	
Segment assets	18,170,853	1,287	67,403	209,305	18,448,848	–	–	–	18,448,848
Unallocated assets									
– Bank and cash balances									148,031
– Others									<u>28,899</u>
									<u>176,930</u>
Consolidated total									<u>18,625,778</u>
Segment liabilities	11,834,088	13,168	128,766	206,451	12,182,473	–	–	–	12,182,473
Unallocated liabilities									
– Borrowings									2,034,072
– Others									<u>187,459</u>
									<u>2,221,531</u>
Consolidated total									<u>14,404,004</u>

As at 31 December 2021

	Continuing operations					Discontinued operations			Total (audited) HK\$'000
	Real estate and property investment (audited) HK\$'000	Trading of commodities (audited) HK\$'000	Construction (audited) HK\$'000	Others (audited) HK\$'000	Subtotal (audited) HK\$'000	Yacht club (audited) HK\$'000	Training (audited) HK\$'000	Subtotal (audited) HK\$'000	
Segment assets	19,814,148	1,910	45,417	178,074	20,039,549	-	-	-	20,039,549
Unallocated assets									
- Bank and cash balances									79,147
- Others									31,623
									110,770
Consolidated total									<u>20,150,319</u>
Segment liabilities	12,825,280	142,575	163,469	90,516	13,221,840	-	-	-	13,221,840
Unallocated liabilities									
- Borrowings									2,007,601
- Others									128,921
									2,136,522
Consolidated total									<u>15,358,362</u>

6. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
		(re-presented)
Continuing operations:		
Cost of inventories	1,128,701	3,100,509
Write-down of inventories	253,037	–
	<hr/>	<hr/>
Cost of inventories recognised as expenses	1,381,738	3,100,509
Depreciation		
– Owned property, plant and equipment	2,903	6,415
– Leasehold land for own use	4,125	2,112
– Properties leased for own use	3,714	4,595
Directors' remuneration	1,421	1,556
Impairment losses on financial and contract assets – net	25,473	1,966
Gain on early termination of lease	–	(2)
Short-term leases expenses	–	946
Direct operating expenses arising from investment properties that generated rental income	1,071	1,350
Foreign exchange loss/(gain) – net	52,795	(23,183)
	<hr/> <hr/>	<hr/> <hr/>
Discontinued operations:		
Amortisation of other intangible assets (included in cost of sales)	–	3,689
Depreciation		
– Owned property, plant and equipment	–	5
Impairment losses on other intangible assets	–	10,390
Impairment losses on financial assets – net	–	588
	<hr/> <hr/>	<hr/> <hr/>

7. INCOME TAX (CREDIT) EXPENSE

Income tax (credit) expense has been recognised in the condensed consolidated statement of profit or loss and other comprehensive income as follows:

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Continuing operations:		
Current tax:		
– PRC Enterprise Income Tax	32,576	6,980
– PRC Land Appreciation Tax	31,131	8,591
	<u>63,707</u>	<u>15,571</u>
Underprovision in prior years	5	5,178
	<u>63,712</u>	<u>20,749</u>
Deferred tax:		
– Current period	(89,819)	3,198
	<u>(26,107)</u>	<u>23,947</u>

8. LOSS PER SHARE

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

	Six months ended 30 June	
	2022 '000 (unaudited)	2021 '000 (unaudited) (re-presented)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>109,203</u>	<u>99,449</u>

(a) From continuing and discontinued operations

	2022 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)
Loss for the purpose of calculating basic loss per share	<u>209,402</u>	<u>87,589</u>

(b) From continuing operations

	2022 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited) (re-presented)
Loss for the period attributable to owners of the Company	209,402	87,589
Less: Loss for the period from discontinued operations	<u>–</u>	<u>(31,108)</u>
Loss for the purpose of calculating basic loss per share from continuing operations	<u>209,402</u>	<u>56,481</u>

(c) From discontinued operations

	2022 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited) (re-presented)
Loss for the purpose of calculating basic loss per share from discontinued operations	<u>–</u>	<u>31,108</u>

There was no dilutive potential ordinary shares outstanding for the six months ended 30 June 2022 and 2021.

The weighted average number of ordinary shares for the purposes of basic and diluted loss per share for the six months ended 30 June 2022 and 2021 presented has been adjusted for the shares consolidation effected on 22 April 2022.

9. INVESTMENT PROPERTIES

During the six months ended 30 June 2022, the Group incurred expenditures of approximately HK\$55,801,000 (six months ended 30 June 2021: approximately HK\$260,350,000) and had recorded a fair value loss on investment properties of approximately HK\$85,716,000 (six months ended 30 June 2021: fair value gain on investment properties of approximately HK\$75,854,000). During the six months ended 30 June 2022, the Group disposed of certain investment properties of approximately HK\$146,165,000 (six months ended 30 June 2021: HK\$20,747,000).

As at 30 June 2022, the carrying amount of investment properties amounting to approximately HK\$642,231,000 (31 December 2021: approximately HK\$640,816,000) was pledged as security for the Group's bank loans and approximately HK\$503,627,000 (31 December 2021: approximately HK\$1,251,987,000) was pledged as security for the Group's other borrowings respectively.

As at 30 June 2022, the carrying amount of investment properties amounting to approximately HK\$45,113,000 (31 December 2021: approximately HK\$46,992,000) was pledged as security for a bank borrowing granted to a former subsidiary which had been overdue.

10. INVENTORIES

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

As at 30 June 2022, the carrying amounts of properties under development and properties held for sale amounting to approximately HK\$2,690,854,000 (31 December 2021: approximately HK\$4,923,458,000) and HK\$Nil (31 December 2021: approximately HK\$49,803,000) respectively were pledged as security for the Group's bank loans.

As at 30 June 2022, the carrying amount of properties under development and properties held for sale amounting to approximately HK\$1,343,942,000 and HK\$636,081,000 respectively (31 December 2021: approximately HK\$1,382,918,000 and HK\$1,208,000,000 respectively) were pledged as security for the Group's other borrowings.

As at 30 June 2022, the carrying amount of properties held for sales amounting to HK\$31,028,000 (31 December 2021: approximately HK\$32,136,000) was pledged as security for a bank borrowing granted to a former subsidiary which had been overdue.

According to the state-owned land use rights grant contracts dated in March 2014 ("Land Use Right Contract 2014"), the parcels of land in the PRC for the property development project of which certain properties under development of approximately HK\$159,597,000 (31 December 2021: approximately HK\$145,571,000) held by a subsidiary namely Yunfu Baoxin Property Limited ("Yunfu Baoxin") (formerly known as Yunfu Baoneng Property Limited) was required to be completed by March 2017.

As at 30 June 2022, 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 Right Contract 2014 in accordance with the terms of the Land Use Rights Contract 2014. The Group had made submissions to relevant land authority on application for extension of completion of development on the ground amongst others that such delay would have been due to various reasons beyond its control. During the year ended 31 December 2021, a written notice was served to Yunfu Baonxin by the relevant land authority stating that Yunfu Baoxin should 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 consider that the probability for imposing 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

	30 June 2022	31 December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Trade receivables	118,240	77,179
Less: loss allowance for expected credit losses	(1,982)	(697)
	116,258	76,482
Other receivables	83,335	108,089
Other receivables from related parties	13	498
Consideration receivables	377,347	540,039
Prepayments and other deposits	4,172,502	4,267,383
Other tax assets	108,870	124,495
	4,742,067	5,040,504
Total trade and other receivables	4,858,325	5,116,986

The Group generally allows an average credit period of 2 days (31 December 2021: 2 days) for sales of properties, 10 days (31 December 2021: 10 days) for its customers of trading of commodities and 30 days (31 December 2021: 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:

	30 June 2022	31 December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
0 - 30 days	61,450	10,811
31 - 60 days	353	11,122
61 - 90 days	118	860
91 - 120 days	118	5,307
Over 120 days	54,219	48,382
	116,258	76,482

12. TRADE AND OTHER PAYABLES

	30 June 2022	31 December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Trade payables	<u>2,800,056</u>	<u>2,940,351</u>
Wages and salaries payables	10,013	13,437
Accruals	5,577	4,092
Other tax liabilities	99,716	73,874
Interest payables	295,518	222,023
Interest payables to related parties	90,880	33,857
Secured deposits from contractors	223,643	355,490
Other payables	347,519	342,805
Other payables to a non-controlling interest	46,743	48,554
Other payables to related parties	<u>6,757</u>	<u>5,271</u>
	<u>1,126,366</u>	<u>1,099,403</u>
	<u>3,926,422</u>	<u>4,039,754</u>

The credit period of trade payables in relation to trading of commodities is ranged from 10 to 360 days (31 December 2021: ranged from 10 to 360 days); provision of real estate and property investment is ranged from 7 to 30 days (31 December 2021: ranged from 7 to 30 days) and trading of home appliances and building materials is 30 days (31 December 2021: 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:

	30 June 2022	31 December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
0 — 30 days	1,610,142	1,870,833
31 — 60 days	1,062	7,178
61 — 90 days	1,239	4,392
91 — 120 days	33,730	7,592
Over 120 days	<u>1,153,883</u>	<u>1,050,356</u>
	<u>2,800,056</u>	<u>2,940,351</u>

13. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised:		
Ordinary share of HK\$2.50 each (1 January 2021, 31 December 2021 and 1 January 2022: HK\$0.05 each)		
At 1 January 2021, 31 December 2021 and 1 January 2022	8,000,000	400,000
Share consolidation (<i>Note 2</i>)	(7,840,000)	–
	<u>160,000</u>	<u>400,000</u>
At 30 June 2022		
	<u>160,000</u>	<u>400,000</u>
Issued and fully paid:		
Ordinary shares of HK\$2.50 each (1 January 2021, 31 December 2021 and 1 January 2022: HK\$0.05 each)		
At 1 January 2021	4,550,105	227,505
Shares issued on placement (<i>Note 1</i>)	910,020	45,501
	<u>5,460,125</u>	<u>273,006</u>
At 31 December 2021 and 1 January 2022	5,460,125	273,006
Shares consolidation (<i>Note 2</i>)	(5,350,922)	–
	<u>109,203</u>	<u>273,006</u>
At 30 June 2022		
	<u>109,203</u>	<u>273,006</u>

Note:

- 1) On 7 April 2021, 910,020,000 ordinary shares of the Company were allotted and issued to the places 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.
- 2) On 20 April 2022, the Company held an extraordinary general meeting and approved the consolidation of every fifty (50) issued and unissued ordinary shares of HK\$0.05 each in the share capital of the Company into one (1) consolidated share of HK\$2.50 in the share capital of the Company. The share consolidation became effective on 22 April 2022.

14. DISCONTINUED OPERATIONS

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 Limited (“Yue Jin Asia”). Yue Jin Asia and its subsidiaries were principally engaged in operation of a yacht club as well as provision of training services. The results of the discontinued operations of the yacht club and provision of training services as well as the gain on disposal are as follows:

	For the six months ended 30 June 2021 HK\$'000 (Unaudited)
Revenue	5,474
Cost of sales	(5,745)
Other income, gains/(loss) - net	(8)
Impairment losses on intangible assets	(10,390)
Impairment losses on financial assets - net	(588)
Administrative expenses	(796)
	<hr/>
Loss from operations	(12,053)
Finance costs - net	(19,055)
	<hr/>
Loss before income tax	(31,108)
Income tax credit	–
	<hr/>
Loss for the period from discontinued operations	(31,108)
	<hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

Industry and Market Overview

In the first half of 2022, the international environment became more complicated and severe, with increased stagflation risk in the world economy, frequent and sporadic pandemic outbreak, and the constant increase in the pressure on economy slowdown. Confronted with many adverse factors, the PRC government withstood a series of pressures, efficiently coordinated the pandemic control as well as economic and social development, and effectively carried out a package of measures to stabilize the economy, thus the pandemic was effectively controlled, and the national economy stabilized and rebounded. The PRC's gross domestic product (GDP) in the first half of the year was approximately RMB56 trillion, representing a growth of approximately 2.5% year on year. The economy reported a positive growth of approximately 0.4% in the second quarter.

The national real estate market faced unprecedented challenges during this year due to a combination of turbulent economic situation at home and abroad, repeated waves of pandemic, and the industry entering the deep slowdown phase of adjustment. During the Period, the construction area continued to fall down approximately 2.8% year on year; the volume and price of commercial housing sales plummeted, with the sales volume dropping by approximately 28.9%, the highest rate of decline in history. Investment in real estate development fell by approximately 5.4%, the first negative accumulative growth year on year. The financing environment for real estate enterprises did not improve significantly in the first half of the year, which was unable to form a sound capital cycle, thus the overall capital was still under continued pressure. Owing to the increased slowdown pressure on the overall economy, and the important role of “stabilizing real estate” to “solidifying economy”, the PRC government frequently released positive signals for the industry, and the local authorities adjusted measures according to the city conditions. Nearly 500 local policies were optimized in the first half of 2022, a record high for the same period. The industry policy started to enter an easing cycle, resulting in the gradual recovery of the real estate market. As at the end of the Period, the sales of domestic commercial housing and residence in a single month grew at a rate of more than 30% month on month, showing the sign of bottoming out of the market.

Affected by the PRC's strict and stringent pandemic prevention and control policies, the overall cultural consumption market tightened in the first half of 2022, with national per capita culture and entertainment consumption expenditure of approximately RMB1,037, down about 7.4%; the radius of the public's cultural and sports leisure further shrank. For instance, related businesses based on offline scenes were comprehensively constrained, especially spatially clustered and personnel-intensive cultural and entertainment projects suffered the most. To varying degrees, various culture and entertainment enterprises were facing a series of problems such as unpromising expectation to business revenue, restricted funding channel and suppressed cultural consumption demand, with the survival situation encountering multiple challenges.

In the first half of 2022, the Group steadily advanced its development strategy with property investment and development as the core and the cultural entertainment and leisure industry as the guarantee. In terms of operation, the Group actively coped with the market changes along with industry cycles and policy adjustments, comprehensively coordinated its resources, explored its internal driving forces, and actively promoted project's construction; the Group quickly adjusted the marketing strategy to enhance the marketability of its products, and improved the level of delicacy management, and continuously strengthened control to build high-quality projects. Meanwhile, the Group continued improving cash flow management, actively engaged in effective communication and dialog with creditors to expedite the formulation of debt solutions with hedging agreed by all parties and alleviate short-term liquidity problems, thus protecting normal business operations, and recovering from the plight as soon as possible.

Business Review

Property investment and development

Rooted in the Guangdong-Hong Kong-Macao Greater Bay Area, the Group was deeply engaged in exploring strong first-tier, new first-tier and strong second-tier cities and was committed to creating high-end brand communities with overall quality and sustainable development. As at the date of this announcement, the Group has a total of eight (8) property development projects located in six (6) cities, namely Shenzhen, Changchun, Weinan, Changsha, Shantou and Yunfu. The projects developed include commercial complexes, high-end boutique residences, hotels, business apartments, villas, garden houses and other subdivided products with a total construction area of over 2.8 million square meters.

In the first half of 2022, the Group tended to seek multiple channels and measures to resolve the difficulties against the backdrop of overall market slowdown, with “ensuring completion, delivery and repayment” as the core priority, actively grasped the window opportunity of market, persistently promoted the sales of projects in key cities, implemented a differentiated strategy for each building, accelerated sales and fund withdrawal to boost market confidence and restore the ability to develop itself. The Group flexibly arranged financial expenditures, strengthened integrated cash flow and fund management, revitalized projects with limited resources, reasonably optimized the development measures, efficiently promoted construction to increase revenue and profit, and continuously improve the overall ability to resist risks and operational resilience.

At the same time, taking into account the rights and interests of all stakeholders, the Group actively drew up debt solutions to optimize its debt structure, alleviate capital liquidity problems and ensure cash flow and operational safety. In addition, domestic real estate enterprises were facing fierce competition during the special period of the industry, pushing their focus gradually back to product quality and product delivery. It advanced the construction of various projects orderly, maintained the consistent high quality products of its brand, and made every effort to ensure the completion of the projects under construction and the timely delivery of the sold property units. At present, Changchun Baoxin Wealth Centre, Changsha project and Weinan project have been all opened for sale as scheduled, along with an increasing amount of customers to sign up and the positive market response.

Culture, sports, entertainment and leisure industry

Relying on its own property resources, the Group continued to build a platform for the innovative integration of “culture, sports and entertainment” in the related leisure industry, including the traditional cultural and sports industry, Shenzhen Bihaiwan Golf Practicing Court (“Bihaiwan Golf”), and the new industry of cultural and entertainment industry including Xiao Mu Tong Playroom, Xin Dong Neng Fitness Club and KTV T.T. Club.

During the Period, the pandemic in Shenzhen fluctuated repeatedly and regional offline entertainment consumption venues were restricted, causing greater impact on the operational development of the Company’s culture and entertainment segment. The Company promptly adjusted its business strategy to enhance online and offline integration and actively improve user stickiness against such backdrop, finally achieving a growing recovery in customer traffic and sales. In the first half of 2022, Xiao Mu Tong Playroom (Shenzhen Xili Global Gateway store) received 45,761 visitors, and officially operated a new store in Shenzhen Baoneng Center Global Gateway in July 2022. Bihaiwan Golf received a total of 19,478 golfers in the first half of 2022, a record high for the corresponding period in the past three years. At the same time, Xin Dong Neng Fitness Club and KTV T.T. Club carried out their businesses orderly and maintained stable daily operation with adequate prevention and control of the pandemic.

Trading of commodities

In the first half of 2022, the Group’s trading of commodities segment reported a significant drop in the revenue as compared with the corresponding period in 2021. The Group insisted on differentiated operations formed in terms of business regions, product supply and resource channel, aiming to rationalise its business turnover and retain business flexibility.

Structural changes

There was no significant structural changes in the Group during the Period.

Prospects

Looking ahead to the second half of 2022, given that the PRC’s growth stabilization policies have been gradually implemented, it is expected that corresponding incremental policies will be introduced and implemented in due course, extending the overall stabilization and rebound momentum of the PRC’s economy. Following the implementation of a series of stable investment policies, along with the relatively loose financial conditions caused by the central bank’s policies including deposit reserve ratio reduction and interest reduction, the investment demand in the second half of the year is expected to recover for supporting economic growth to a greater extent.

Looked upon from the domestic real estate, against the backdrop of continued increase in the implementation of a package of policy measures to stabilize the economy, reassured to vitalize and achieve the actual benefits, the real estate investment is expected to return to moderate positive growth in the second half of 2022, speeding up the process of land acquisition, new housing project and construction. The new housing market will show a rising trend, with the financing needs of real estate enterprises gradually implemented. In addition, the differentiation among real estate enterprises is obviously shown, thus the industry will migrate from “relying on quantity” to “relying on quality”.

In the repairing cycle of current industry, the Group will formulate timely supporting initiatives in transition to a new development model, solidify the foundation for the development of its property business by focusing on project construction and effective risk control, and concentrate on important production arrangements such as securing delivery and promoting sales. The Group will further improve the customer service system and implement the requirement of “asking for dividends from management” by creating product delivery standards focusing on higher-quality, personalized customer experience.

As regards of the cultural sports and entertainment business, it is expected that the impact of the pandemic will still exist in the second half of 2022, it will take time for significant improvement in the operations of culture and entertainment enterprises. Therefore, the Group’s cultural sports and entertainment business will fully make use of the local support policies for enterprises, focus on service content operation, improve the marketing model to expand the marketing channel, continuously enhance its ability to resist risks and reduce the impact of possible pandemic fluctuations in the future.

REVIEW OF RESULTS AND OPERATIONS

The Group’s revenue is primarily generated from two (2) major business segments, namely (i) real estate and property investment; and (ii) trading of commodities. During the Period, the Group achieved approximately HK\$1,253.3 million in revenue, representing a significant decrease of approximately 60.7% from that of approximately HK\$3,188.5 million during the corresponding period of the last year. The significant drop in revenue was mainly due to decrease of trading volume in the business segment of trading of commodities. The revenue was mainly contributed by the sales of properties by Shantou Baoneng City Garden Project, Weinan Baoneng Prosperity Mansion Project and Shantou Taisheng Science and Innovation Park Project as well as the trading of commodities business.

Due to the uncertainty brought by the outbreak of the pandemic and unprecedented challenges faced by the national real estate market in the Period, the gross loss of the Group was approximately HK\$128.4 million, as compared to the gross profit of approximately HK\$88.0 million during the corresponding period of the last year, representing a decrease of 245.9%. The gross loss margin was 10.2% in the Period comparing with the gross profit margin of 2.8% during the corresponding period of the last year. The gross loss was mainly attributable to written-down in the carrying amount of inventories to the net realisable value of Hunan Jinxiang International Star City Project in the segment of real estate and property investment.

During the Period, the Group’s selling and distribution expenses amounted to approximately HK\$40.9 million (six months ended 30 June 2021: approximately HK\$41.7 million) representing a decrease of approximately 1.9%. There was no material variance compared to the corresponding period of the last year. Meanwhile, administrative expenses decreased by approximately 8.4% when compared with the corresponding period of the last year which amounted to approximately HK\$60.7 million (six months ended 30 June 2021: approximately HK\$66.3 million).

The investment properties portfolio of the Group comprised residential and commercial properties located in Shenyang, Hefei, Shenzhen and Changsha, as well as certain properties under construction in Shantou. As at 30 June 2022, a fair value loss of investment properties amounting to approximately HK\$85.7 million was recognised, when compared with the corresponding period of the last year the fair value was appreciated amounting to approximately HK\$75.9 million.

Finance costs represented mainly interest expenses and other borrowing costs in relation to bank and other borrowings. During the Period, finance costs amounted to approximately HK\$27.2 million (six months ended 30 June 2021: approximately HK\$120.4 million), the drop was mainly attributable to the capitalisation of interest expense and the repayment of external borrowings.

Income tax credit for the Period was approximately HK\$26.1 million as compared with the corresponding period of the last year of income tax expense which was approximately HK\$23.9 million, representing a decrease in approximately 209.0% compared to the corresponding period of the last year.

Given the foregoing factors, the Group recorded a net loss of approximately HK\$390.2 million for the Period, as compared with the net loss of approximately HK\$84.1 million for the six months ended 30 June 2021. The increase in net loss was mainly attributable to the significant decrease in gross margin amounting to HK\$128.4 million compared to the corresponding period of the last year, the significant increase in the impairment losses of financial assets of the Group by approximately HK\$25.5 million for the Period and the fair value loss on investment properties of the Group by approximately HK\$85.7 million for the Period as compared to the corresponding period in six months ended 30 June 2021.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2022, the Group had bank and cash balances of approximately HK\$190.3 million (31 December 2021: approximately HK\$341.4 million), while the pledged and restricted bank deposits amounted to approximately HK\$456.0 million (31 December 2021: approximately HK\$381.9 million).

Total borrowings of the Group amounted to approximately HK\$7,224.0 million as at 30 June 2022 (31 December 2021: approximately HK\$8,067.5 million), of which equivalents of approximately HK\$1,850.6 million and approximately HK\$5,373.4 million were denominated in Hong Kong dollars and Renminbi respectively.

Total borrowings included bank and other loans of approximately HK\$6,567.5 million (31 December 2021: approximately HK\$7,324.9 million), corporate bond of approximately HK\$656.5 million (31 December 2021: approximately HK\$680.0 million) and notes payable of HK\$Nil (31 December 2021: approximately HK\$62.6 million). All loans bore fixed interest rates and exposed the Group to fair value interest rate risk.

As at 30 June 2022, the Group had a net current asset of approximately HK\$4,143.5 million, as compared with an amount of approximately HK\$4,042.1 million as at 31 December 2021. As at 30 June 2022, the gearing ratio of the Group was approximately 1.6 (31 December 2021: 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 acquisition of property, plant and equipment and investment properties amounted to approximately HK\$61.1 million for the Period (six months ended 30 June 2021: approximately HK\$272.4 million).

CHARGE OF ASSETS

As at 30 June 2022, the carrying amount of property, plant and equipment, inventories and investment properties amounted to HK\$Nil (31 December 2021: approximately HK\$5.1 million), approximately HK\$4,670.9 million (31 December 2021: approximately HK\$7,564.2 million) and approximately HK\$1,146.0 million (31 December 2021: approximately HK\$1,892.8 million) respectively were pledged as security for the Group's bank loans and other borrowings granted in relation to the Group's real estate and property investment business.

As at 30 June 2022, the carrying amount of investment properties and properties held for sale amounting to approximately HK\$45.1 million (31 December 2021: approximately HK\$47.0 million) and HK\$31.0 million (31 December 2021: approximately HK\$32.1 million) respectively were pledged as security for bank borrowings in favour of a former subsidiary which had been overdue.

The Group's pledged and restricted bank deposits amounting to approximately HK\$456.0 million (31 December 2021: approximately HK\$381.9 million) were pledged to banks to secure a bank loan granted to an independent third party, the notes payable granted to the Group and the guarantee deposits for construction of pre-sale properties.

EMPLOYEE AND REMUNERATION POLICIES

The Group had 427 full time employees as at 30 June 2022 (31 December 2021: 413) in Hong Kong and the PRC. The Group reviews remuneration and benefits of its employees annually according to the relevant market practice and individual performance of the employees. Save for the social insurance in the PRC and the mandatory provident fund scheme in Hong Kong, the Group has not set aside or accrued any significant funds to provide for retirement or similar benefits for its employees.

FOREIGN EXCHANGE AND CURRENCY RISKS

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

SHARE CAPITAL

On 20 April 2022, the Company held an extraordinary general meeting and approved the consolidation of every fifty (50) issued and unissued ordinary shares of HK\$0.05 each in the share capital of the Company into one (1) consolidated share of HK\$2.50 in the share capital of the Company. The share consolidation became effective on 22 April 2022. Details of the share consolidation were disclosed in the announcements of the Company dated 11 March 2022 and 20 April 2022 and the circular of the Company dated 30 March 2022.

CONTINGENT LIABILITIES

As at 30 June 2022, the Group had no material contingent liabilities (31 December 2021: HK\$Nil).

COMMITMENTS

As at 30 June 2022, the Group's commitment was approximately HK\$7,147.8 million (31 December 2021: approximately HK\$7,849.1 million) in respect of contracted but not provided for capital expenditures on properties under development.

INTERIM DIVIDEND

The Directors do not recommend payment of any interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: HK\$Nil).

EVENTS AFTER THE REPORTING PERIOD

Capital Reduction and Share Sub-Division

The reduction of the issued share capital of the Company and the share sub-division of every unissued consolidated share in the authorised share capital of the Company were effective on 12 July 2022. For the relevant details, please refer to the announcements of the Company dated 11 March 2022, 20 April 2022, 13 June 2022 and 12 July 2022 and the circular of the Company dated 30 March 2022.

Change of Address of Hong Kong Branch Share Registrar and Transfer Office

On 15 August 2022, the address of the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, was changed to 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Change of Principal Place of Business in Hong Kong

On 15 August 2022, the principal place of business of the Company in Hong Kong was changed to Unit 1305, 13/F., Tower Two, Lippo Centre, No. 89 Queensway, Admiralty, Hong Kong.

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 Directors on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, they confirmed that they had complied with the required standards set out in the Model Code and the Code of Conduct during the Period.

CORPORATE GOVERNANCE

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

The Board of Directors (the “Board”) and the management of the Company are of the opinion that the Company has properly complied with the applicable code provisions in the Corporate Governance Code set out in Appendix 14 of the Listing Rules throughout the Period. In December 2021, the Stock Exchange published the conclusions to Review of Corporate Governance Code (the “Amended CG Code”) and the corresponding changes to the Listing Rules which came into effect on 1 January 2022. Most of the amendments are applicable for financial year commencing on or after 1 January 2022. The Company has applied and complied with the code provisions and the recommended best practices under the Amended CG Code 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 2021 published on 27 April 2022 under the section headed “Risk Management and Internal Control”.

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 2022.

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

Hong Kong, 31 August 2022

As at the date of this announcement, the Company's executive directors are Mr. Yao Jianhui and Ms. Xia Lingjie; the non-executive director is Ms. Zhan Yushan; and the independent non-executive directors are Ms. He Suying, Dr. Tang Lai Wah and Mr. 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.