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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)

**VERY SUBSTANTIAL DISPOSAL:
DISPOSAL OF ENTIRE EQUITY INTEREST IN
A PRC SUBSIDIARY**

THE DISPOSAL

On 3 October 2022 (after trading hours), the Company entered into the Framework Agreement with GSFG. Pursuant to the Framework Agreement, it was acknowledged and agreed by the parties thereto that:

1st Tranche Disposal

- As at the date of the Framework Agreement, GSLG Group was indebted to GSFG Group for the GSLG Loan, which comprises RMB-denominated loans with principal amount of approximately RMB537.1 million and Hong Kong dollars-denominated loans with principal amount of HK\$523.0 million (equivalent to approximately RMB470.7 million), together with all interest accrued thereon. As at 30 September 2022, the interest accrued on the GSLG Loan amounted to approximately HK\$115.7 million (equivalent to approximately RMB104.1 million) in aggregate.
- As at the date of this announcement, the Disposal Company (as chargor) has granted the Land Charge over the Charged Property to Xiamen International Trust (as chargee) for securing the Secured Loan granted by Xiamen International Trust to Shenzhen Baoxin (an indirect non-wholly owned subsidiary of the Company).
- Pursuant to negotiations between the Company and GSFG regarding the settlement of the GSLG Loan and subject to the terms of relevant agreements, the Company shall procure the Vendor (an indirect non-wholly owned subsidiary of the Company) to transfer the 1st Tranche Sale Equity Interest (representing 51% of the total equity interest and actual paid-up registered capital of the Disposal Company) to the Purchaser (an indirect wholly-owned subsidiary of GSFG) (the “**1st Tranche Disposal**”).

- The 1st Tranche Consideration is RMB1,175,550,000 and shall be settled (i) by way of set-off against the GSLG Loan and all interest accrued thereon up to 1st Tranche Completion; and (ii) in cash for the remaining balance (after deducting an amount equivalent to the GSLG Loan) (the “**1st Tranche Cash Consideration**”).
- To facilitate the 1st Tranche Disposal, the Company shall procure the Vendor, and GSFG shall procure the Purchaser, to enter into the Sale and Purchase Agreement within fourteen (14) Business Days (or such other date as the Company and GSFG may agree) from the date of the Framework Agreement.
- Upon entering into the Framework Agreement, the Company shall procure the Vendor to issue an irrevocable undertaking, pursuant to which the Vendor shall undertake that the 1st Tranche Cash Consideration shall be fully applied by Shenzhen Baoxin towards the repayment of the interest accrued under the Secured Loan as and when they fall due.

Upon 1st Tranche Completion, the Disposal Company will cease to be a subsidiary of the Company and the financial results of the Disposal Company will no longer be consolidated into the financial statements of the Company.

2nd Tranche Disposal

- The Amount Due from GSLG Group represents the total non-interest bearing amount of approximately RMB415 million due from GSLG Group (excluding the Disposal Company) to the Disposal Company as at 30 September 2022.
- Subject to the satisfaction (or waiver, as the case may be) of the conditions precedent set forth in the paragraph headed “Sale and Purchase Agreement – Conditions precedent – 2nd Tranche Disposal” in this announcement, the Company shall procure the Vendor to dispose the 2nd Tranche Sale Equity Interest (representing the remaining 49% of the total equity interest and actual paid-up registered capital of the Disposal Company held by the Vendor) to the Purchaser within twelve (12) months from 1st Tranche Completion (the “**2nd Tranche Disposal**”).
- The 2nd Tranche Consideration is RMB1,129,450,000 and shall be settled (i) by way of set-off against the Amount Due from GSLG Group; and (ii) in cash for the remaining balance (after deducting an amount equivalent to the Amount Due from GSLG Group) (the “**2nd Tranche Cash Consideration**”).

- If the 2nd Tranche Disposal is completed, it is agreed among the Disposal Company, the Purchaser and GSLG that the interest in relation to the Amount Due from GSLG Group will be waived by the Disposal Company during the period from the date of 1st Tranche Completion up to the 2nd Tranche Completion. Nevertheless, in the event the 2nd Tranche Disposal fails to be completed, GSLG Group agrees to pay interest to the Disposal Company on the Amount Due from GSLG Group at the interest rate of 12% per annum. The interest payable by GSLG Group shall accrue from the date of 1st Tranche Completion up to the date upon which the Amount Due from GSLG Group is fully settled.

Upon 2nd Tranche Completion, the Company will cease to have any equity interests in the Disposal Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) calculated in accordance with the Listing Rules in respect of the Disposal and the transactions contemplated thereunder exceed 75%, the Disposal constitutes a very substantial disposal on the part of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Mr. Yao Jianhui, being the chairman and an executive director of the Company, and Mr. Wong Chun Bong, being an independent non-executive director of the Company, are also directors of GSFG. In light of their directorships in both the Company and GSFG, Mr. Yao Jianhui and Mr. Wong Chun Bong will abstain from voting on the relevant board resolution(s) of the Company for approving the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder.

EGM

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder.

The voting in respect of the Disposal at the EGM will be conducted by way of poll. As at the date of this announcement, (i) Mr. Yao Jianhui, being a director of both the Company and GSFG, is interested in 901,787,600 shares of GSFG, representing approximately 2.87% of the issued share capital of GSFG; and (ii) GSFG is interested in 1,489,724 Shares, representing approximately 0.03% of the issued share capital of the Company. Mr. Yao Jianhui, GSFG and their respective associates will abstain from voting on the resolution(s) relating to the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder at the EGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) save for Mr. Yao Jianhui, GSFG and their respective associates, no other Shareholders or any of their associates has any material interest in the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder; and (ii) no other Shareholder will be required to abstain from voting on the relevant resolution(s) to approve the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder at the EGM.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further information on the Disposal and the transactions contemplated thereunder; (ii) the equity and properties valuation reports of the Disposal Company; (iii) the financial information of the Disposal Company; (iv) the pro forma financial information of the Remaining GSLG Group; (v) other information as required under the Listing Rules; and (vi) the notice of the EGM, is expected to be despatched to the Shareholders on or before 4 November 2022 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

As there is no assurance that the Sale and Purchase Agreement will be entered into, and completion of the Disposal is subject to the satisfaction of a number of conditions precedent as set out in the Sale and Purchase Agreement, the Disposal may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

THE DISPOSAL

On 3 October 2022 (after trading hours), the Company entered into the Framework Agreement with GSFG. Pursuant to the Framework Agreement, it was acknowledged and agreed by the parties thereto that:

1st Tranche Disposal

- As at the date of the Framework Agreement, GSLG Group was indebted to GSFG Group for the GSLG Loan, which comprises RMB-denominated loans with principal amount of approximately RMB537.1 million and Hong Kong dollars-denominated loans with principal amount of HK\$523.0 million (equivalent to approximately RMB470.7 million), together with all interest accrued thereon. As at 30 September 2022, the interest accrued on the GSLG Loan amounted to approximately HK\$115.7 million (equivalent to approximately RMB104.1 million) in aggregate.
- As at the date of this announcement, the Disposal Company (as chargor) has granted the Land Charge over the Charged Property to Xiamen International Trust (as chargee) for securing the Secured Loan granted by Xiamen International Trust to Shenzhen Baoxin (an indirect non-wholly owned subsidiary of the Company).
- Pursuant to negotiations between the Company and GSFG regarding the settlement of the GSLG Loan and subject to the terms of relevant agreements, the Company shall procure the Vendor (an indirect non-wholly owned subsidiary of the Company) to transfer the 1st Tranche Sale Equity Interest (representing 51% of the total equity interest and actual paid-up registered capital of the Disposal Company) to the Purchaser (an indirect wholly-owned subsidiary of GSFG) (the “**1st Tranche Disposal**”).
- The 1st Tranche Consideration is RMB1,175,550,000 and shall be settled (i) by way of set-off against the GSLG Loan and all interest accrued thereon up to 1st Tranche Completion; and (ii) in cash for the remaining balance (after deducting an amount equivalent to the GSLG Loan) (the “**1st Tranche Cash Consideration**”).
- To facilitate the 1st Tranche Disposal, the Company shall procure the Vendor, and GSFG shall procure the Purchaser, to enter into the Sale and Purchase Agreement within fourteen (14) Business Days (or such other date as the Company and GSFG may agree) from the date of the Framework Agreement.
- Upon entering into the Framework Agreement, the Company shall procure the Vendor to issue an irrevocable undertaking, pursuant to which the Vendor shall undertake that the 1st Tranche Cash Consideration shall be fully applied by Shenzhen Baoxin towards the repayment of the interest accrued under the Secured Loan as and when they fall due.

2nd Tranche Disposal

- The Amount Due from GSLG Group represents the total non-interest bearing amount of approximately RMB415 million due from GSLG Group (excluding the Disposal Company) to the Disposal Company as at 30 September 2022.
- Subject to the satisfaction (or waiver, as the case may be) of the conditions precedent set forth in the paragraph headed “Sale and Purchase Agreement – Conditions precedent – 2nd Tranche Disposal” in this announcement, the Company shall procure the Vendor to dispose the 2nd Tranche Sale Equity Interest (representing the remaining 49% of the total equity interest and actual paid-up registered capital of the Disposal Company held by the Vendor) to the Purchaser within twelve (12) months from 1st Tranche Completion (the “**2nd Tranche Disposal**”).
- The 2nd Tranche Consideration is RMB1,129,450,000 and shall be settled (i) by way of set-off against the Amount Due from GSLG Group; and (ii) in cash for the remaining balance (after deducting an amount equivalent to the Amount Due from GSLG Group) (the “**2nd Tranche Cash Consideration**”).
- If the 2nd Tranche Disposal is completed, it is agreed among the Disposal Company, the Purchaser and GSLG that the interest in relation to the Amount Due from GSLG Group will be waived by the Disposal Company during the period from the date of 1st Tranche Completion up to the 2nd Tranche Completion. Nevertheless, in the event the 2nd Tranche Disposal fails to be completed, GSLG Group agrees to pay interest to the Disposal Company on the Amount Due from GSLG Group at the interest rate of 12% per annum. The interest payable by GSLG Group shall accrue from the date of 1st Tranche Completion up to the date upon which the Amount Due from GSLG Group is fully settled.

SALE AND PURCHASE AGREEMENT

Date: within fourteen (14) Business Days (or such other date as the Company and GSFG may agree) from the date of the Framework Agreement

Parties: (1) the Vendor, an indirect non-wholly owned subsidiary of the Company;
and

(2) the Purchaser, an indirect wholly-owned subsidiary of GSFG.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, save as (i) Mr. Yao Jianhui, being the chairman and an executive director of the Company, is a director of GSFG and he, together with his associates, are together interested in 901,787,600 shares of GSFG, representing approximately 2.87% of the issued share capital of GSFG; and (ii) GSFG is interested in 1,489,724 Shares, representing approximately 0.03% of the issued share capital of the Company, the Purchaser and its ultimate beneficial owners are Independent Third Parties under the Listing Rules.

Assets to be disposed

1st Tranche Disposal

Pursuant to the Sale and Purchase Agreement, the Purchaser conditionally agrees to acquire and the Vendor conditionally agrees to sell the 1st Tranche Sale Equity Interest (representing 51% of the total equity interest and actual paid-up registered capital of the Disposal Company).

2nd Tranche Disposal

Subject to the satisfaction (or waiver, as the case may be) of the conditions precedent set forth in the paragraph headed “Sale and Purchase Agreement – Conditions precedent – 2nd Tranche Disposal” in this announcement, the Vendor shall dispose the 2nd Tranche Sale Equity Interest (representing the remaining 49% of the total equity interest and actual paid-up registered capital of the Disposal Company held by the Vendor) to the Purchaser within twelve (12) months from 1st Tranche Completion (the “**2nd Tranche Disposal**”).

Consideration

1st Tranche Consideration

The 1st Tranche Consideration is RMB1,175,550,000, which shall be settled in the following manner:

- (i) by way of set-off of an amount equivalent to the outstanding principal amount of the GSLG Loan and all interest accrued thereon up to 1st Tranche Completion. For illustrative purpose only, assuming the 1st Tranche Disposal is completed on 31 December 2022 and no repayment is made in respect of the GSLG Loan from the date of the Sale and Purchase Agreement up to the 1st Tranche Completion, the amount of GSLG Loan to be set-off against the 1st Tranche Consideration would be approximately RMB1,138 million, comprising (a) the principal amount of RMB-denominated loans of approximately RMB537.1 million; (b) the principal amount of Hong Kong dollars-denominated loans of approximately HK\$523.0 million (equivalent to approximately RMB470.7 million); and (c) all interest accrued on the GSLG Loan up to 31 December 2022 of approximately RMB130.2 million. Upon 1st Tranche Completion, the Company and GSFG will enter into the 1st Tranche Deed of Set-Off in relation to the set-off of the GSLG Loan against the 1st Tranche Consideration; and
- (ii) the remaining balance of the 1st Tranche Consideration (after deducting an amount equivalent to the GSLG Loan) shall be settled in cash (the “**1st Tranche Cash Consideration**”) within six (6) months from 1st Tranche Completion (or such other date as the Vendor and the Purchaser may agree). Pursuant to the irrevocable undertaking to be given by the Vendor upon entering into the Framework Agreement, the Vendor undertakes that the 1st Tranche Cash Consideration to be received shall be fully applied by Shenzhen Baoxin towards the repayment of the interest accrued under the Secured Loan as and when they fall due.

2nd Tranche Consideration

The 2nd Tranche Consideration is RMB1,129,450,000 and shall be settled in the following manner:

- (i) by way of set-off of the Amount Due from GSLG Group. Upon 2nd Tranche Completion, the Company and GSFG will enter into the 2nd Tranche Deed of Set-Off in relation to the set-off of the Amount Due from GSLG Group against the 2nd Tranche Consideration; and
- (ii) the remaining balance of the 2nd Tranche Consideration (after deducting an amount equivalent to the Amount Due from GSLG Group) shall be settled in cash (the “**2nd Tranche Cash Consideration**”) within six (6) months from 2nd Tranche Completion (or such other date as the Vendor and the Purchaser may agree).

Pursuant to the Sale and Purchase Agreement, out of the 2nd Tranche Cash Consideration, the Vendor shall authorise, and shall procure Shenzhen Baoxin to authorise, the Purchaser to pay a sum equivalent to the Secured Loan to Xiamen International Trust directly as full settlement of the Secured Loan, while the remaining balance shall be payable by the Purchaser to the Vendor.

The 1st Tranche Consideration and the 2nd Tranche Consideration were arrived at after arm’s length negotiations between the Vendor and the Purchaser with reference to (i) the prospects of having the GSLG Loan and the Amount Due From GSLG Group settled in an amiable manner; (ii) the valuation of the equity interests in the Disposal Company of approximately RMB2,648.0 million as at 30 June 2022 according to the valuation by an independent professional valuer appointed by the Company; (iii) the business prospects of the Disposal Company; and (iv) the prevailing market conditions of the PRC real estate industry.

Conditions precedent

1st Tranche Disposal

1st Tranche Completion is conditional upon the satisfaction (or waiver, as the case may be) of the following:

- (1) the passing of necessary resolution(s) by the shareholders of GSFG at an extraordinary general meeting approving the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules;
- (2) the passing of necessary resolution(s) by the Shareholders at the EGM approving the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules;

- (3) the issuing of a legal opinion by a PRC legal adviser to the Purchaser (in a form approved by the Purchaser) on the following matters, including but not limited to:
 - (i) the Disposal Company having obtained all licences, registrations, filings, permissions, authorisations, waivers, approvals and consents necessary or appropriate for its business operation and in its place of operation;
 - (ii) the Disposal Company is currently conducting and has conducted its business and affairs in compliance with its articles of association (or other constitutional documents) and all applicable laws, rules and regulations in the PRC; and
 - (iii) any other matters proposed or expected to be raised by any regulatory authorities (including but not limited to the Stock Exchange);
- (4) all consents, approvals and clearances necessary or, to the Purchaser's knowledge, expedient for the entering into, delivery and performance of the Transaction Documents and the consummation of the transactions contemplated under the Sale and Purchase Agreement having been obtained from the government, official authorities and/or other persons;
- (5) the warranties provided by the parties under the Sale and Purchase Agreement remaining true, accurate and not misleading in any material respect at 1st Tranche Completion;
- (6) the Purchaser having given written notice to the Vendor that it is satisfied with the results of the due diligence review on the Disposal Company;
- (7) there having been no Material Adverse Change in respect of the Disposal Company since the date of the Sale and Purchase Agreement; and
- (8) no statute, regulation or decision which would reasonably be expected to prohibit, restrict or materially delay the execution, delivery or performance of the Transaction Documents, the consummation of the transactions contemplated under the Sale and Purchase Agreement having been proposed, enacted or taken by any government or official authority whether in Hong Kong, the PRC or elsewhere.

The Purchaser may in its absolute discretion waive either in whole or in part at any time by notice in writing to the Vendor any of the conditions precedent, except paragraphs (1) and (2) above which are not capable of being waived. As at the date of this announcement, none of the conditions has been fulfilled or waived.

If any of the conditions is not fulfilled or waived by the Purchaser by the Long Stop Date (or such other date as the Vendor and the Purchaser may agree), the Purchaser shall not be required to proceed with the acquisition of the 1st Tranche Sale Equity Interest.

2nd Tranche Disposal

2nd Tranche Completion is conditional upon the satisfaction (or waiver, as the case may be) of the following:

- (i) the valuation of the Disposal Company shall not fall below RMB2,600 million as at the quarter end date immediately preceding the 2nd Tranche Completion;
- (ii) there having been no Material Adverse Change to the Disposal Company since 1st Tranche Completion; and
- (iii) Shenzhen Baoxin has issued an irrevocable undertaking, pursuant to which Shenzhen Baoxin undertakes to repay the Secured Loan in full upon the 2nd Tranche Completion for the release of the Land Charge.

The Purchaser shall be entitled to waive any of the conditions precedent mentioned above.

Amendments to the articles of association of the Disposal Company

1st Tranche Completion

Upon 1st Tranche Completion, the articles of association of the Disposal Company shall be amended to incorporate, among other things, the following provisions regarding management of the Disposal Company:

- (i) the board of directors of the Disposal Company shall comprise three (3) directors, of whom one (1) director shall be appointed by the Vendor and two (2) directors shall be appointed by the Purchaser. The chairman of the Disposal Company shall be a director appointed by the Purchaser;
- (ii) resolution(s) of the board of directors of the Disposal Company shall be passed by a simple majority; and
- (iii) the Disposal Company shall establish a supervisory committee comprising three (3) supervisors. Each of the Vendor, the Purchaser and employees of the Disposal Company shall appoint one (1) supervisor to the supervisory committee of the Disposal Company. The chairman of the supervisory committee of the Disposal Company shall be appointed by the Purchaser.

2nd Tranche Completion

Upon the change in business registration in relation to the transfer of the 2nd Tranche Sale Equity Interest from the Vendor to the Purchaser, the articles of association shall be amended to the effect that all members of the board and supervisory committee of the Disposal Company shall be appointed by the Purchaser.

Completion

1st Tranche Completion

1st Tranche Completion shall take place within seven (7) Business Days from the fulfilment (or waiver, as the case may be) of all the conditions precedent for the 1st Tranche Disposal.

Upon 1st Tranche Completion, the Vendor and the Purchaser shall arrange for the change in business registration in relation to the transfer of the 1st Tranche Sale Equity Interest from the Vendor to the Purchaser and the replacement of legal representatives, directors, supervisors and senior management team (unless otherwise specified under the Sale and Purchase Agreement) of the Disposal Company by personnel designated by the Purchaser.

2nd Tranche Completion

2nd Tranche Completion shall take place within seven (7) Business Days from the fulfilment (or waiver, as the case may be) of all the conditions precedent for the 2nd Tranche Disposal.

Upon 2nd Tranche Completion, the Vendor and the Purchaser shall arrange for the change in business registration in relation to the transfer of the 2nd Tranche Sale Equity Interest from the Vendor to the Purchaser (the “**2nd Tranche Business Registration**”) and the replacement of legal representatives, directors, supervisors and senior management team of the Disposal Company by personnel designated by the Purchaser.

To secure the Purchaser’s payment obligations of the 2nd Tranche Consideration under the Sale and Purchase Agreement, the Purchaser shall enter into the Share Charge Agreement with the Vendor and complete the relevant registration within ten (10) Business Days from the 2nd Tranche Business Registration. Pursuant to the Share Charge Agreement, the Purchaser (as chargor) shall execute a charge over the 2nd Tranche Sale Equity Interest it holds in the Disposal Company subsequent to 2nd Tranche Completion in favour of the Vendor (as chargee) (the “**Share Charge**”). The Vendor and the Purchaser shall together arrange for the release of the Share Charge within ten (10) Business Days upon the full settlement of the 2nd Tranche Consideration by the Purchaser.

If, during the twelve (12) months from 1st Tranche Completion, any other third party(ies) (“**Other Potential Purchaser(s)**”) agrees to acquire the 2nd Sale Tranche Equity Interest at a premium of not less than 20% over the 2nd Tranche Consideration, the Vendor shall be entitled to dispose of the 2nd Tranche Sale Equity Interest to such Other Potential Purchaser(s) conditional upon the satisfaction of the following:

- (i) payment of liquidated damages in the amount of RMB20.0 million to the Purchaser;
- (ii) issue of an irrevocable undertaking by Shenzhen Baoxin, pursuant to which Shenzhen Baoxin undertakes to repay the Secured Loan in full upon the settlements made by the Other Potential Purchaser(s) for the release of the Land Charge;
- (iii) to the satisfaction of the Purchaser, an inclusion of a condition precedent under the sales and purchase agreement to be entered into between the Vendor and the Other Potential Purchaser(s) for the disposal of the 2nd Tranche Sale Equity Interest that the Other Potential Purchaser(s) could procure the payment of a sum equivalent to the Secured Loan to Xiamen International Trust directly as full settlement of the Secured Loan to release the Land Charge;
- (iv) to the satisfaction of the Purchaser, an inclusion of a condition precedent under the sales and purchase agreement to be entered into between the Vendor and the Other Potential Purchaser(s) that, it is agreed among the Disposal Company, the Other Potential Purchaser(s) and GSLG that the Amount Due from GSLG Group will be settled; and
- (v) issue of a letter of consent by the Purchaser to the Vendor for the disposal of the 2nd Tranche Sale Equity Interest to the Other Potential Purchaser(s) upon satisfaction of items (i) to (iv) above

(collectively, the “**Waiver Arrangements**”).

Upon satisfaction of the Waiver Arrangements, the Purchaser shall waive the right to acquire the 2nd Tranche Sale Equity Interest and undertakes not to, in any way, interfere with or prevent the Vendor from disposing the 2nd Tranche Sale Equity Interest to such Other Potential Purchaser(s).

The Directors consider that the Waiver Arrangements are in the interests of the Company and the Shareholders as a whole taking into consideration the followings:

- (i) the Waiver Arrangements allow the Vendor to explore and identify Other Potential Purchaser(s) who is/are willing to offer a higher consideration for the acquisition of the 2nd Tranche Sale Equity Interest during the twelve (12) months from 1st Tranche Completion. The Waiver Arrangements are unlikely to result in undue delay to the completion of the disposal of 2nd Tranche Sale Equity Interest and/or the repayment of the indebtedness of GSLG Group given (a) the Purchaser was granted the same timeframe of twelve (12) months from 1st Tranche Completion for acquiring the 2nd

Tranche Sale Equity Interest under the Sale and Purchase Agreement; and (b) the Purchaser has undertaken not to interfere with or prevent the Vendor from disposing the 2nd Tranche Sale Equity Interest to Other Potential Purchaser(s) under the Waiver Arrangements; and

- (ii) if the Vendor successfully identifies Other Potential Purchaser(s) who is/are willing to acquire the 2nd Tranche Sale Equity Interest at a premium of not less than 20% over the 2nd Tranche Consideration, the Vendor will receive at least an additional RMB206 million (i.e. being the premium over the original amount of 2nd Tranche Consideration, less the liquidated damages to be paid to the Purchaser). The Waiver Arrangements therefore give the Vendor the flexibility to realise the 2nd Tranche Sale Equity Interest at a higher sale value with Other Potential Purchaser(s), while securing the Purchaser's conditional commitment to complete the 2nd Tranche Disposal within twelve (12) months from 1st Tranche Completion.

If the 2nd Tranche Disposal is completed, it is agreed among the Disposal Company, the Purchaser and GSLG that the Amount Due from GSLG Group will be treated as non-interest bearing. Nevertheless, in the event the 2nd Tranche Disposal fails to be completed between the Vendor and the Purchaser, GSLG Group agrees to pay interest to the Disposal Company on the Amount Due from GSLG Group at the interest rate of 12% per annum. The interest payable by GSLG Group shall accrue from the date of 1st Tranche Completion up to the date upon which the Amount Due from GSLG Group is fully settled.

INFORMATION OF THE PARTIES TO THE SALE AND PURCHASE AGREEMENT

The Purchaser

The Purchaser is a company established in the PRC with limited liability and an indirect wholly owned subsidiary of GSF. The Purchaser is principally engaged in investment holding, property development and investment in the PRC, providing supply chain management services and business services, establishing technology research and development centres and corporate management consulting.

The Vendor

The Vendor is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company. The Vendor is principally engaged in technological development of electronic products and provision of technology consultation, technology transfer, technical support and other consultation services.

INFORMATION OF THE DISPOSAL COMPANY

The Disposal Company is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company. The Disposal Company is solely engaged in a development and construction project located at Longhu District, Shantou City, Guangdong Province, the PRC, with total land area of approximately 167,000 sq.m. and a gross floor area of approximately 951,000 sq.m., which is divided into three zones, and involve office and commercial buildings, residential units and loft apartments (the “**Project**”).

The Disposal Company holds the land use right to the following investment properties under the Project:

- (a) a plot of land located at plot F02-10, the south zone of the Project, (the “**South Zone**”) with gross floor area of approximately 212,000 sq.m. and a term ending in January 2057;
- (b) a plot of land located at plot F01-11, the north zone of the Project (the “**North Zone**”) with gross floor area of approximately 507,000 sq.m. and a term ending in January 2057; and
- (c) a plot of land located at plot F02-08, the middle zone of the Project (the “**Middle Zone**”) with gross floor area of approximately 232,000 sq.m. and a term ending in January 2057.

As at the date of this announcement, the Disposal Company (as chargor) has granted the Land Charge over the Middle Zone (as Charged Property) to Xiamen International Trust (as chargee) for securing the Secured Loan granted by Xiamen International Trust to Shenzhen Baoxin (an indirect non-wholly owned subsidiary of GSLG).

As at the date of this announcement, the construction works in relation to the South Zone were completed, whereas the construction works in relation to the North and Middle Zones are still in progress.

The unaudited financial information of the Disposal Company for the two years ended 31 December 2020 and 2021 and prepared in accordance with the accounting principles generally accepted in Hong Kong are as follows:

	For the year ended 31 December 2020	For the year ended 31 December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	1,359	9,608
Net profit before taxation	123,462	23,139
Net profit after taxation	89,434	16,821

The net asset value of the Disposal Company as at 30 June 2022 was approximately HK\$2,938.6 million.

FINANCIAL EFFECT OF THE DISPOSAL

1st Tranche Disposal

Upon 1st Tranche Completion, the Disposal Company will cease to be a subsidiary of the Company and the financial results of the Disposal Company will no longer be consolidated into the financial statements of the Company.

For illustrative purposes, it is estimated that the Company will record a preliminary net loss on 1st Tranche Disposal of approximately HK\$251.9 million, being the difference between (i) the 1st Tranche Consideration being converted into HKD and net of the estimated expenses and tax expenses in relation to the 1st Tranche Disposal of approximately HK\$1.0 million; and (ii) 51% of the net assets value of the Disposal Company as per the unaudited management accounts of the Disposal Company as at 30 June 2022. The actual figures will be subject to audit by the auditors of the Company and therefore may be different from the aforementioned amount.

2nd Tranche Disposal

Upon 2nd Tranche Completion, the Company will cease to have any equity interests in the Disposal Company.

For illustrative purposes, it is estimated that the Company will record a preliminary net loss on 2nd Tranche Disposal of approximately HK\$241.1 million, being the difference between (i) the 2nd Tranche Consideration being converted into HKD and net of the estimated expenses and tax expenses in relation to the 2nd Tranche Disposal of approximately HK\$10,000; and (ii) 49% of the net assets value of the Disposal Company as per the unaudited management accounts of the Disposal Company as at 30 June 2022. The actual figures will be subject to audit by the auditors of the Company and therefore may be different from the aforementioned amount.

INTENDED USE OF PROCEEDS FROM THE DISPOSAL

The 1st Tranche Disposal

The Directors expect that after deducting the estimated taxes and expenses of approximately HK\$1.0 million (equivalent to approximately RMB900,000) and the amount of GSLG Loan set-off against the 1st Tranche Consideration, the 1st Tranche Cash Consideration to be received from the 1st Tranche Disposal is estimated to be approximately RMB36.7 million. Pursuant to the Sale and Purchase Agreement, GSLG Group shall apply the 1st Tranche Cash Consideration of RMB36.7 million for repayment of the interest accrued under the Secured Loan.

The 2nd Tranche Disposal

The Directors expect that after deducting the estimated taxes and expenses of approximately HK\$10,000 (equivalent to approximately RMB9,000) and the amount of Amount Due from GSLG Group set-off against the 2nd Tranche Consideration, the 2nd Tranche Cash Consideration to be received from the 2nd Tranche Disposal is estimated to be approximately RMB714.5 million.

The Company intends to apply (i) approximately RMB338.5 million of the 2nd Tranche Cash Consideration for repayment of the Secured Loan; and (ii) the remaining of approximately RMB376 million for the repayment of the other outstanding debts of GSLG Group so as to enhance the liquidity and working capital of GSLG Group. For the avoidance of doubt, the Company has not determined on the specific debts of GSLG Group that would be repaid with the cash proceeds from the 2nd Tranche Disposal. Upon the receipt of the 2nd Tranche Cash Consideration, the Company will determine the specific debts to be repaid and relevant repayment schedule based on various factors, including but not limited to, interest rate, maturity date, seniority and collateral requirements of the then outstanding debts of GSLG Group. In particular, the Company currently does not have any specific plans to make preferential arrangements to repay the loans due to companies controlled by the Directors.

REASONS FOR AND BENEFITS OF THE DISPOSAL

GSLG Group is substantially focused and principally engaged in property development and investment in the PRC. During the past few years, the business environment in the PRC real estate industry has been challenging. The macro-economic conditions in the PRC was adversely affected by the continuous spread of the COVID-19 pandemic and the geopolitical turmoil, resulting in pressures of shrinking demand, disrupted supply, and weakening expectations. Under the macro policy of “housing is for living rather than speculation” and “Three Red Lines”, in late 2020 and early 2021, the PRC government successively introduced regulatory policies such as “Management of Concentration of Real Estate Loan” and “Two Concentrations of Land Supply” to limit the over-expansion of the real estate industry in the PRC. Being affected by the regulatory policies, the risks of high-leverage operations of some real estate companies had gradually surfaced, and the industry’s financing channels were experiencing overall shrinkages. At the same time, the continued simmering of the liquidity crisis has aggravated the wait-and-see attitude of property buyers, capital market participants and other market participants, and the lack of willingness to buy property has deteriorated the real estate sales.

In 2021, both the new and second-hand housing markets were under cold sentiment, resulting in the intensified downward pressure on housing prices. Constrained by factors such as the tightening of credit environment and financing channels, the depressed sales market, and the intensification of debt repayment pressure, the real estate industry has experienced a concentrated outbreak of credit risks, debt defaults, and difficulties in repayment of wealth management products, which severely affected the market confidence and yet signified the beginning of profound industrial transformation.

GSLG Group relies heavily on debt financing for its property development and investment projects, which imposes a huge interest burden on GSLG Group and increases the liquidity needs of GSLG Group. As disclosed in the annual report of the Company for the year ended 31 December 2021, the total borrowings of GSLG Group amounted to approximately HK\$8.1 billion as at 31 December 2021, of which approximately HK\$5.4 billion would fall due within one year, representing approximately 66.7% of its total borrowings.

1st Tranche Disposal

In view of the prevailing property market conditions in the PRC and the financial position of GSLG Group, the Board believes that the 1st Tranche Disposal will allow GSLG Group to realise its majority shareholding stakes in the Disposal Company and to settle the GSLG Loan, together with all interest accrued thereon in an amiable manner, thereby reducing the indebtedness and finance costs of GSLG Group and mitigating its liquidity pressure. In particular, for the principal amount of the GSLG Loan of approximately RMB1,007.8 million in aggregate, comprising RMB-denominated loans of approximately RMB537.1 million and Hong Kong dollars-denominated loans of approximately HK\$523.0 million (equivalent to approximately RMB470.7 million), the Company would have to incur interest expenses of approximately RMB103.4 million per annum. The set-off of the GSLG Loan against the 1st Tranche Consideration will alleviate the Company from interest burden of the GSLG Loan.

Taking into consideration (i) the set-off of the GSLG Loan; and (ii) the utilisation of the 1st Tranche Cash Consideration for repayment of the interest accrued under the Secured Loan as mentioned in the paragraph headed “Intended Use of Proceeds from the Disposal” in this announcement which will, in turn, contribute to relieving GSLG Group’s financial burden and lowering its finance costs, the Directors (including the independent non-executive Directors) consider that the 1st Tranche Disposal and the transactions contemplated thereunder are fair and reasonable and are on normal commercial terms, and that the 1st Tranche Disposal is in the interests of the Company and the Shareholders as a whole.

2nd Tranche Disposal

In view of the prevailing property market conditions in the PRC and the financial position of GSLG Group, the Board believes that the 2nd Tranche Disposal will allow GSLG Group to realise its then remaining interests in the Disposal Company, to settle the Amount Due from GSLG Group in an amiable manner and to obtain funds to repay the Secured Loan, thereby reducing the indebtedness and finance costs of GSLG Group and mitigating its liquidity pressure. As at 30 September 2022, the outstanding principal amount and interest accrued on the Secured Loan amounted to approximately RMB365.9 million. The 2nd Tranche Disposal and the 2nd Tranche Cash Consideration to be received therefrom provides a timely opportunity for the Company to realise its assets and obtain the necessary funding for the repayment of the Secured Loan.

Taking into consideration (i) the set-off of the Amount Due from GSLG Group which will, in turn, contribute to relieving GSLG Group's financial burden and lowering its finance costs; (ii) the 2nd Tranche Cash Consideration to be received from the 2nd Tranche Disposal will strengthen the cash flow and improve the liquidity and overall financial position of GSLG Group, which is conducive to the proposed repayment of the Secured Loan and other outstanding debts of GSLG Group, the Directors (including the independent non-executive Directors) consider that the 2nd Tranche Disposal and the transactions contemplated thereunder are fair and reasonable and are on normal commercial terms, and that the 2nd Tranche Disposal is in the interests of the Company and the Shareholders as a whole.

Based on the above, the Directors (including the independent non-executive Directors) consider that the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder are fair and reasonable and are on normal commercial terms, and that the Disposal is in the interests of the Company and the Shareholders as a whole.

Going forward, GSLG Group would continue to place its business strategies on property development and investment in the Guangdong – Hong Kong – Macau Greater Bay Area. Apart from the development project held by the Disposal Company, GSLG Group currently has a total of seven (7) property development projects located in six (6) cities, namely Shenzhen, Changchun, Weinan, Changsha, Shantou and Yunfu, which involved commercial complexes, high-end boutique residences, hotels, business apartments, villas, garden houses and others. Hence, the Board considers that the Disposal would not have any material adverse impact on GSLG Group's ability to maintain and operate its real estate and property investment business at a viable and sustainable level.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) calculated in accordance with the Listing Rules in respect of the Disposal and the transactions contemplated thereunder exceed 75%, the Disposal constitutes a very substantial disposal on the part of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Mr. Yao Jianhui, being the chairman and an executive director of the Company, and Mr. Wong Chun Bong, being an independent non-executive director of the Company, are also directors of GSFG. In light of their directorships in both the Company and GSFG, Mr. Yao Jianhui and Mr. Wong Chun Bong will abstain from voting on the relevant board resolution(s) of the Company for approving the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder.

EGM

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder.

The voting in respect of the Disposal at the EGM will be conducted by way of poll. As at the date of this announcement, (i) Mr. Yao Jianhui, being a director of both the Company and GSFG, is interested in 901,787,600 shares of GSFG, representing approximately 2.87% of the issued share capital of GSFG; and (ii) GSFG is interested in 1,489,724 Shares, representing approximately 0.03% of the issued share capital of the Company. Mr. Yao Jianhui, GSFG and their respective associates will abstain from voting for the resolutions relating to the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder at the EGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) save for Mr. Yao Jianhui, GSFG and their respective associates, no other Shareholders or any of their associates has any material interest in the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder; and (ii) no other Shareholder will be required to abstain from voting on the relevant resolution(s) to approve the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder at the EGM.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further information on the Disposal and the transactions contemplated thereunder; (ii) the equity and properties valuation reports of the Disposal Company; (iii) the financial information of the Disposal Company; (iv) the pro forma financial information of the Remaining GSLG Group; (v) other information as required under the Listing Rules; and (vi) the notice of the EGM, is expected to be despatched to the Shareholders on or before 4 November 2022 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

As there is no assurance that the Sale and Purchase Agreement will be entered into, and completion of the Disposal is subject to the satisfaction of a number of conditions precedent as set out in the Sale and Purchase Agreement, the Disposal may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“1st Tranche Completion”	completion of 1st Tranche Disposal
“1st Tranche Consideration”	the consideration for 1st Tranche Disposal in the amount of RMB1,175,550,000
“1st Tranche Deed of Set-Off”	the deed to be entered into between the Company and GSFG in relation to the set-off of the GSLG Loan against the 1st Tranche Consideration
“1st Tranche Disposal”	the transfer of 1st Tranche Sale Equity Interest from the Vendor to the Purchaser and other transactions contemplated under the Sale and Purchase Agreement
“1st Tranche Sale Equity Interest”	51% of the total equity interest and actual paid-up registered capital of the Disposal Company
“2nd Tranche Completion”	completion of 2nd Tranche Disposal
“2nd Tranche Consideration”	the consideration for 2nd Tranche Disposal in the amount of RMB1,129,450,000
“2nd Tranche Deed of Set-Off”	the deed to be entered into among the Disposal Company, the Purchaser and GSFG in relation to the set-off of the Amount Due from GSFG Group against the 2nd Tranche Consideration
“2nd Tranche Disposal”	the transfer of 2nd Tranche Sale Equity Interest from the Vendor to the Purchaser and other transactions contemplated thereunder
“2nd Tranche Sale Equity Interest”	49% of the total equity interest and actual paid-up registered capital of the Disposal Company
“Amount Due from GSFG Group”	the total non-interest bearing amount of approximately RMB415 million due from GSFG Group (excluding the Disposal Company) to the Disposal Company
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

“Business Day(s)”	a day on which licensed banks in the PRC are open for general commercial business, other than a Saturday, Sunday or public holiday in the PRC
“Charged Property”	a plot of land located at Longhu District, Shantou City, Guangdong Province, the PRC with approximate gross floor area of approximately 232,000 sq.m.
“Company” or “GSLG”	Glory Sun Land Group Limited (寶新置地集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 299)
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	1st Tranche Disposal and 2nd Tranche Disposal
“Disposal Company”	Shantou Taisheng Technology Limited* (汕頭市泰盛科技有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company prior to 1st Tranche Completion
“EGM”	the extraordinary general meeting of the Company to be held to consider, and if thought fit, approve the Sale and Purchase Agreement, the Disposal and the transactions contemplated therein
“Framework Agreement”	the framework agreement dated 3 October 2022 entered into between the Company and GSFG
“GSFG”	Glory Sun Financial Group Limited (寶新金融集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 1282)
“GSFG Group”	GSFG and its subsidiaries
“GSLG Group”	GSLG and its subsidiaries

“GSLG Loan”	the outstanding loan advanced by GSFG Group to GSLG Group pursuant to facility agreements entered into between GSFG Group and GSLG Group in respect of various term loan facilities, comprising RMB-denominated loans with principal amount of approximately RMB537.1 million and Hong Kong dollars-denominated loans with principal amount of HK\$523.0 million (equivalent to approximately RMB470.7 million), together with all interest accrued thereon up to 1st Tranche Completion
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not core connected persons of the Company and are third parties independent of the Company and its core connected persons in accordance with the Listing Rules
“Land Charge”	the charge over the Charged Property granted by the Disposal Company (as chargor) to Xiamen International Trust (as chargee) as security for the Secured Loan
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	31 March 2023 (or such other date as the Purchaser and the Vendor may agree in writing)
“Material Adverse Change”	any change, event, circumstance or other matter that, in the opinion of the Purchaser, has, or would reasonably be expected to have, either individually or in aggregate, a material adverse effect on (a) the ability of the Vendor to perform its obligations under the Transaction Documents; or (b) the business, assets and liabilities, financial condition, results of operations or prospects of the Disposal Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Purchaser”	Shenzhen Baokai Investment Holding Company Limited* (深圳寶開投資控股有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of GSFG
“Remaining GSLG Group”	GSLG Group after completion of the Disposal
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the conditional sale and purchase agreement to be entered into between the Purchaser and the Vendor, in respect of the Disposal within fourteen (14) Business Days (or such other date as the Vendor and the Purchaser may agree) from the date of the Framework Agreement
“Secured Loan”	the facility granted by Xiamen International Trust to Shenzhen Baoxin. As at 30 September 2022, the outstanding principal amount and interest accrued thereon amounted to approximately RMB365.9 million
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Share Charge Agreement”	the share charge agreement to be entered into between the Vendor and the Purchaser following 2nd Tranche Completion, pursuant to which the Purchaser (as chargor) shall execute a charge over the 2nd Tranche Sale Equity Interest it holds in the Disposal Company subsequent to 2nd Tranche Completion in favour of the Vendor (as chargee)
“Shareholder(s)”	holder(s) of the Shares
“Shenzhen Baoxin”	Shenzhen Baoxin Industrial Company Limited* (深圳寶新實業集團有限公司), a company established in the PRC and an indirect non-wholly owned subsidiary of the Company
“sq.m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Transaction Documents”	the Sale and Purchase Agreement and the 1st Tranche Deed of Set-Off
“Vendor”	Shenzhen Hong Jia Xin Technology Limited* (深圳宏佳新科技有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“Xiamen International Trust”	Xiamen International Trust Co., Ltd.* (廈門國際信託有限公司)
“%”	per cent.

For the purpose of this announcement, unless otherwise indicated, conversion of Renminbi into Hong Kong dollars is calculated at the approximate exchange rate of HK\$1.00 to RMB0.90. This exchange rate is adopted for the purpose of illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.

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

Hong Kong, 3 October 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.

* *For identification only*