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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for independent advice.

**If you have sold or transferred** all your shares in Glory Sun Land Group Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)**

**(1) VERY SUBSTANTIAL DISPOSAL:  
DISPOSAL OF ENTIRE EQUITY INTEREST IN A PRC SUBSIDIARY  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the extraordinary general meeting of the Company (the “EGM”) to be held at Unit 1908, 19/F., Tower Two, Lippo Centre, No. 89 Queensway, Admiralty, Hong Kong at 10:00 a.m. on Tuesday, 17 January 2023 is set out on pages EGM-1 to EGM-2 of this circular.

A form of proxy for the EGM is enclosed with this circular. If you do not intend to attend and vote at the EGM in person, you are requested to complete and return the enclosed form of proxy (together with any power of attorney or other authority) to the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. The completion and delivery of a form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and, in such event, the form of proxy shall be deemed to be revoked.

### **PRECAUTIONARY MEASURES FOR THE EGM**

Please see page 1 of this circular for measures being taken to prevent and control the spread of the Novel Coronavirus (COVID-19) at the EGM, including:

- compulsory body temperature check
- completion of health declaration form
- wearing of surgical face mask
- limiting the number of the attendees to maintain appropriate distancing
- no distribution of corporate gifts and refreshments

Any person who does not comply with the precautionary measures or is subject to any prevailing Hong Kong Government prescribed quarantine will be denied entry into the EGM venue. The Company encourages the Shareholders to exercise their right to appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM as an alternative to attending the EGM in person.

Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change or adopt contingency plans for the EGM arrangements at short notice. Shareholders should check the latest policies and notices announced by the Hong Kong Government, and also the websites of the Company at [www.hk0299.com](http://www.hk0299.com) and the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for further announcements and update on the latest EGM arrangements, if any.

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## PRECAUTIONARY MEASURES FOR THE EGM

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In view of the prevailing COVID-19 pandemic and the recent requirements for prevention and control of its spread, the Company will implement the following precautionary measures at the EGM to protect the attending Shareholders, staff and other stakeholders from the risk of infection:

- (i) Compulsory body temperature check will be conducted on every Shareholder, proxy and other attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.4 degrees Celsius, or is exhibiting flu-like symptoms will be denied entry into the EGM venue or be required to leave the EGM venue.
- (ii) Each attendee will be required to complete a health declaration form and the Company will refuse entry into the meeting venue if the required declaration form cannot be completed and provided.
- (iii) All attendees will be required to wear surgical face masks throughout the EGM and inside the EGM venue. Please note that no masks will be provided at the meeting venue and hence attendees should bring and wear their own masks.
- (iv) The Company will limit the number of attendees at the EGM as may be necessary in order to maintain appropriate distancing and spacing in compliance with relevant applicable guidance issued by the Hong Kong Government from time to time.
- (v) No refreshments will be served, and there will be no corporate gifts before, during and after the EGM.

In the interest of all stakeholders' health and safety and for sake of ensuring the consistency with the prevailing COVID-19 guidelines for prevention and control, the Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM instead of attending the EGM in person, by completing and returning the form of proxy attached to this circular.

If any Shareholder chooses not to attend the EGM in person but has any questions about any resolution or about the Company, or has any matter for communication with the Board, he/she is welcomed to send such questions or matters in writing to our principal place of business in Hong Kong at Unit 1305, 13/F., Tower Two, Lippo Centre, No. 89 Queensway, Admiralty, Hong Kong, or via the Company's email: [info@hk0299.com](mailto:info@hk0299.com).

**Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change or adopt contingency plans for the EGM arrangements at short notice, and the Company will ensure that the EGM arrangements are in compliance with the articles of association of the Company. While the Company will use its best endeavours to provide necessary update to the Shareholders on its website at [www.hk0299.com](http://www.hk0299.com) regarding the EGM arrangements, Shareholders should check the latest policies and notices announced by the Hong Kong Government, the website of the Company**

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## PRECAUTIONARY MEASURES FOR THE EGM

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at [www.hk0299.com](http://www.hk0299.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for further update on the latest EGM arrangements if any.

If any Shareholder has any questions in relation to the EGM, please contact Tricor Investor Services Limited, the Company's Hong Kong branch share registrar as follows:

**Tricor Investor Services Limited**

17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong  
Tel: (852) 2980 1333

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“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 Vendor, the Purchaser and GSLG in relation to the set-off of the Amount Due from GSLG 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 GSLG Group”	the total non-interest bearing amount of approximately RMB415 million due from GSLG 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

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## DEFINITIONS

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“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 on Tuesday, 17 January 2023 to consider, and if thought fit, approve the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder
“Framework Agreement”	the framework agreement dated 3 October 2022 entered into between the Company and GSFSG in relation to the Disposal
“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

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## DEFINITIONS

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“GSLG Loan”	the overdue loan advanced by GSFG Group to GSLG Group pursuant to facility agreements entered into between GSFG Group and GSLG Group in respect of various unsecured term loan facilities at the interest rate of 8% or 12% per annum, with the most recent overdue facility having fallen due on 18 December 2022, 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
“Latest Practicable Date”	23 December 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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

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## DEFINITIONS

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“PRC”	the People’s Republic of China, which for the purpose of this circular 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 dated 19 October 2022 entered into between the Purchaser and the Vendor, in respect of the Disposal
“Secured Loan”	the facility granted by Xiamen International Trust to Shenzhen Baoxin at the interest rate of 6.2035% per annum which falls due on 22 October 2023. As at 30 September 2022, the outstanding principal amount and interest accrued thereon amounted to approximately RMB365.9 million
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“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



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## DEFINITIONS

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“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.

\* *In this circular, the English translation of the Chinese names denoted is for illustration purposes only. In the event of any inconsistency, the Chinese names shall prevail.*

*For the purpose of this circular, 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.*

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LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. Yao Jianhui (*Chairman*)  
Ms. Xia Lingjie (*Chief Executive Officer*)

*Non-executive Director:*

Ms. Zhan Yushan

*Independent Non-executive Directors:*

Ms. He Suying  
Dr. Tang Lai Wah  
Mr. Wong Chun Bong

*Registered Office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

*Head office and principal place  
of business in Hong Kong*

Unit 1305, 13/F.  
Tower Two, Lippo Centre  
No. 89 Queensway  
Admiralty  
Hong Kong

28 December 2022

*To the Shareholders,*

Dear Sir or Madam,

**(1) VERY SUBSTANTIAL DISPOSAL:  
DISPOSAL OF ENTIRE EQUITY INTEREST IN A PRC SUBSIDIARY  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 3 October 2022 in relation to the Framework Agreement entered into between the Company and GSFG. Pursuant to the Framework Agreement, on 19 October 2022, the Company procured the Vendor and GSFG procured the Purchaser to enter into the Sale and Purchase Agreement, pursuant to which 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).

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## LETTER FROM THE BOARD

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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 letter from the Board, 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 purpose of this circular is to provide you with: (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 GSLG Group and 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) a notice convening the EGM.

### **SALE AND PURCHASE AGREEMENT**

Date: 19 October 2022

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 Latest Practicable Date, 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 53,100,000 shares of GSFG, representing approximately 0.17% of the issued share capital of GSFG; and (ii) GSFG is interested in 29,794 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 letter from the Board, 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.

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## LETTER FROM THE BOARD

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### Consideration

#### *1st Tranche Consideration*

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 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 1st Tranche Completion, the amount of GSLG Loan to be set-off against 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 1st Tranche Deed of Set-Off in relation to the set-off of the GSLG Loan against 1st Tranche Consideration; and
- (ii) the remaining balance of 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 given by the Vendor upon entering into the Framework Agreement, the Vendor undertakes that 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*

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 Disposal Company, the Vendor, the Purchaser and GSFG will enter into 2nd Tranche Deed of Set-Off in relation to the set-off of the Amount Due from GSLG Group against 2nd Tranche Consideration; and
- (ii) the remaining balance of 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).

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## LETTER FROM THE BOARD

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Pursuant to the Sale and Purchase Agreement, out of 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.

1st Tranche Consideration and 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.

The Company expects to record a loss from the Disposal and the market value of the property interests owned by the Disposal Company increased by approximately 0.66% from approximately RMB3,499 million as at 30 June 2022 to approximately RMB3,522 million as at 30 September 2022 which was mainly attributable to the reduction in the outstanding development costs, the outstanding development periods and the developer's profit yet to be realised amid the continuous progress of construction works according to the property valuation report prepared by an independent professional valuer appointed by the Company as set forth in Appendix VI to this circular. The Board considers that the basis, methodology and assumptions adopted by the independent professional valuer in the valuation of the market value of the property interests owned by the Disposal Company as at 30 September 2022 (the "**Valuation**") as set forth in Appendix IV to this circular are fair and reasonable, taking into consideration, among others, (i) the property interests held by the Disposal Company and their proposed development; (ii) the comparables referred to by the independent professional valuer which share similar physical and locational attributes as the property interests owned by the Disposal Company; and (iii) the basis, methodology and assumptions applied by the independent professional valuer in its previous valuation exercises of property interests with similar location, development scale and property type to the property interests owned by the Disposal Company which were similar to that used in the Valuation.

The Board considers that the consideration for the Disposal, including 1st Tranche Consideration and 2nd Tranche Consideration, is fair and reasonable and in the interest of the Company and the Shareholders as a whole, taking into consideration the following factors:

- (a) GSLG Group has started liaising with GSFG Group with respect to the proposed repayment of the GSLG Loan since June 2022 when GSLG Group failed to repay the outstanding principal together with the interest accrued under the GSLG Loan of approximately RMB466.6 million which fell due for repayment on 22 June 2022 (the "**Repayment Due Date**"). GSLG Group proposed to GSFG Group for transferring its equity interest in the Disposal Company in return for the settlement of the GSLG Loan and a waiver by GSFG Group in relation to GSLG Group's failure to settle the outstanding GSLG Loan by the Repayment Due Date as aforementioned. Under the aforementioned circumstances, the consideration for the Disposal was determined

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## LETTER FROM THE BOARD

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based on the then available valuation of the equity interests in the Disposal Company prepared by an independent professional valuer as at 30 June 2022 without any mechanism for subsequent adjustment;

- (b) the risks of uncertainty in relation to the prospect and value of realisation of the property interests owned by the Disposal Company through disposal to other third party, in light of the highly volatile market conditions of the PRC real estate industry due to the spread of the COVID-19 pandemic, the economic condition in the country and the regulatory policies introduced by the PRC government in limiting the over-expansion of the real estate industry in the PRC;
- (c) the gain attributable to the fair value movement of the property interests owned by the Disposal Company amounted to approximately RMB23 million (being the difference between the market value of the property interests owned by the Disposal Company as at 30 June 2022 of approximately RMB3,499 million and as at 30 September 2022 of approximately RMB3,522 million) would theoretically be reduced by the corresponding deferred tax liability adjustment which was calculated at the prevailing PRC enterprise income tax rate of 25% and hence the resulting net impact would be immaterial; and
- (d) according to the unaudited financial statements of the Disposal Company as set forth in Appendix II to this circular, the Disposal Company incurred a net loss of approximately HK\$23.7 million for the six months ended 30 June 2022 as compared to a net profit of approximately HK\$5.2 million for the six months ended 30 June 2021. In view of the recent financial performance of the Disposal Company and the highly volatile market conditions of the PRC real estate industry as aforementioned, the Board had taken a relatively prudent approach when determining the consideration for the Disposal and considered that a discount of 13% to the valuation of the Disposal Company as at 30 June 2022 to be reasonable.

### **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;

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## LETTER FROM THE BOARD

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- (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 Latest Practicable Date, 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.

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## LETTER FROM THE BOARD

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### *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 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 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.



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## LETTER FROM THE BOARD

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### 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 representative, 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 representative, directors, supervisors and senior management team of the Disposal Company by personnel designated by the Purchaser.

To secure the Purchaser’s payment obligations of 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 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 Tranche Sale Equity Interest at a premium of not less than 20% over 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;

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## LETTER FROM THE BOARD

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- (ii) issue of an irrevocable undertaking by each of Shenzhen Baoxin and the Vendor, pursuant to which Shenzhen Baoxin and the Vendor, jointly and severally, undertake 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 sale 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 sale 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

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## LETTER FROM THE BOARD

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- (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 amount of approximately 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. The interest rate of 12% per annum was determined with reference to the interest rate of the GSLG Loan and the prevailing market conditions. The Board is of the view that, in the event the 2nd Tranche Disposal fails to be completed between the Vendor and the Purchaser, the interest rate of 12% per annum on the Amount Due from GSLG Group is fair and reasonable and in the interest of the Company and the Shareholders as a whole, taking into consideration (i) the historical interest rate of the GSLG Loan advanced by GSFG Group to GSLG Group at 8% or 12% per annum; (ii) GSLG Group has not granted any charges or security over any of its assets in favour of the Disposal Company to secure the repayment obligations of GSLG Group under the Amount Due from GSLG Group; (iii) property developers in the PRC have faced increasing difficulty in carrying out financing activities due to the tightened regulatory measures introduced by the PRC governing authorities on the property development industry, such as the "Three Red Lines" and bank credit red lines; and (iv) GSFG Group is principally engaged in, amongst others, money-lending business. Based on publicly available information, the interest rate of 12% per annum chargeable under the Amount Due from GSLG Group falls closer to the lower-end of the range of lending rate of 8% to 18% per annum generally charged by GSFG Group to other third parties in its money-lending business.

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## LETTER FROM THE BOARD

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### 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 GSFG. 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 Latest Practicable Date, 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). Xiamen International Trust is owned by

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## LETTER FROM THE BOARD

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Xiamen Jinyuan Investment Co., Ltd.\* (廈門金圓金控股份有限公司), Xiamen Port Holdings Group Co., Ltd.\* (廈門港務控股集團有限公司) and Xiamen C&D Corporation Limited\* (廈門建發集團有限公司), each being a state-owned enterprise, as to 80%, 10% and 10%, respectively. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, Xiamen International Trust and its ultimate beneficial owners are Independent Third Parties of the Company and its connected persons under the Listing Rules.

As at the Latest Practicable Date, the construction works in relation to the South Zone were completed, whereas the construction works in relation to the North Zone and Middle Zone were still in progress. The construction periods of the North Zone and Middle Zone were started from August 2018 and March 2019 respectively and both are estimated to be completed in January 2025.

The unaudited financial information of the Disposal Company for the two years ended 31 December 2020 and 2021 and the six months ended 30 June 2022 and prepared in accordance with the accounting principles generally accepted in Hong Kong are as follows:

	<b>For the year ended 31 December 2020 HK\$'000</b>	<b>For the year ended 31 December 2021 HK\$'000</b>	<b>For the six months ended 30 June 2022 HK\$'000</b>
Revenue	1,314	10,002	485,860
Net profit/(loss) before taxation	120,031	30,920	(19,631)
Net profit/(loss) after taxation	85,700	16,547	(23,704)

The net asset value of the Disposal Company as at 30 June 2022 was approximately HK\$3,389.4 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\$413.3 million, being the difference between (i) the 1st Tranche Consideration being converted into HKD of approximately HK\$1,306.2 million 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 (a) the net assets value of the Disposal Company

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## LETTER FROM THE BOARD

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as per the unaudited management accounts of the Disposal Company as at 30 June 2022; and (b) foreign currency translation reserve of approximately HK\$134.3 million. 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\$396.1 million, being the difference between (i) the 2nd Tranche Consideration being converted into HKD of approximately HK\$1,254.9 million 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 (a) the net assets value of the Disposal Company as per the unaudited management accounts of the Disposal Company as at 30 June 2022; and (b) foreign currency translation reserve of approximately HK\$129.0 million. The actual figures will be subject to audit by the auditors of the Company and therefore may be different from the aforementioned amount.

According to the annual report of the Company for the year ended 31 December 2021, GSLG Group recorded a net profit of approximately HK\$304.7 million for the year ended 31 December 2021. For illustrative purposes, based on the unaudited pro forma financial information of the Remaining GSLG Group as set out in Appendix III to this circular, assuming the Disposal had taken place on 1 January 2021, the unaudited pro forma consolidated profit of the Remaining GSLG Group for the year ended 31 December 2021 would have been approximately HK\$1,458.0 million.

According to the interim report of the Company for the six months ended 30 June 2022, the unaudited consolidated total assets and total liabilities of GSLG Group as at 30 June 2022 were approximately HK\$18,625.8 million and HK\$14,404.0 million respectively. For illustrative purposes, based on the unaudited pro forma financial information of the Remaining GSLG Group as set out in Appendix III to this circular, assuming the Disposal had taken place on 30 June 2022, the unaudited pro forma consolidated total assets and total liabilities of the Remaining GSLG Group as at 30 June 2022 would have been approximately HK\$14,094.8 million and HK\$10,553.9 million respectively.

### **General**

Shareholders and potential investors should note that the financial impact set out above is for illustrative purposes only, which will have to be ascertained at the time of preparation of the Company's consolidated financial statements with reference to, among other things, the actual costs and expenses associated with the Disposal, and is subject to audit.

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## LETTER FROM THE BOARD

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### INTENDED USE OF PROCEEDS FROM THE DISPOSAL

#### **The 1st Tranche Disposal**

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 1st Tranche Completion, the Directors expect that after deducting the estimated taxes and expenses of approximately HK\$1.0 million (equivalent to approximately RMB0.9 million) and the amount of GSLG Loan set-off against 1st Tranche Consideration of 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), 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 entire amount of 1st Tranche Cash Consideration which is estimated to be 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 2nd Tranche Consideration of approximately RMB415 million, 2nd Tranche Cash Consideration to be received from the 2nd Tranche Disposal is estimated to be approximately RMB714.5 million.

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## LETTER FROM THE BOARD

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The Company intends to apply (i) approximately RMB360.0 million of the 2nd Tranche Cash Consideration for repayment of the Secured Loan; and (ii) the remaining of approximately RMB354.4 million for the repayment of the other outstanding debts of GSLG Group so as to enhance the liquidity and working capital of GSLG Group. As at 30 September 2022, GSLG Group had outstanding debts, excluding the GSLG Loan, of approximately HK\$5,511.6 million in aggregate. For illustrative purpose, the table below sets forth a breakdown of the other outstanding debts of GSLG Group, in exclusion of the GSLG Loan, by their maturity dates:

	<b>Bank loans</b>	<b>Borrowings other than bank loans</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Within one year	1,248,822	1,499,911
More than one year, but not exceeding two years	–	452,639
More than two years, but not exceeding five years	1,869,158	441,058
	3,117,980	2,393,608

The borrowings other than bank loans as set forth in the table above mainly represent corporate bonds, loans from other financial institutions and related parties.

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 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.



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## LETTER FROM THE BOARD

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### 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 interim report of the Company for the six months ended 30 June 2022, the total borrowings of GSLG Group amounted to approximately HK\$7.2 billion as at 30 June 2022, of which approximately HK\$4.1 billion would fall due within one year, representing approximately 56.9% 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 1st Tranche Consideration will alleviate the Company from interest burden of the GSLG Loan.

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## LETTER FROM THE BOARD

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Taking into consideration (i) the set-off of the GSLG Loan; and (ii) the utilisation of 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 letter from the Board 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 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) 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

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## LETTER FROM THE BOARD

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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 shall 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

The EGM will be held at Unit 1908, 19/F., Tower Two, Lippo Centre, No. 89 Queensway, Admiralty, Hong Kong at 10:00 a.m. on Tuesday, 17 January 2023 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 Latest Practicable Date, (i) Mr. Yao Jianhui, being a director of both the Company and GSFG, is interested in 53,100,000 shares of GSFG, representing approximately 0.17% of the issued share capital of GSFG; and (ii) GSFG is interested in 29,794 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.

A notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services

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## LETTER FROM THE BOARD

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Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you wish.

Register of members of the Company will be closed from Thursday, 12 January 2023 to Tuesday, 17 January 2023 (both days inclusive) for the purpose of ascertaining Shareholders' entitlement to attend and vote at the EGM. No transfer of Shares will be registered during those dates. In order to qualify for attending and voting at the EGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Wednesday, 11 January 2023.

### RECOMMENDATION

The Directors consider that the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Company and the Shareholders are concerned, and that the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

### WARNING

**As 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 should 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).**

Yours faithfully,  
By order of the Board of  
**Glory Sun Land Group Limited**  
**Yao Jianhui**  
*Chairman*

**1. FINANCIAL INFORMATION OF GSLG GROUP**

The financial information of GSLG Group for the six months ended 30 June 2022 and for each of the three years ended 31 December 2019, 2020 and 2021 are disclosed in the following documents which have been published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.hk0299.com](http://www.hk0299.com)), respectively:

- (i) the interim report of the Company for the six months ended 30 June 2022 published on 29 September 2022 (pages 20 to 68):  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0929/2022092900583.pdf>
- (ii) the annual report of the Company for the year ended 31 December 2021 published on 27 April 2022 (pages 133 to 296):  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0427/2022042701507.pdf>
- (iii) the annual report of the Company for the year ended 31 December 2020 published on 28 April 2021 (pages 138 to 286):  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0428/2021042802366.pdf>
- (iv) the annual report of the Company for the year ended 31 December 2019 published on 24 April 2020 (pages 155 to 357):  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0424/2020042401797.pdf>

## 2. INDEBTEDNESS STATEMENT

At the close of business on 31 October 2022, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the indebtedness of GSLG Group was as follows:

### Borrowings

As at the close of business on 31 October 2022, being the latest practicable date for the purpose of preparing this indebtedness statement, GSLG Group had outstanding borrowings (including current and non-current portions) of approximately HK\$6,803,203,000.

	<i>Notes</i>	<b>As at 31 October 2022</b> <i>HK\$'000</i> (unaudited)
<b>Secured</b>		
Bank loans	(a)	3,109,734
Other borrowings	(b)	<u>268,751</u>
Total secured borrowings		<u>3,378,485</u>
<b>Unsecured</b>		
Other borrowings	(c)	1,623,741
Corporate bonds	(d)	640,949
Loans from related parties		<u>1,160,028</u>
Total unsecured borrowings		<u>3,424,718</u>
<b>Total borrowings</b>		<u><u>6,803,203</u></u>

*Notes:*

- (a) The bank loans of approximately HK\$3,109,734,000 bear interest rate ranging from 4.7% to 10.3% per annum and are secured by:
- (i) corporate guarantee provided by certain of its subsidiaries, related parties and shareholder of GSLG Group;
  - (ii) personal guarantee provided by a director of the Company;
  - (iii) equity interests of certain subsidiaries of GSLG Group;

- (iv) GSLG Group's properties under development with an aggregate carrying amount of approximately HK\$433,447,000; and
  - (v) GSLG Group's investment properties with an aggregate carrying value of approximately HK\$2,715,652,000.
- (b) The secured other borrowings of approximately HK\$665,831,000 bear interest rate ranging from 8.9% to 9.5% per annum and are repayable within one year.

The other borrowings are secured by:

- (i) corporate guarantee given by certain subsidiaries and related companies of GSLG Group;
  - (ii) personal guarantee given by a director of the Company;
  - (iii) intra-group receivables of a subsidiary of GSLG Group; and
  - (iv) properties owned by an independent third party.
- (c) The other borrowings of approximately HK\$1,623,741,000 are unsecured and non-guaranteed with interest rates ranging from 5.0% to 18.0% per annum and repayable within one year.
- (d) The corporate bonds of approximately HK\$640,949,000 issued to several parties are guaranteed by a subsidiary of GSLG Group and directors of the Company, unsecured and bear interest rates ranging from 8.0% to 12.0% per annum and repayable within one year from the respective issue dates.

#### **Financial guarantees to a former subsidiary**

As at 31 October 2022, GSLG Group issued guarantee of approximately HK\$80,702,000 to bank in respect of banking facilities granted to a former subsidiary. Under the guarantee, GSLG Group and other independent third parties were jointly and severally liable for all or any of the borrowings of each of them from the bank upon failure of the guaranteed entity to make payments when due.

The maximum liability of GSLG Group as at 31 October 2022 under the guarantee is the amount of bank loans drawn under the guarantee at that date of approximately HK\$1,660,573,000.

**Lease liabilities**

As at 31 October 2022, GSLG Group had outstanding lease liabilities (including both current and non-current portions) of approximately HK\$53,646,000.

	<b>As at 31 October 2022</b> <i>HK\$'000</i> (unaudited)
Amounts payable	80,890
Less: future finance charges	<u>(27,244)</u>
	<u><u>53,646</u></u>

As at 31 October 2022, the lease liabilities have been measured at the present value of the remaining lease payments using a discounted rate ranging from 7.0% to 14.7%.

**Contingent liabilities or guarantees**

GSLG Group has arranged bank financing for certain purchasers of GSLG Group's property units and provided guarantees to secure obligations of such purchasers for repayments. As at 31 October 2022, guarantees amounting to approximately HK\$1,066,955,000 were given to banks with respect to loans procured by purchasers of GSLG Group's properties. Such guarantees would terminate upon the earlier of (i) issuance of the real estate ownership certificate to the purchasers; or (ii) the full repayment of mortgage loan by the purchasers of properties.

Save as aforesaid or as otherwise disclosed herein, at the close of business on 31 October 2022, GSLG Group had neither any guarantee nor any other contingent liabilities in existence.

**Disclaimer**

Save as aforesaid and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, at the close of business on 31 October 2022, GSLG Group did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.



### 3. WORKING CAPITAL SUFFICIENCY

In order to reduce GSLG Group's highly indebted position and enhance its liquidity, the Board has made continuous devoted effort to resolve the liquidity issue, including but not limited to realising part of its property projects. As discussed in the letter from the Board in this circular, entering into the Sale and Purchase Agreement aligned with the overall strategy of the Company to improve the liquidity of GSLG Group.

The Directors, after due and careful enquiry and after taking into account the financial resources currently available to GSLG Group, including cash and cash equivalents on hand, internally generated funds and presently available facilities from banks, financial institutions and other independent third party lenders, are of the opinion that GSLG Group will have sufficient working capital for its present operating requirements and to repay its financial obligations as and when they fall due for at least the next twelve months from the date of this circular.

### 4. MATERIAL ADVERSE CHANGE

As disclosed in the 2022 Interim Report, GSLG Group recorded a net loss of approximately HK\$390.2 million for the six months ended 30 June 2022, as compared to 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 (i) the significant decrease from gross margin to gross loss amounting to approximately HK\$128.4 million compared to the corresponding period of the previous year; (ii) the significant increase in the impairment losses on financial assets of GSLG Group by approximately HK\$25.5 million for the six months ended 30 June 2022; and (iii) the fair value loss on investment properties of GSLG Group by approximately HK\$85.7 million for the six months ended 30 June 2022 as compared to the corresponding period of the previous year.

Save as disclosed above, the Directors confirmed that there had been no material adverse change in the financial or trading position of GSLG Group since 31 December 2021 (being the date to which the latest published audited financial results of GSLG Group were made up) up to and including the Latest Practicable Date.

### 5. FINANCIAL AND TRADING PROSPECTS OF GSLG GROUP

GSLG Group is mainly engaged in real estate development and property investment in the PRC. As mentioned in the annual report of the Company for the year ended 31 December 2021, the overall capital funding trend in the PRC real estate development industry has been becoming more and more tight due to the gradual emergence of adverse impacts from those strict regulatory policies such as "Three Red Lines" and bank credit red lines. In addition, faced with the radical downturn in the PRC real estate market starting from the second half of 2021, both the selling volume and prices in respect of the residential property units have dropped significantly.

The overall property market environment in the PRC is expected to remain extremely challenging in the short to medium term. The adverse impacts to economies brought by the

outbreak of the COVID-19 pandemic, the uncertainties arising from the escalating trade tensions between the PRC and the United States of America, and the obstacles attributable to the aforesaid strict regulatory measures on the financing activities with respect to the property development sector by the PRC governing authorities are all expected to continually cause substantial pressure on GSLG Group's businesses. In such turbulent time, GSLG Group will adhere to a fairly prudent approach to manage its business and strategies by closely monitoring the market sentiment, evaluating its business and opportunities on hand, and making appropriate adjustments accordingly.

In order to improve GSLG Group's liquidity and financial position, GSLG Group has been undertaking measures including speeding up the disposal of real estate projects and high-quality assets. Besides, GSLG Group will also continue to actively seek alternative funding sources to manage liquidity as well as to enhance its financial flexibility with a view to mitigate market uncertainties brought on by unexpected changes in operating conditions and external factors.

**FINANCIAL INFORMATION OF THE DISPOSAL COMPANY**

Set out below are the financial information of Disposal Company which comprises the unaudited statements of financial position of the Disposal Company as at 31 December 2019, 2020 and 2021 and 30 June 2022 and the unaudited statements of profit or loss and other comprehensive income, unaudited statements of changes in equity and unaudited statements of cash flows of the Disposal Company for each of the three years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2022 (the “Relevant Periods”) and certain explanatory notes (the “Shantou Taisheng Financial Information”).

Shantou Taisheng Financial Information has been prepared and presented on the basis as set out in Note 2 to Shantou Taisheng Financial Information and Rule 14.68(2)(a)(i)(A) of the Listing Rules.

The reporting accountant of the Disposal Company, Mazars CPA Limited, was engaged to review the Shantou Taisheng Financial Information set out on pages II-2 to II-9 of this circular in accordance with the Hong Kong Standard on Review Engagements 2400 (Revised) “Engagements to Review Historical Financial Statements” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the Hong Kong Institute of Certified Public Accountants. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountants to obtain assurance that the reporting accountants would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountants do not express an audit opinion.

Based on the review, nothing has come to the reporting accountants’ attention that causes them to believe that the Shantou Taisheng Financial Information is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Shantou Taisheng Financial Information.

## UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December			Six months ended	
	2019	2020	2021	30 June	
	HK\$'000	HK\$'000	HK\$'000	2021	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	–	1,314	10,002	3,581	485,860
Cost of sales	–	(59)	(381)	(190)	(447,150)
Gross profit	–	1,255	9,621	3,391	38,710
Other income	3,706	3,879	5,172	2,643	2,351
Selling expenses	(8,120)	(6,795)	(12,907)	(5,884)	(22,167)
Administrative expenses	(10,128)	(7,604)	(10,368)	(4,940)	(6,373)
Fair value gain (loss) on investment properties	1,853	137,324	57,493	26,963	(22,759)
Impairment losses on trade receivables, net	–	–	–	–	(558)
Impairment losses on other receivables, net	(14)	(21)	(27)	(24)	–
(Loss) Profit from operations	(12,703)	128,038	48,984	22,149	(10,796)
Finance costs	(1,306)	(8,007)	(18,064)	(10,181)	(8,835)
<b>(Loss) Profit before income tax</b>	(14,009)	120,031	30,920	11,968	(19,631)
Income tax expense	(463)	(34,331)	(14,373)	(6,741)	(4,073)
<b>(Loss) Profit for the year/period</b>	(14,472)	85,700	16,547	5,227	(23,704)
<b>Other comprehensive (loss) income:</b>					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of functional currency to presentation currency	(35,332)	92,625	67,705	57,459	(160,973)
Total comprehensive (loss) income for the year/period	(49,804)	178,325	84,252	62,686	(184,677)

## UNAUDITED STATEMENTS OF FINANCIAL POSITION

	At 31 December			At
	2019	2020	2021	30 June
	HK\$'000	HK\$'000	HK\$'000	2022 HK\$'000
<b>Non-current assets</b>				
Plant and equipment	5,355	12,942	16,440	12,058
Investment properties	1,732,941	2,086,238	2,317,700	2,134,440
	<u>1,738,296</u>	<u>2,099,180</u>	<u>2,334,140</u>	<u>2,146,498</u>
<b>Current assets</b>				
Inventories	1,252,383	1,805,699	2,525,601	2,136,714
Trade and other receivables	46,297	90,610	350,406	328,627
Prepayment for land appreciation tax	2,439	13,788	27,730	37,939
Amount due from an intermediate holding company	–	–	–	278,712
Amounts due from fellow subsidiaries	3,673	7,775	12,128	88,964
Restricted bank deposits	40,541	21,293	15,640	6,763
Bank balances and cash	5,206	42,353	22,321	5,844
	<u>1,350,539</u>	<u>1,981,518</u>	<u>2,953,826</u>	<u>2,883,563</u>
<b>Current liabilities</b>				
Interest-bearing borrowings	11,130	–	463,932	–
Trade and other payables	777,470	849,867	1,267,640	954,438
Contract liabilities	90,616	308,713	576,193	525,617
Amount due to the immediate holding company	94,605	100,130	104,125	–
Amount due to an intermediate holding company	–	35,340	36,750	–
Amount due to a fellow subsidiary	–	–	–	71
	<u>973,821</u>	<u>1,294,050</u>	<u>2,448,640</u>	<u>1,480,126</u>
<b>Net current assets</b>	<u>376,718</u>	<u>687,468</u>	<u>505,186</u>	<u>1,403,437</u>
<b>Total assets less current liabilities</b>	<u>2,115,014</u>	<u>2,786,648</u>	<u>2,839,326</u>	<u>3,549,935</u>
<b>Non-current liabilities</b>				
Interest-bearing borrowings	493,860	944,683	892,411	–
Deferred tax liabilities	109,747	152,233	172,931	160,506
	<u>603,607</u>	<u>1,096,916</u>	<u>1,065,342</u>	<u>160,506</u>
<b>NET ASSETS</b>	<u>1,511,407</u>	<u>1,689,732</u>	<u>1,773,984</u>	<u>3,389,429</u>
<b>Capital and reserves</b>				
Share capital	1,230,120	1,230,120	1,230,120	2,747,617
Reserves	281,287	459,612	543,864	641,812
<b>TOTAL EQUITY</b>	<u>1,511,407</u>	<u>1,689,732</u>	<u>1,773,984</u>	<u>3,389,429</u>

## UNAUDITED STATEMENTS OF CHANGES IN EQUITY

	Share capital HK\$'000	Reserves				Sub-total HK\$'000	Total HK\$'000
		Capital reserve HK\$'000	Statutory reserve HK\$'000	Translation reserve HK\$'000	Accumulated profits HK\$'000		
<b>At 1 January 2019</b>	1,230,120	–	–	(12,871)	343,962	331,091	1,561,211
Loss for the year	–	–	–	–	(14,472)	(14,472)	(14,472)
<b>Other comprehensive loss:</b>							
<i>Item that will not be reclassified subsequently to profit or loss</i>							
Exchange differences on translation of functional currency to presentation currency	–	–	–	(35,332)	–	(35,332)	(35,332)
Total comprehensive loss for the year	–	–	–	(35,332)	(14,472)	(49,804)	(49,804)
<b>At 31 December 2019</b>	<u>1,230,120</u>	<u>–</u>	<u>–</u>	<u>(48,203)</u>	<u>329,490</u>	<u>281,287</u>	<u>1,511,407</u>
<b>At 1 January 2020</b>	1,230,120	–	–	(48,203)	329,490	281,287	1,511,407
Profit for the year	–	–	–	–	85,700	85,700	85,700
<b>Other comprehensive income:</b>							
<i>Item that will not be reclassified subsequently to profit or loss</i>							
Exchange differences on translation of functional currency to presentation currency	–	–	–	92,625	–	92,625	92,625
Total comprehensive income for the year	–	–	–	92,625	85,700	178,325	178,325
<b>Transaction with owner:</b>							
<i>Contributions and distributions</i>							
Appropriation of statutory reserve	–	–	9,006	–	(9,006)	–	–
Total transaction with owner for the year	–	–	9,006	–	(9,006)	–	–
<b>At 31 December 2020</b>	<u>1,230,120</u>	<u>–</u>	<u>9,006</u>	<u>44,422</u>	<u>406,184</u>	<u>459,612</u>	<u>1,689,732</u>

	Reserves						Total HK\$'000
	Share capital HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Translation reserve HK\$'000	Accumulated profits HK\$'000	Sub-total HK\$'000	
<b>At 1 January 2021</b>	1,230,120	–	9,006	44,422	406,184	459,612	1,689,732
Profit for the year	–	–	–	–	16,547	16,547	16,547
<b>Other comprehensive income:</b> <i>Item that will not be reclassified subsequently to profit or loss</i>							
Exchange differences on translation of functional currency to presentation currency	–	–	–	67,705	–	67,705	67,705
Total comprehensive income for the year	–	–	–	67,705	16,547	84,252	84,252
<b>Transactions with owner:</b> <i>Contribution and distributions</i>							
Appropriation of statutory reserve	–	–	1,684	–	(1,684)	–	–
Total transaction with the owner for the year	–	–	1,684	–	(1,684)	–	–
<b>At 31 December 2021</b>	<u>1,230,120</u>	<u>–</u>	<u>10,690</u>	<u>112,127</u>	<u>421,047</u>	<u>543,864</u>	<u>1,773,984</u>
<b>At 1 January 2021</b>	<u>1,230,120</u>	<u>–</u>	<u>9,006</u>	<u>44,422</u>	<u>406,184</u>	<u>459,612</u>	<u>1,689,732</u>
Profit for the period	–	–	–	–	5,227	5,227	5,227
<b>Other comprehensive income:</b> <i>Item that will not be reclassified subsequently to profit or loss</i>							
Exchange differences on translation of functional currency to presentation currency	–	–	–	57,459	–	57,459	57,459
Total comprehensive income for the period	–	–	–	57,459	5,227	62,686	62,686
<b>At 30 June 2021</b>	<u>1,230,120</u>	<u>–</u>	<u>9,006</u>	<u>101,881</u>	<u>411,411</u>	<u>522,298</u>	<u>1,752,418</u>

	Reserves						Total HK\$'000
	Share capital HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Translation reserve HK\$'000	Accumulated profits HK\$'000	Sub-total HK\$'000	
<b>At 1 January 2022</b>	1,230,120	–	10,690	112,127	421,047	543,864	1,773,984
Loss for the period	–	–	–	–	(23,704)	(23,704)	(23,704)
<b>Other comprehensive loss:</b>							
<i>Item that will not be reclassified subsequently to profit or loss</i>							
Exchange differences on translation of functional currency to presentation currency	–	–	–	(160,973)	–	(160,973)	(160,973)
Total comprehensive loss for the period	–	–	–	(160,973)	(23,704)	(184,677)	(184,677)
<b>Transactions with owner:</b>							
<i>Contribution and distributions</i>							
Capital injection	1,517,497	–	–	–	–	–	1,517,497
Waiver of interest payables to an intermediate holding company	–	282,625	–	–	–	282,625	282,625
Total transactions with owner for the period	1,517,497	282,625	–	–	–	282,625	1,800,122
<b>At 30 June 2022</b>	<b>2,747,617</b>	<b>282,625</b>	<b>10,690</b>	<b>(48,846)</b>	<b>397,343</b>	<b>641,812</b>	<b>3,389,429</b>



## UNAUDITED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2019 HK\$'000	2020 HK\$'000	2021 HK\$'000	2021 HK\$'000	2022 HK\$'000
<b>OPERATING ACTIVITIES</b>					
(Loss) Profit before income tax	(14,009)	120,031	30,920	11,968	(19,631)
Adjustments for:					
Depreciation	1,387	1,394	6,501	3,181	3,848
Fair value (gain) loss on investment properties	(1,853)	(137,324)	(57,493)	(26,963)	22,759
Finance costs	1,306	8,007	18,064	10,181	8,835
Impairment losses on trade receivables	–	–	–	–	558
Impairment losses on other receivables	14	21	27	24	–
Interest income from bank balances	(141)	(300)	(530)	(306)	(134)
<b>Operating cash (outflow) inflow before movements in working capital</b>	(13,296)	(8,171)	(2,511)	(1,915)	16,235
Inventories	(170,127)	(263,063)	(328,326)	(189,201)	387,669
Trade and other receivables	(21,220)	(39,628)	(251,817)	(235,053)	10,644
Amounts due from fellow subsidiaries	(3,752)	(3,699)	(3,973)	(1,796)	(1,876)
Restricted bank deposits	(41,415)	20,570	6,392	(2,171)	8,524
Trade and other payables	74,641	53,613	378,261	104,572	11,422
Contract liabilities	91,264	194,501	232,725	114,996	(37,276)
Cash (used in) generated from operations	(83,905)	(45,877)	30,751	(210,568)	395,342
Interest income from bank balances	141	300	530	306	134
Income tax paid	(2,491)	(10,664)	(13,163)	(6,072)	(21,081)
<b>Net cash (used in) from operating activities</b>	(86,255)	(56,241)	18,118	(216,334)	374,395
<b>INVESTING ACTIVITIES</b>					
Purchase of plant and equipment	(6,443)	(8,317)	(9,432)	(2,870)	–
Additions to investment properties	(291,038)	(296,449)	(396,617)	(103,728)	(17,552)
Advance to an intermediate holding company	–	–	–	–	(282,240)
Advance to a fellow subsidiary	–	–	–	–	(89,588)
<b>Net cash used in investing activities</b>	(297,481)	(304,766)	(406,049)	(106,598)	(389,380)

	Year ended 31 December			Six months ended	
	2019	2020	2021	30 June	
	HK\$'000	HK\$'000	HK\$'000	2021	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>FINANCING ACTIVITIES</b>					
Proceeds from interest-bearing borrowings	700,074	435,192	449,431	357,667	–
Repayment of interest-bearing borrowings	(415,005)	(44,840)	(81,872)	(29,975)	–
Interest paid	(1,819)	(571)	(977)	–	(995)
Advance from the immediate holding company	96,645	–	–	–	–
<b>Net cash from (used in) financing activities</b>	<u>379,895</u>	<u>389,781</u>	<u>366,582</u>	<u>327,692</u>	<u>(995)</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	(3,841)	28,774	(21,349)	4,760	(15,980)
<b>Cash and cash equivalents at the beginning of the reporting period</b>	7,367	5,206	42,353	42,353	22,321
Effect on exchange rate changes	1,680	8,373	1,317	1,332	(497)
<b>Cash and cash equivalents at the end of the reporting period, represented by cash and cash equivalent</b>	<u>5,206</u>	<u>42,353</u>	<u>22,321</u>	<u>48,445</u>	<u>5,844</u>

**NOTES TO SHANTOU TAISHENG FINANCIAL INFORMATION****1. GENERAL INFORMATION**

Shantou Taisheng Technology Limited\* (汕頭市泰盛科技有限公司) (the “Shantou Taisheng”) is a limited liability company incorporated in the People’s Republic of China (the “PRC”). During the Relevant Periods, the Disposal Company is principally engaged in property development and property investment.

**2. BASIS OF PREPARATION OF THE SHANTOU TAISHENG FINANCIAL INFORMATION**

The financial information of Shantou Taisheng for each of the three years ended 31 December 2019, 2020 and 2021 and six months ended 30 June 2022 (the “Shantou Taisheng Financial Information”) has been prepared in accordance with Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purpose of inclusion in the circular to be issued by Glory Sun Land Group Limited (the “Company”) in connection with the very substantial disposal of the entire registered capital of Shantou Taisheng on 19 October 2022.

Shantou Taisheng Financial Information has been prepared on the historical cost basis, except for the investment properties which are measured at fair value through profit or loss, and using the same accounting policies as those adopted by the Company in the preparation of consolidated financial statements of the Company and its subsidiaries for the Relevant Periods.

Shantou Taisheng Financial Information is presented in Hong Kong Dollars (“HK\$”) and all amounts are rounded to the nearest thousand, otherwise indicated.

Shantou Taisheng Financial Information neither contains sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 “Presentation of Financial Statement” nor a set of condensed financial statements as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the HKICPA. It should be read in connection with the published annual report of the Company for the Relevant Periods.

\* *English name is for identification purpose only.*

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## APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GSLG GROUP

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*The following is the text of a report received from the reporting accountant, Mazars CPA Limited, Certified Public Accountants, in respect of the unaudited pro forma financial information of the Remaining GSLG Group for the purpose of this Circular.*

### A. INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

**mazars**  
中 审 众 环

**MAZARS CPA LIMITED**

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28 December 2022

The Board of Directors

**Glory Sun Land Group Limited**

Unit 1305, 13/F., Tower Two, Lippo Centre

No. 89 Queensway

Admiralty, Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Glory Sun Land Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) prepared by the directors of the Company (the “**Directors**”) for illustrative purpose only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2022, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2021 and related notes as set out on pages III-5 to III-19 of the circular in connection with the proposed disposal of entire equity interest in Shantou Taisheng Technology Limited\* (汕頭市泰盛科技有限公司) (the “**Disposal Company**”) (the “**Proposed Disposal**”) dated 28 December 2022 (the “**Circular**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on page III-5 to III-19 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Proposed Disposal on the Group’s financial position as at 30 June 2022 and the Group’s financial performance and cash flows for the year ended 31 December 2021 as if the Proposed Disposal had taken place on 30 June 2022 and 1 January 2021, respectively. As part of this process, information about the Group’s financial position, financial

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## **APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GSLG GROUP**

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performance and cash flows has been extracted by the Directors from the Group's consolidated financial statements for the six months ended 30 June 2022 and the year ended 31 December 2021, on which an interim report and an annual report have been published. Information about the financial position of the Disposal Company at 30 June 2022 and financial performance and cash flows for the year ended 31 December 2021 have been extracted by the Directors from Appendix II to the Circular.

### **DIRECTORS' RESPONSIBILITY FOR THE UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

### **REPORTING ACCOUNTANT'S INDEPENDENCE AND QUALITY CONTROL**

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 (Clarified) "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **REPORTING ACCOUNTANTS' RESPONSIBILITIES**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

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We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in the Circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events and transactions as at 30 June 2022 or 1 January 2021 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants’ judgement, having regard to the reporting accountants’ understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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THE REMAINING GSLG GROUP**

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**OPINION**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**Mazars CPA Limited**  
*Certified Public Accountants*  
Hong Kong

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## APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GSLG GROUP

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### B. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GSLG GROUP

#### 1. Introduction

The following is a summary of illustrative unaudited pro forma financial information consisting of the unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income, and the unaudited pro forma consolidated statement of cash flows, in connection with the proposed disposal of entire equity interest in Shantou Taisheng Technology Limited\* (汕頭市泰盛科技有限公司) (the “**Disposal Company**”) by Shenzhen Hong Jia Xin Technology Limited\* (深圳宏佳新科技有限公司), an indirect non-wholly owned subsidiary of Glory Sun Land Group Limited (the “**Company**”) (the “**Proposed Disposal**”).

The unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited proforma consolidated statement of cash flows of the Company and its subsidiaries (collectively referred to as the “**Group**”) immediately after completion of the Proposed Disposal (collectively referred to as the “**Remaining GSLG Group**”) have been prepared to illustrate the effect of the Proposed Disposal on the Group’s financial position as at 30 June 2022 and the Group’s financial performance and cash flows for the year ended 31 December 2021 as if the Proposed Disposal had taken place on 30 June 2022 and 1 January 2021, respectively.

The unaudited pro forma financial information is prepared based on (i) the unaudited consolidated statement of financial position of the Group as at 30 June 2022 and the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows for the year ended 31 December 2021 as extracted from the published interim report and annual report of the Company for the six months ended 30 June 2022 and for the year ended 31 December 2021 respectively; and (ii) the unaudited statement of financial position of the Disposal Company as at 30 June 2022, the unaudited statement of profit or loss and other comprehensive income and the unaudited statement of cash flows of the Disposal Company for the year ended 31 December 2021 as extracted from the accountants’ reports set out in Appendix II to this Circular.

The unaudited pro forma financial information of the Remaining GSLG Group is prepared based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes. Narrative description of the pro forma adjustments of the Proposed Disposal that are (i) directly attributable to the Proposed Disposal; and (ii) factually supportable, is summarised in the accompanying notes.

The unaudited pro forma financial information of the Remaining GSLG Group has been prepared by the directors of the Company (the “**Directors**”) in accordance with paragraph 4.29(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) based on certain assumptions, estimates and uncertainties for illustrative purposes only and because of its hypothetical nature, the



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unaudited pro forma financial information of the Remaining GSLG Group may not purport to predict what the financial performance and cash flows or financial position of the Remaining GSLG Group would have been if the Proposed Disposal had been completed on 1 January 2021, or 30 June 2022 nor in any future period or on any future dates.

The unaudited pro forma financial information should be read in conjunction with the published interim report of the Group for the six months ended 30 June 2022 and the published annual report of the Group for the year ended 31 December 2021 and the historical financial information of the Disposal Company as set out in Appendix II to this Circular and other financial information included elsewhere in this Circular.

### 2. Unaudited Pro Forma Consolidated Statement of Financial Position of the Remaining GSLG Group as at 30 June 2022

	Unaudited pro forma adjustments in respect of the Proposed Disposal					Unaudited pro forma consolidated statement of financial position of the Remaining GSLG Group as at 30 June 2022 HK\$'000
	Unaudited condensed consolidated statement of financial position of the Group as at 30 June 2022 HK\$'000 (Note 1(a))	Exclusion of 100% equity interest in Shantou Taisheng Technology Limited as at 30 June 2022 HK\$'000 (Note 2)	Recognition of impact on consideration and estimated loss on the Proposed Disposal HK\$'000 (Note 3)	Estimated costs and expenses in respect of the Proposed Disposal HK\$'000 (Note 4)	Total pro forma adjustments in respect of the Proposed Disposal HK\$'000	
<b>Non-current assets</b>						
Property, plant and equipment	125,229	(12,058)	-	-	(12,058)	113,171
Investment properties	3,731,683	(2,134,440)	-	-	(2,134,440)	1,597,243
Financial assets at fair value through other comprehensive income	3,760	-	-	-	-	3,760
	<u>3,860,672</u>	<u>(2,146,498)</u>	<u>-</u>	<u>-</u>	<u>(2,146,498)</u>	<u>1,714,174</u>
<b>Current assets</b>						
Inventories	9,183,523	(2,136,714)	-	-	(2,136,714)	7,046,809
Contract assets	33,501	-	-	-	-	33,501
Amount due from an intermediate holding company	-	(278,712)	278,712	-	-	-
Amounts due from fellow subsidiaries	-	(88,964)	88,964	-	-	-
Trade and other receivables	4,858,325	(328,627)	-	-	(328,627)	4,529,698
Tax recoverable	43,445	(37,939)	-	-	(37,939)	5,506
Pledged and restricted bank deposits	455,973	(6,763)	-	-	(6,763)	449,210
Bank and cash balances	190,339	(5,844)	132,442	(1,010)	125,588	315,927
	<u>14,765,106</u>	<u>(2,883,563)</u>	<u>500,118</u>	<u>(1,010)</u>	<u>(2,384,455)</u>	<u>12,380,651</u>

## APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GSLG GROUP

	Unaudited pro forma adjustments in respect of the Proposed Disposal					Unaudited pro forma consolidated statement of financial position of the Remaining GSLG Group as at 30 June 2022 HK\$'000
	Unaudited condensed consolidated statement of financial position of the Group as at 30 June 2022 HK\$'000 (Note 1(a))	Exclusion of 100% equity interest in Shantou Taisheng Technology Limited as at 30 June 2022 HK\$'000 (Note 2)	Recognition of impact on consideration and estimated loss on the Proposed Disposal HK\$'000 (Note 3)	Estimated costs and expenses in respect of the Proposed Disposal HK\$'000 (Note 4)	Total pro forma adjustments in respect of the Proposed Disposal HK\$'000	
<b>Current liabilities</b>						
Borrowings	4,111,856	–	(1,577,990)	–	(1,577,990)	2,533,866
Trade and other payables	3,926,422	(954,438)	(631,573)	–	(1,586,011)	2,340,411
Contract liabilities	2,481,649	(525,617)	–	–	(525,617)	1,956,032
Amount due to a fellow subsidiary	–	(71)	71	–	–	–
Lease liabilities	5,509	–	–	–	–	5,509
Current tax liabilities	96,138	–	–	–	–	96,138
	<u>10,621,574</u>	<u>(1,480,126)</u>	<u>(2,209,492)</u>	<u>–</u>	<u>(3,689,618)</u>	<u>6,931,956</u>
<b>Net current assets</b>	<u>4,143,532</u>	<u>(1,403,437)</u>	<u>2,709,610</u>	<u>(1,010)</u>	<u>1,305,163</u>	<u>5,448,695</u>
<b>Total assets less current liabilities</b>	<u>8,004,204</u>	<u>(3,549,935)</u>	<u>2,709,610</u>	<u>(1,010)</u>	<u>(841,335)</u>	<u>7,162,869</u>
<b>Non-current liabilities</b>						
Borrowings	3,112,129	–	–	–	–	3,112,129
Financial guarantee	86,043	–	–	–	–	86,043
Lease liabilities	53,413	–	–	–	–	53,413
Deferred tax liabilities	530,845	(160,506)	–	–	(160,506)	370,339
	<u>3,782,430</u>	<u>(160,506)</u>	<u>–</u>	<u>–</u>	<u>(160,506)</u>	<u>3,621,924</u>
<b>Net assets</b>	<u>4,221,774</u>	<u>(3,389,429)</u>	<u>2,709,610</u>	<u>(1,010)</u>	<u>(680,829)</u>	<u>3,540,945</u>
<b>Capital and reserves</b>						
Share capital	273,006	(2,747,617)	2,747,617	–	–	273,006
Reserves	2,350,257	(641,812)	(38,007)	(1,010)	(680,829)	1,669,428
Equity attributable to owners of the Company	2,623,263	(3,389,429)	2,709,610	(1,010)	(680,829)	1,942,434
Non-controlling interests	1,598,511	–	–	–	–	1,598,511
<b>Total equity</b>	<u>4,221,774</u>	<u>(3,389,429)</u>	<u>2,709,610</u>	<u>(1,010)</u>	<u>(680,829)</u>	<u>3,540,945</u>

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF  
THE REMAINING GSLG GROUP**

**3. Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Remaining GSLG Group for the year ended 31 December 2021**

	Unaudited pro forma adjustments in respect of the Proposed Disposal					Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Remaining GSLG Group for the year ended 31 December 2021 HK\$'000 (Note 4)
	Audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2021 HK\$'000 (Note 1(b))	Exclusion of the results of Shantou Taisheng Technology Limited for the year ended 31 December 2021 HK\$'000 (Note 6)	Recognition of impact on consideration and estimated loss on the Proposed Disposal HK\$'000 (Note 7)	Estimated costs and expenses in respect of the Proposed Disposal HK\$'000 (Note 4)	Total pro forma adjustments in respect of the Proposed Disposal HK\$'000	
<b>Continuing operations</b>						
Revenue	5,504,341	(10,002)	–	–	(10,002)	5,494,339
Cost of sales	(5,234,073)	381	–	–	381	(5,233,692)
<b>Gross profit</b>	270,268	(9,621)	–	–	(9,621)	260,647
Selling expenses	(99,558)	12,907	–	–	12,907	(86,651)
Administrative expenses	(141,074)	10,368	–	(1,010)	9,358	(131,716)
Gain on disposal of subsidiaries	296,057	–	1,170,830	–	1,170,830	1,466,887
Fair value gain/(loss) on investment properties	70,713	(57,493)	–	–	(57,493)	13,220
Fair value gain on derivative financial asset	1,313	–	–	–	–	1,313
Impairment losses on property, plant and equipment	(35,755)	–	–	–	–	(35,755)
Impairment losses on financial and contract assets – net	(23,005)	27	–	–	27	(22,978)
Other income, gains/(losses) – net	9,875	(5,172)	–	–	(5,172)	4,703
<b>Profit/(loss) from operations</b>	348,834	(48,984)	1,170,830	(1,010)	1,120,836	1,469,670
Finance costs	(125,036)	18,064	–	–	18,064	(106,972)
Profit/(loss) before income tax	223,798	(30,920)	1,170,830	(1,010)	1,138,900	1,362,698
Income tax (expense)/credit	(3,541)	14,373	–	–	14,373	10,832
(Loss)/profit for the year from continuing operations	220,257	(16,547)	1,170,830	(1,010)	1,153,273	1,373,530

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF  
THE REMAINING GSLG GROUP**

	Unaudited pro forma adjustments in respect of the Proposed Disposal					Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Remaining GSLG Group for the year ended 31 December 2021 HK\$'000 (Note 1(b))
	Audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2021 HK\$'000 (Note 1(b))	Exclusion of the results of Shantou Taisheng Technology Limited for the year ended 31 December 2021 HK\$'000 (Note 6)	Recognition of impact on consideration and estimated loss on the Proposed Disposal HK\$'000 (Note 7)	Estimated costs and expenses in respect of the Proposed Disposal HK\$'000 (Note 4)	Total pro forma adjustments in respect of the Proposed Disposal HK\$'000	
<b>Discontinued operations</b>						
Profit/(loss) for the year from discontinued operations	84,452	-	-	-	-	84,452
Profit/(loss) for the year	304,709	(16,547)	1,170,830	(1,010)	1,153,273	1,457,982
<b>Other comprehensive income, net of tax</b>						
<i>Item that will not be reclassified to profit or loss:</i>						
Exchange differences on translation of functional currency to presentation currency	-	(67,705)	67,705	-	-	-
Fair value changes of equity instruments at fair value through other comprehensive income	(2,782)	-	-	-	-	(2,782)
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translating foreign operations	180,390	-	-	-	-	180,390
Exchange differences reclassified to profit or loss on disposal of subsidiaries	(31,732)	-	-	-	-	(31,732)
<b>Other comprehensive income for the year, net of tax</b>	145,876	(67,705)	67,705	-	-	145,876
<b>Total comprehensive income for the year</b>	450,585	(84,252)	1,238,535	(1,010)	1,153,273	1,603,858

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF  
THE REMAINING GSLG GROUP**

**4. Unaudited Pro Forma Consolidated Statement of Cash Flows of the Remaining  
GSLG Group for the year ended 31 December 2021**

	Unaudited pro forma adjustments in respect of the Proposed Disposal					Total pro forma adjustments in respect of the Proposed Disposal	Unaudited pro forma consolidated statement of cash flows of the Remaining GSLG Group for the year ended 31 December 2021
	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2021	Exclusion of 100% equity interest in Shantou Taisheng Technology Limited for the year ended 31 December 2021	Recognition of impact on consideration and estimated loss on the Proposed Disposal	Reinstatement of intra-group balances	Estimated costs and expenses in respect of the Proposed Disposal		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note 1(b))	(Note 6)	(Note 7)	(Note 8)	(Note 4)		
<b>Cash flows from operating activities</b>							
Profit before income tax							
– Continuing operations	223,798	(30,920)	1,170,830	–	(1,010)	1,138,900	1,362,698
– Discontinued operations	84,452	–	–	–	–	–	84,452
	308,250	(30,920)	1,170,830	–	(1,010)	1,138,900	1,447,150
Adjustments for:							
Interest income	(9,924)	530	–	–	–	530	(9,394)
Gain in disposal of subsidiaries	(399,199)	–	(1,170,830)	–	–	(1,170,830)	(1,570,029)
Finance costs	140,643	(18,064)	–	–	–	(18,064)	122,579
Amortisation of other intangible assets	4,303	–	–	–	–	–	4,303
Depreciation	30,642	(6,501)	–	–	–	(6,501)	24,141
Loss on disposal of property, plant and equipment	1	–	–	–	–	–	1
Gain on early termination of lease	(2)	–	–	–	–	–	(2)
Fair value of gain on investment properties	(70,713)	57,493	–	–	–	57,493	(13,220)
Fair value gain on derivative financial asset	(1,313)	–	–	–	–	–	(1,313)
Loss from derecognition of derivative financial asset	33,357	–	–	–	–	–	33,357
Impairment losses on other intangible assets	10,211	–	–	–	–	–	10,211
Impairment losses on property, plant and equipment	35,755	–	–	–	–	–	35,755
Impairment losses on financial and contact assets – net	23,730	(27)	–	–	–	(27)	23,703
Write-down of inventories	163,998	–	–	–	–	–	163,998

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	Unaudited pro forma adjustments in respect of the Proposed Disposal						Unaudited pro forma consolidated statement of cash flows of the Remaining GSLG Group for the year ended 31 December 2021 HK\$'000 (Note 1(b))
	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2021 HK\$'000 (Note 1(b))	Exclusion of 100% equity interest in Shantou Taisheng Technology Limited for the year ended 31 December 2021 HK\$'000 (Note 6)	Recognition of impact on consideration and estimated loss on the Proposed Disposal HK\$'000 (Note 7)	Reinstatement of intra-group balances HK\$'000 (Note 8)	Estimated costs and expenses in respect of the Proposed Disposal HK\$'000 (Note 4)	Total pro forma adjustments in respect of the Proposed Disposal HK\$'000	
Operating profit before working capital changes	269,739	2,511	-	-	(1,010)	1,501	271,240
Increase in trade and other receivables	(214,807)	251,817	-	-	-	251,817	37,010
(Increase)/decrease in inventories	(1,453,808)	328,326	-	-	-	328,326	(1,125,482)
Increase in contract liabilities	2,137,536	(232,725)	-	-	-	(232,725)	1,904,811
(Decrease)/increase in amounts due from fellow subsidiaries	-	3,973	-	(3,973)	-	-	-
(Decrease)/increase in restricted bank deposits	-	(6,392)	-	-	-	(6,392)	(6,392)
Increase/(decrease) in trade and other payables	1,153,491	(378,261)	(418,133)	-	-	(796,394)	357,097
Cash generated from operations	1,892,151	(30,751)	(418,133)	(3,973)	(1,010)	(453,867)	1,438,284
Tax paid	(159,735)	13,163	-	-	-	13,163	(146,572)
Interest received	9,924	(530)	-	-	-	(530)	9,394
Net cash generated from/(used in) operating activities	1,742,340	(18,118)	(418,133)	(3,973)	(1,010)	(441,234)	1,301,106
<b>Cash flows from investing activities</b>							
Disposal of subsidiaries, net of cash disposed	178,023	-	-	-	-	-	178,023
Decrease in pledged and restricted bank deposits	188,429	-	-	-	-	-	188,429
Payment of consideration in relation to acquisition of subsidiaries in prior year	(548)	-	-	-	-	-	(548)
Purchases of property, plant and equipment	(34,642)	9,432	-	-	-	9,432	(25,210)
Payment for investment properties	(233,559)	396,617	-	-	-	396,617	163,058
Payment for intangible assets	(128)	-	-	-	-	-	(128)
Proceeds from disposal of a subsidiary	-	-	1,530,559	-	-	1,530,559	1,530,559
Proceeds from disposal of property, plant and equipment	103	-	-	-	-	-	103
Proceeds from disposal of investment properties	415,604	-	-	-	-	-	415,604
Net cash generated from/(used in) investing activities	513,282	406,049	1,530,559	-	-	1,936,608	2,449,890

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	Unaudited pro forma adjustments in respect of the Proposed Disposal						Unaudited pro forma consolidated statement of cash flows of the Remaining GSLG Group for the year ended 31 December 2021 HK\$'000 (Note 1(b))
	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2021 HK\$'000 (Note 1(b))	Exclusion of 100% equity interest in Shantou Taisheng Technology Limited for the year ended 31 December 2021 HK\$'000 (Note 6)	Recognition of impact on consideration and estimated loss on the Proposed Disposal HK\$'000 (Note 7)	Reinstatement of intra-group balances HK\$'000 (Note 8)	Estimated costs and expenses in respect of the Proposed Disposal HK\$'000 (Note 4)	Total pro forma adjustments in respect of the Proposed Disposal HK\$'000	
<b>Cash flows from financing activities</b>							
Repayment to related parties	(110,536)	-	-	-	-	-	(110,536)
Proceeds from borrowings	5,117,219	(449,431)	-	-	-	(449,431)	4,667,788
Proceeds from issue of corporate bonds	180,000	-	-	-	-	-	180,000
Proceeds from issue of shares on placement	272,535	-	-	-	-	-	272,535
Repayment of borrowings	(6,873,804)	81,872	(914,128)	-	-	(832,256)	(7,706,060)
Repayment of corporate bonds	(374,000)	-	-	-	-	-	(374,000)
Repayment of principal portion on lease liabilities	(6,405)	-	-	-	-	-	(6,405)
Repayment of interest portion on lease liabilities	(6,003)	-	-	-	-	-	(6,003)
Repayment to an non-controlling interest	(230)	-	-	-	-	-	(230)
Interest paid	(799,271)	977	-	-	-	977	(798,294)
Net cash used in financing activities	<u>(2,600,495)</u>	<u>(366,582)</u>	<u>(914,128)</u>	<u>-</u>	<u>-</u>	<u>(1,280,710)</u>	<u>(3,881,205)</u>
Net decrease in cash and cash equivalents	(344,873)	21,349	198,298	(3,973)	(1,010)	214,664	(130,209)
Cash and cash equivalent at beginning of year	735,501	(42,353)	-	-	-	(42,353)	693,148
Effect of foreign exchange rates changes	(49,235)	(1,317)	-	-	-	(1,317)	(50,552)
Cash and cash equivalents at end of year	<u>341,393</u>	<u>(22,321)</u>	<u>198,298</u>	<u>(3,973)</u>	<u>(1,010)</u>	<u>170,994</u>	<u>512,387</u>

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## APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GSLG GROUP

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### 5. Notes to the Unaudited Pro Forma Financial Information of the Remaining GSLG Group

1. (a) The amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2022 as set out in the published interim report of the Group for the six months ended 30 June 2022 issued on 31 August 2022.
- (b) The amounts are extracted from the audited consolidated statement of profit or loss and other comprehensive income and audited consolidated statement of cash flows of the Group for the year ended 31 December 2021 as set out in the published annual report of the Group for the year ended 31 December 2021 issued on 31 March 2022.
2. The adjustments represent the exclusion of assets and liabilities of the Disposal Company as at 30 June 2022, assuming the disposal of the Disposal Company had been taken place on 30 June 2022. The assets and liabilities of the Disposal Company are extracted from the relevant unaudited statements of financial position as at 30 June 2022 set out in Appendix II to this Circular.



**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF  
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3. The adjustments represent the estimated net gain and the net cash inflows arising on the Proposed Disposal charged to profit or loss, assuming the disposal of the Disposal Company had been taken place on 30 June 2022 and is calculated as follows:

	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash consideration ( <i>Note i</i> )	1,098,421	
Consideration for liabilities offset ( <i>Note i</i> )	<u>1,612,199</u>	
		2,710,620
Carrying amounts of assets and liabilities of the Disposal Company as at 30 June 2022 ( <i>Note ii</i> )	(3,389,429)	
Add: Fair value adjustment regarding the historical bargain purchase on the Disposal Company ( <i>Note iii</i> )	<u>101,748</u>	
		(3,287,681)
Estimated costs and expenses of the Proposed Disposal		(1,010)
Translation reserve arising on translation of foreign operations reclassified to profit or loss		<u>(48,846)</u>
Estimated loss on disposal of the Disposal Company		<u><u>(626,917)</u></u>
Consideration		2,710,620
Less: Set off against the GSLG Loan and interest accrued		(1,244,594)
Set off against the Amount due from GSLG Group		(367,605)
Repayment of the Secured Loan and interest accrued		(427,712)
Repayment of other outstanding debts of the Remaining GSLG Group		<u>(537,257)</u>
Remaining cash received upon the Proposed Disposal		133,452
Less: Estimated costs and expenses of the Proposed Disposal		<u>(1,010)</u>
Net cash inflows arising on Proposed Disposal upon completion on 30 June 2022		<u><u>132,442</u></u>

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## APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GSLG GROUP

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*Notes:*

- i. Pursuant to the SPA, the aggregate consideration for the Proposed Disposal (the “**Consideration**”) is RMB2,305,000,000 (equivalent to HK\$2,710,620,000), details of the consideration for the Disposal Company are set out in the table above. The Consideration will be settled in two tranches. The first tranche amounting to RMB1,175,550,000 (equivalent to HK\$1,382,388,000) shall be payable by the Purchaser within 7 Business Days from the fulfilment (or waiver, as the case may be) of all the conditions precedent for the 1st Tranche Disposal. The second tranche amounting to RMB1,129,450,000 (equivalent to HK\$1,328,232,000) shall be payable by the Purchaser within 7 Business Days from the fulfilment (or waiver, as the case may be) of all the conditions precedent for the 2nd Tranche Disposal. The Directors assumed that these conditions would be met within twelve months upon the completion of the Proposed Disposal, therefore, for the purpose of the preparation of the unaudited pro forma consolidated statement of financial position of the Remaining GSLG Group as at 30 June 2022, the first tranche and the second tranche were assumed to be fully executed as at 30 June 2022.

For the preparation of the unaudited pro forma consolidated statement of financial position of the Remaining GSLG Group as at 30 June 2022,

- (a) after deducting the estimated costs and expenses of approximately HK\$1,000,000 and the amount of GSLG Loan of approximately RMB537,100,000 (equivalent to HK\$631,630,000) and Hong Kong dollars-denominated loans with principal amount of HK\$523,000,000, together with all interest accrued of approximately RMB76,500,000 (equivalent to HK\$89,964,000), 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 RMB116,322,000 (equivalent to HK\$136,794,000). The Remaining GSLG Group applies approximately RMB3,701,000 (equivalent to HK\$4,352,000) for repayment of the interest accrued under the Secured Loan and the remaining cash consideration of approximately RMB112,621,000 (equivalent to HK\$132,442,000) would be kept in bank and cash balances.
  - (b) after deducting the estimated costs and expenses of approximately HK\$10,000 and the amount of Amount Due from GSLG Group of approximately RMB312,589,000 (equivalent to HK\$367,605,000) 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 RMB816,852,000 (equivalent to HK\$960,617,000). The Remaining GSLG Group applies (i) approximately RMB360,000,000 (equivalent to HK\$423,360,000) of 2nd Tranche Cash Consideration for repayment of the Secured Loan; and (ii) the remaining of approximately RMB456,852,000 (equivalent to HK\$537,257,000) for the repayment of the other outstanding debts of the Remaining GSLG Group.
- ii. The amount represents the carrying amount of the net assets of the Disposal Company as at 30 June 2022 which is extracted from the unaudited statement of financial position of the Disposal Company as at 30 June 2022 as set out in Appendix II to this Circular.
  - iii. The amount comprises of the carrying amount of properties under development and deferred tax liabilities of HK\$1,352,836,000 and HK\$160,506,000 recognised by the Disposal Company as at 30 June 2022 and the historical bargain purchase on the Disposal Company of RMB86,520,000 (equivalent to HK\$101,748,000) recognised by the Group as at 30 June 2022.
  - iv. Since the carrying amount of net assets of the Disposal Company on the date of actual completion of the Proposed Disposal may be different from the amounts used when preparing the Unaudited Pro Forma Financial Information of the Remaining GSLG Group, the financial impact of the Proposed Disposal is for illustrative purpose only and subject to change upon the actual completion of the Proposed Disposal.

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### APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GSLG GROUP

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4. The estimated costs and expenses, including stamp duty and professional fee of HK\$1,010,000 directly incurred for the Proposed Disposal that would be borne by the Remaining GSLG Group and were assumed to be settled in cash on the date of completion of the Proposed Disposal.

Professional fee is incurred by the Company for the Proposed Disposal and the amount is subject to change upon the actual completion of the Proposed Disposal.

5. Apart from notes above, no other adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 30 June 2022 for the purpose of preparation of the unaudited pro forma consolidated statement of financial position of the Remaining GSLG Group as at 30 June 2022.
6. The adjustments represent the exclusion of the results and cash flows of the Disposal Company for the year ended 31 December 2021, assuming the disposal of the Disposal Company had been taken place on 1 January 2021. The results and cash flows of the Disposal Company for the year ended 31 December 2021 are extracted from the unaudited statement of profit or loss and other comprehensive income and the unaudited statement of cash flows of the Disposal Company set out in Appendix II to this Circular.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF  
THE REMAINING GSLG GROUP**

7. The adjustments represent the estimated net gain and the net cash inflows arising on the Proposed Disposal charged to profit or loss, assuming the disposal of the Disposal Company had been taken place on 1 January 2021 and is calculated as follows:

	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash consideration ( <i>Note i</i> )	1,530,559	
Consideration for liabilities offset ( <i>Note i</i> )	<u>1,184,670</u>	
		2,715,229
Carrying amounts of assets and liabilities of the Disposal Company as at 1 January 2021 ( <i>Note ii</i> )	(1,689,732)	
Add: Fair value adjustment regarding the historical bargain purchase on the Disposal Company ( <i>Note iii</i> )	<u>101,921</u>	
		(1,587,811)
Estimated costs and expenses of the Proposed Disposal		(1,010)
Translation reserve arising on translation of foreign operations reclassified to profit or loss		<u>44,422</u>
Estimated gain on disposal of the Disposal Company		<u><u>1,170,830</u></u>
Consideration		2,715,229
Less: Set off against the GSLG Loan and interest accrued		(1,184,670)
Repayment of the Secured Loan and interest accrued		(915,908)
Repayment of other outstanding debts of the Remaining GSLG Group		<u>(416,353)</u>
Remaining cash received upon the Proposed Disposal		198,298
Less: Estimated costs and expenses of the Proposed Disposal		<u>(1,010)</u>
Net cash inflows arising on Proposed Disposal upon completion on 1 January 2021		<u><u>197,288</u></u>

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## APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GSLG GROUP

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*Notes:*

- i. Pursuant to the SPA, the Consideration is RMB2,305,000,000 (equivalent to HK\$2,715,229,000), details of the consideration for the Disposal Company are set out in the table above. The Consideration will be settled in two tranches. The first tranche amounting to RMB1,175,550,000 (equivalent to HK\$1,384,738,000) shall be payable by the Purchaser within 7 Business Days from the fulfilment (or waiver, as the case may be) of all the conditions precedent for the 1st Tranche Disposal. The second tranche amounting to RMB1,129,450,000 (equivalent to HK\$1,330,491,000) shall be payable by the Purchaser within 7 Business Days from the fulfilment (or waiver, as the case may be) of all the conditions precedent for the 2nd Tranche Disposal. The Directors assumed that these conditions would be met within twelve months upon the completion of the Proposed Disposal, therefore, for the purpose of the preparation of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2021 of the Remaining GSLG Group, the first tranche and the second tranche were assumed to be fully executed for the year ended 31 December 2021.

For the preparation of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining GSLG Group for the year ended 31 December 2021,

- (a) after deducting the estimated costs and expenses of approximately HK\$1,000,000 and the amount of GSLG Loan of approximately RMB537,100,000 (equivalent to HK\$632,704,000) and Hong Kong dollars-denominated loans with principal amount of HK\$523,000,000, together with all interest accrued of approximately RMB24,589,000 (equivalent to HK\$28,966,000), 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 RMB168,988,000 (equivalent to HK\$199,068,000). The Remaining GSLG Group applies approximately RMB1,511,000 (equivalent to HK\$1,780,000) for repayment of the interest accrued under the Secured Loan and the remaining cash consideration of approximately RMB167,477,000 (equivalent to HK\$197,288,000) would be kept in bank and cash balance.
  - (b) after deducting the estimated costs and expenses of approximately HK\$10,000 against the 2nd Tranche Consideration, the 2nd Tranche Cash Consideration to be received from the 2nd Tranche Disposal is estimated to be approximately RMB1,129,441,000 (equivalent to HK\$1,330,481,000). The Remaining GSLG Group applies (i) approximately RMB776,000,000 (equivalent to HK\$914,128,000) of 2nd Tranche Cash Consideration for repayment of the Secured Loan; and (ii) the remaining of approximately RMB353,441,000 (equivalent to HK\$416,353,000) for the repayment of the other outstanding debts of the Remaining GSLG Group.
- ii. The amount represents the carrying amount of the net assets of the Disposal Company as at 1 January 2021 which is extracted from the unaudited statement of financial position of the Disposal Company as at 31 December 2020 as set out in Appendix II to this Circular.
  - iii. The amount comprises of the carrying amount of properties under development and deferred tax liabilities of HK\$1,805,699,000 and HK\$152,233,000 recognised by the Disposal Company as at 31 December 2020 and the historical bargain purchase on the Disposal Company of RMB86,520,000 (equivalent to HK\$101,921,000) recognised by the Group as at 31 December 2020.
  - iv. Since the carrying amount of net assets of the Disposal Company on the date of actual completion of the Proposed Disposal may be different from the amounts used when preparing the Unaudited Pro Forma Financial Information of the Remaining GSLG Group, the financial impact of the Proposed Disposal is for illustrative purpose only and subject to change upon actual completion of the Proposed Disposal.

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### APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GSLG GROUP

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8. The adjustment represents the reinstatement of intra-group cash flows between the Disposal Company and the Remaining GSLG Group, which had been eliminated at consolidation, when preparing the unaudited pro forma consolidated statement of cash flows of the Remaining GSLG Group for the year ended 31 December 2021.
9. When preparing the unaudited pro forma financial information of the Remaining GSLG Group for the year ended 31 December 2021, the Directors assumed that these conditions would be met within twelve months upon the completion of the Proposed Disposal, therefore, for the purpose of the preparation of unaudited pro forma consolidated statement of cash flows of the Remaining GSLG Group, the first tranche and the second tranche were assumed to be fully executed during the year ended 31 December 2021.
10. Apart from notes above, no other adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 December 2021 for the purpose of preparation of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining GSLG Group for the year ended 31 December 2021.
11. The above adjustments are not expected to have a continuing effect on the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of the Remaining GSLG Group.
12. The conversion of RMB into HK\$ is based on the exchange rate of approximately RMB1.00 = HK\$1.23 and RMB1.00 = HK\$1.18, respectively as of 31 December 2021 and 30 June 2022.

*Set forth below is the management discussion and analysis on the Remaining GSLG Group for the years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2022. Upon Completion of the Disposal, the Company will no longer hold any interest in the Disposal Company, and the Disposal Company will no longer remain as a subsidiary of the Company.*

For the purpose of this circular and for illustration purpose only, the management discussion and analysis of the Remaining GSLG Group below is made with the exclusion of the Disposal Company.

There will be no change to the principal business of the Remaining GSLG Group as a result of the Disposal. Following the Disposal, the Remaining GSLG Group will continue to carry out its existing businesses. The management discussion and analysis of the Remaining GSLG Group for each of the years ended 31 December 2019 (“FY2019”), 31 December 2020 (“FY2020”) and 31 December 2021 (“FY2021”) and the six months ended 30 June 2022 (“6M2022”) are set out below.

## BUSINESS AND FINANCIAL REVIEW

### Segmental Information

The Remaining GSLG Group is principally engaged in the real estate and investment business, trading of commodities and construction business in the PRC. The revenue of the Remaining GSLG Group mainly arose from four segments, namely (i) real estate and property investment; (ii) trading of commodities; (iii) construction; and (iv) others. A summary of the revenues and operating results of each business segment of the Remaining GSLG Group for FY2019, FY2020, FY2021 and 6M2022 are as follows:

FY2019	Real estate and property investment <i>HK\$'000</i>	Trading of commodities <i>HK\$'000</i>	Construction <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	4,380,350	5,231,585	12,280	25,388	9,649,603
Segment operating results	1,596,674	177	(57,668)	488	1,539,671

For FY2019, revenue of the Remaining GSLG Group was approximately HK\$9,649.6 million, which was mainly derived from the real estate and property investment and trading of commodities segments. The operating profit of the Remaining GSLG Group was approximately HK\$1,539.7 million.

<b>FY2020</b>	<b>Real estate and property investment</b>	<b>Trading of commodities</b>	<b>Construction</b>	<b>Others</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	531,410	6,129,006	–	104,740	6,765,156
Segment operating results	(211,375)	(8,354)	(59,830)	18,544	(261,015)

For FY2020, revenue of the Remaining GSLG Group was approximately HK\$6,765.2 million, which was mainly derived from the property management business segment. The revenue decreased by approximately 29.9% as compared to FY2019, which was mainly due to the decrease in revenue from the real estate and property investment segment. The operating loss of the Remaining GSLG Group was approximately HK\$261 million.

<b>FY2021</b>	<b>Real estate and property investment</b>	<b>Trading of commodities</b>	<b>Construction</b>	<b>Others</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	1,456,899	3,948,164	–	89,276	5,494,339
Segment operating results	(13,779)	2,884	(7)	13,269	2,367

For FY2021, revenue of the Remaining GSLG Group was approximately HK\$5,494.3 million, which was mainly derived from the property investment business segment. The revenue decreased by approximately 18.8% as compared to FY2020, which was mainly due to the decrease in revenue from the trading of commodities segment. The operating profit of the Remaining GSLG Group was approximately HK\$2.4 million.

<b>6M2022</b>	<b>Real estate and property investment</b>	<b>Trading of commodities</b>	<b>Construction</b>	<b>Others</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	258,058	489,990	–	19,387	767,435
Segment operating results	(263,629)	(633)	3	36	(264,223)

For 6M2022, revenue of the Remaining GSLG Group was approximately HK\$767.4 million, which was mainly derived from the trading of commodities segment. The revenue decreased by approximately 86% as compared to FY2021, which was mainly due to the decrease in revenue from the trading of commodities segment. The operating loss of the Remaining GSLG Group was approximately HK\$264.2 million.



### Real Estate and Property Investment

Taking root in the Guangdong-Hong Kong-Macao Greater Bay Area, the Remaining GSLG Group's property development and investment sector continues to consistently maintain its development strategy of "deeply exploring the business of property investment and development in strong first-tier cities, new first-tier cities and strong second-tier cities". Currently, the Remaining GSLG Group has a total of eight (8) property development projects in six (6) PRC cities, including Shenzhen, Changchun, Changsha, Weinan, Shantou and Yunfu. These projects comprise commercial complexes, high-class residences, hotels, commercial apartments, villas, garden houses and other multi-format and segmented products.

The revenue from the real estate and property investment segment increased by approximately HK\$3,317.6 million or 312.2% for FY2019 as compared to the year ended 31 December 2018 ("**FY2018**") which was mainly attributable to the acquisition of Nanning project from its handover of completed properties.

The revenue from the real estate and property investment segment had decreased by approximately HK\$3,849 million or 87.9% from approximately HK\$4,380.4 million for FY2019 to HK\$531.4 million for FY2020 which was mainly attributable to the large scale of completed properties handover in Nanning project in FY2019 while there was no such scale in FY2020.

The revenue from the real estate and property investment segment had increased by approximately HK\$925.5 million or 174.2% from approximately HK\$531.4 million for FY2020 to HK\$1,456.9 million for FY2021 which was mainly attributable to the increase of completed properties handover in Weinan and Shantou projects in FY2021.

The revenue from the real estate and property investment segment had slightly increased by approximately HK\$9.3 million or 3.7% from approximately HK\$248.8 million for the six months ended 30 June 2021 ("**6M2021**") to HK\$258.1 million for 6M2022 which was mainly attributable to the slight increase of completed properties handover in Shantou project in 6M2022.

### Trading of Commodities

The trading commodities of the Remaining GSLG Group were mainly copper cathodes and zinc ingot. As a wholesaler of such non-ferrous metal products, the Remaining GSLG Group purchased the products in bulk, and then distributed and sold to the downstream customers. Under the prevailing business operations, for the sake of obtaining optimal contractual terms, the Remaining GSLG Group arranged to conclude and sign supply framework agreements with individual key suppliers with good reputation and credit in the market. Meanwhile, the profitability was relatively low being affected by a bundle of external factors including the COVID-19 pandemic and the international non-ferrous metal price fluctuations. Both buyers and sellers of such non-ferrous metal products had great demand in the PRC market, the relatively low gross profit margin should be attributable to the active market participation and the transparent prices information.

The revenue from the trading of commodities segment increased by approximately HK\$4,683.6 million or 854.7% for FY2019 as compared to FY2018 which was mainly attributable to active exploration and sourcing of suppliers and customers in the market in FY2019.

The revenue from the trading of commodities segment had increased by approximately HK\$897.4 million or 17.2% from approximately HK\$5,231.6 million for FY2019 to HK\$6,129 million for FY2020 which was mainly attributable to the increase in trading volume of commodities in FY2020.

The revenue from the trading of commodities segment had decreased by approximately HK\$2,180.8 million or 35.6% from approximately HK\$6,129 million for FY2020 to HK\$3,948.2 million for FY2021 which was mainly attributable to the decrease in trading volume of commodities in FY2021.

The revenue from the trading of commodities segment had decreased by approximately HK\$2,415.3 million or 83.1% from approximately HK\$2,905.3 million for 6M2021 to HK\$490 million for 6M2022 which was mainly attributable to the decrease in trading volume of commodities in 6M2022.

### **Construction**

The revenue from the construction segment decreased by approximately HK\$72 million or 85.4% for FY2019 as compared to FY2018 which was mainly attributable to the construction projects were approaching to finalisation stage.

The revenue from the construction segment decreased by approximately HK\$12.3 million or 100% from approximately HK\$12.3 million for FY2019 to nil for FY2020 which was mainly attributable to the completion of construction projects and some construction projects which were under finalisation stage.

For FY2020, FY2021 and 6M2022, no revenue was derived from the construction segment mainly because no new construction projects were engaged during these years/period.

### **Others**

Others consist of operation of golf practice court, children playrooms, fitness rooms and a karaoke box and trading of home appliances and building materials.

The revenue from others increased by approximately HK\$21.8 million or 600% for FY2019 as compared to FY2018 which was mainly attributable to introduction of business of golf practice court.

The revenue from others rose by approximately HK\$79.3 million or 312.2% from approximately HK\$25.4 million for FY2019 to approximately HK\$104.7 million for FY2020 which was mainly attributable to the increase in trading volume of trading of home appliances and building materials and introduction of business from operation of children playrooms, fitness rooms and karaoke box.

The revenue from others decreased by approximately HK\$15.4 million or 14.7% from approximately HK\$104.7 million for FY2020 to approximately HK\$89.3 million for FY2021 which was mainly attributable to decrease in trading volume of trading of home appliances and building materials.

The revenue from others decreased by approximately HK\$11.4 million or 37% from approximately HK\$30.8 million for 6M2021 to approximately HK\$19.4 million for 6M2022 which was mainly attributable to decrease in trading volume of trading of home appliances and building materials.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2019, the Remaining GSLG Group had total assets of approximately HK\$17,086.7 million, net current assets of approximately HK\$2,881.2 million and equity attributable to Shareholders of approximately HK\$1,623.1 million.

As at 31 December 2019, the Remaining GSLG Group had bank and cash balances of approximately HK\$628.9 million, while the pledged and restricted bank deposits amounted to approximately HK\$785.3 million. All of the Remaining GSLG Group's bank and cash balances and pledged and restricted bank deposits are denominated in Hong Kong dollar and RMB.

As at 31 December 2019, current assets and current liabilities of the Remaining GSLG Group were approximately HK\$12,508.3 million and HK\$9,627.2 million, respectively. Accordingly, the Remaining GSLG Group's current ratio was approximately 1.3.

As at 31 December 2019, the total borrowings of the Remaining GSLG Group amounted to approximately HK\$7,964.6 million, of which equivalents of approximately HK\$1,499.5 million and approximately HK\$6,465.1 million were denominated in Hong Kong dollar and RMB respectively.

As at 31 December 2019, total borrowings included bank and other loans of approximately HK\$5,868.0 million, corporate bonds of approximately HK\$1,539.4 million and notes payable of approximately HK\$557.2 million. Except for interest-free for note payables, all loans bore fixed interest rates and exposed the Remaining GSLG Group to fair value interest rate risk.

As at 31 December 2019, the maturity profile of the borrowings was approximately HK\$4,533.8 million (representing approximately 56.9% of the total borrowings) due within one year, approximately HK\$984.1 million (representing 12.4% of the total borrowings) due after one year but not exceeding two years, and approximately HK\$2,446.7 million (representing 30.7% of the total borrowings) due after two years but not exceeding five years.

As at 31 December 2020, the Remaining GSLG Group had total assets of approximately HK\$19,585.9 million, net current assets of approximately HK\$5,023.5 million and equity attributable to Shareholders of approximately HK\$846.6 million. The decrease in equity attributable to Shareholders was approximately 47.8% when compared with that of last year, which was mainly due to a decrease in investment properties of the Remaining GSLG Group.

As at 31 December 2020, the Remaining GSLG Group had bank and cash balances of approximately HK\$693.1 million, while the pledged and restricted bank deposits amounted to approximately HK\$596.8 million. All of the Remaining GSLG Group's bank and cash balances and pledged and restricted bank deposits were denominated in Hong Kong dollar and RMB.

As at 31 December 2020, current assets and current liabilities of the Remaining GSLG Group were approximately HK\$15,345.6 million and HK\$10,322.2 million, respectively. Accordingly, the Remaining GSLG Group's current ratio was approximately 1.5.

As at 31 December 2020, the total borrowings of the Remaining GSLG Group amounted to approximately HK\$11,419.0 million, of which equivalents of approximately HK\$1,388.0 million and approximately HK\$10,031.0 million were denominated in Hong Kong dollar and RMB respectively.

As at 31 December 2020, total borrowings included bank and other loans of approximately HK\$10,327.2 million, and corporate bond of approximately HK\$874.0 million, and notes payable of approximately HK\$217.8 million. Except for interest-free for note payables, all loans bore fixed interest rates and exposed the Remaining GSLG Group to fair value interest rate risk.

As at 31 December 2020, the maturity profile of the borrowings was approximately HK\$5,420.5 million (representing approximately 47.5% of the total borrowings) due within one year, approximately HK\$2,324.2 million (representing 20.3% of the total borrowings) due after one year but not exceeding two years, and approximately HK\$3,674.3 million (representing 32.2% of the total borrowings) due after two years but not exceeding five years.

As at 31 December 2021, the Remaining GSLG Group had total assets of approximately HK\$14,862.4 million, net current assets of approximately HK\$3,536.9 million and equity attributable to Shareholders of approximately HK\$1,446.0 million. The increase in equity attributable to Shareholders was approximately 70.8% when compared with that of last year, which was mainly due to an increase in borrowings of the Remaining GSLG Group.

As at 31 December 2021, the Remaining GSLG Group had bank and cash balances of approximately HK\$319.1 million, while the pledged and restricted bank deposits amounted to approximately HK\$366.3 million. All of the Remaining GSLG Group's bank and cash balances and pledged and restricted bank deposits were denominated in Hong Kong dollar and RMB.

As at 31 December 2021, current assets and current liabilities of the Remaining GSLG Group were approximately HK\$12,991.5 million and HK\$9,454.6 million, respectively. Accordingly, the Remaining GSLG Group's current ratio was approximately 1.4.

As at 31 December 2021, the total borrowings of the Remaining GSLG Group amounted to approximately HK\$6,711.2 million, of which equivalents of approximately HK\$974.0 million, approximately HK\$5,688.1 million and approximately HK\$49.1 million were denominated in Hong Kong dollar, RMB and US dollar respectively.

As at 31 December 2021, total borrowings included bank and other loans of approximately HK\$5,968.6 million, corporate bond of approximately HK\$680.0 million, and notes payable of approximately HK\$62.6 million. Except for interest-free for note payables, all loans bore fixed interest rates and exposed the Remaining GSLG Group to fair value interest rate risk.

As at 31 December 2021, the maturity profile of the borrowings was approximately HK\$4,940.2 million (representing approximately 73.6% of the total borrowings) due within one year, approximately HK\$64.6 million (representing 1.0% of the total borrowings) due after one year but not exceeding two years, and approximately HK\$1,706.4 million (representing 25.4% of the total borrowings) due after two years but not exceeding five years.

As at 30 June 2022, the Remaining GSLG Group had total assets of approximately HK\$13,595.7 million, net current assets of approximately HK\$2,740.1 million and equity attributable to Shareholders of approximately HK\$2,300.8 million. The increase in equity attributable to Shareholders was approximately 59.1% when compared with that of FY2021, which was mainly due to an increase in borrowings of the Remaining GSLG Group.

As at 30 June 2022, the Remaining GSLG Group had bank and cash balances of approximately HK\$184.5 million, while the pledged and restricted bank deposits amounted to approximately HK\$449.2 million. All of the Remaining GSLG Group's bank and cash balances and pledged and restricted bank deposits were denominated in Hong Kong dollar and RMB.

As at 30 June 2022, current assets and current liabilities of the Remaining GSLG Group were HK\$11,881.5 million and HK\$9,141.4 million, respectively. Accordingly, the Remaining GSLG Group's current ratio was 1.3.

As at 30 June 2022, the total borrowings of the Remaining GSLG Group amounted to approximately HK\$7,224.0 million, of which equivalents of approximately HK\$1,850.6 million and approximately HK\$5,373.4 million were denominated in Hong Kong dollar and RMB respectively.

As at 30 June 2022, total borrowings included bank and other loans of approximately HK\$6,567.5 million, and corporate bond of approximately HK\$656.5 million. All loans bore fixed interest rates and exposed the Remaining GSLG Group to fair value interest rate risk.

As at 30 June 2022, the maturity profile of the borrowings was approximately HK\$4,111.9 million (representing approximately 56.9% of the total borrowings) due within one year, approximately HK\$506.8 million (representing 7.0% of the total borrowings) due after one year but not exceeding two years, and approximately HK\$2,605.3 million (representing 36.1% of the total borrowings) due after two years but not exceeding five years.

The capital structure of the Remaining GSLG Group consists of equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated losses. The Directors review the capital structure of the Remaining GSLG Group on a timely basis. As part of the review, the Directors consider the cost of capital and the risks associated with each class of capital. The Remaining GSLG Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts.

### **Funding and treasury policies**

The objectives of the Remaining GSLG Group when managing capital are to safeguard the ability of the Remaining GSLG Group to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. For FY2019, FY2020, FY2021 and 6M2022, the Remaining GSLG Group generally financed its operations with internally generated resources, and bank and other borrowings. The Remaining GSLG Group actively and regularly reviewed and managed its capital structure and made adjustments by taking into consideration the changes in economic conditions, its future capital requirements, prevailing and projected profitability and operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Remaining GSLG Group closely monitored its debt/assets ratio, which is defined as total borrowings divided by total assets. The Remaining GSLG Group endeavored to monitor its cash flow position, and to improve the cost-efficiency of funding initiatives by its treasury function.

### **GEARING RATIO**

As at 31 December 2019, 2020 and 2021 and 30 June 2022, the gearing ratio of the Remaining GSLG Group was approximately 2.1%, 4.2%, 2.0% and 7.9%, respectively. The gearing ratio was calculated on the basis of net debt (aggregated borrowings net of bank balances and cash) divided by the equity attributable to owners of the Company as at the respective reporting date.

### **FOREIGN CURRENCY MANAGEMENT**

Most of the Remaining GSLG Group's revenue and expenses were generated from the PRC and were denominated in RMB. For FY2019, FY2020, FY2021 and 6M2022, the Remaining GSLG 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 necessary.



**CAPITAL EXPENDITURE**

The total spending on the additions of property, plant and equipment and investment properties amounted to approximately HK\$2,775.7 million, HK\$446.4 million, HK\$433.4 million and HK\$61.3 million for FY2019, FY2020, FY2021 and 6M2022, respectively.

**CHARGE OF ASSETS**

As at 31 December 2019, the carrying amount of property, plant and equipment, inventories and investment properties amounted to nil, approximately HK\$4,951.5 million and approximately HK\$332.8 million respectively were pledged as security for the Remaining GSLG Group's bank loans and other borrowings granted in relation to the Remaining GSLG Group's real estate business.

As at 31 December 2020, the carrying amount of property, plant and equipment, inventories and investment properties amounted to approximately HK\$5.1 million, approximately HK\$7,409.0 million and approximately HK\$1,436.6 million respectively were pledged as security for the Remaining GSLG Group's bank loans and other borrowings granted in relation to the Remaining GSLG Group's real estate business.

As at 31 December 2021, the carrying amount of property, plant and equipment, inventories and investment properties amounted to approximately HK\$5.1 million, approximately HK\$6,356.2 million and approximately HK\$51.6 million respectively were pledged as security for the Remaining GSLG Group's bank loans and other borrowings granted in relation to the Remaining GSLG Group's real estate business.

As at 30 June 2022, the carrying amount of property, plant and equipment, inventories and investment properties amounted to approximately HK\$5.1 million, approximately HK\$4,670.9 million and approximately HK\$233.9 million respectively were pledged as security for the Remaining GSLG Group's bank loans and other borrowings granted in relation to the Remaining GSLG Group's real estate business.

As at 31 December 2019, the properties for sale under development with carrying amount of approximately HK\$397 million were pledged for provision of financial guarantee to an associated party of a former equity holder of a subsidiary of the Company. As at 31 December 2020, the financial guarantee had been released and the respective properties under development had been unpledged during FY2020.

As at 31 December 2021, the carrying amount of investment properties and properties held for sale amounting to approximately HK\$47.0 million and HK\$32.1 million respectively were pledged as security for a bank borrowing in favour of a former subsidiary of the Remaining GSLG Group which was overdue.

As at 31 December 2019, 2020, 2021 and 30 June 2022, the Remaining GSLG Group's pledged and restricted bank deposits amounting to approximately HK\$825.8 million, HK\$618.1 million, HK\$381.9 million and HK\$456 million respectively were pledged to banks to secure a bank loan granted to an independent third party, notes payable granted to the Remaining GSLG Group and guarantee deposits for construction of pre-sale properties.

#### **EMPLOYEE AND REMUNERATION POLICIES**

The Remaining GSLG Group had 555, 614, 413 and 427 employees as at 31 December 2019, 2020, 2021 and 30 June 2022 respectively in Hong Kong and the PRC. For FY2019, FY2020, FY2021 and 6M2022, the Remaining GSLG Group provided periodic training to its employees in relation to different areas such as environmental, social and governance issues, intellectual property and work safety. The Remaining GSLG Group also sent its employees to participate in external professional training to enhance their professional knowledge and skills and broaden their professional vision.

For FY2019, FY2020, FY2021 and 6M2022, staff remuneration for the employees of the Remaining GSLG Group included salary pay, discretionary bonus payments which depends on individual performance and profitability of the Remaining GSLG Group and contributions to the social security insurance in the PRC and mandatory provident fund scheme in Hong Kong. The remuneration policies for the employees of the Remaining GSLG Group were determined according to the performance, qualification, experience and competence of the employees. The Remaining GSLG Group reviewed remuneration and benefits of its employees annually according to the relevant market practice and individual performance of the employees. Save for the social security insurance in the PRC and the mandatory provident fund scheme in Hong Kong, the Remaining GSLG Group had not set aside or accrued any significant funds to provide for retirement or similar benefits for its employees.

#### **CONTINGENT LIABILITIES**

As at 31 December 2019, 2020, 2021 and 30 June 2022, the Remaining GSLG Group had no material contingent liabilities.

#### **COMMITMENTS**

As at 31 December 2019, 2020, 2021 and 30 June 2022, the Remaining GSLG Group's commitment was approximately HK\$6,767.3 million, HK\$10,895.8 million, HK\$3,628.3 million and HK\$3,179.8 million respectively in respect of contracted but not provided for expenditures on properties under development, investment properties under construction and the acquisition of property, plant and equipment.



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

## FY2019

During FY2019, the Remaining GSLG Group had the following material acquisition and disposal of subsidiaries:

*(I) Acquisition of Shenzhen Baoneng Hengchuang Industrial Limited\**

On 24 December 2019, the Remaining GSLG Group acquired 100% of equity interests in Shenzhen Baoneng Hengchuang Industrial Limited\* (深圳寶能恒創實業有限公司), (the “**Nanning Project Company**”) and its subsidiaries (collectively “**Nanning Project Group**”) under common control for a cash consideration of RMB300,000,000 (equivalent to approximately HK\$333,900,000), of which RMB270,018,000 (equivalent to approximately HK\$300,620,000) was settled in cash and RMB29,982,000 had been offset from the first instalment of the consideration to the other receivables in Nanning Project Group. Nanning Project Group is principally engaged in property investment in the PRC. The acquisition aimed to expand the business of the Remaining GSLG Group. For further details on the acquisition of Shenzhen Baoneng Hengchuang Industrial Limited\*, please refer to the announcements of the Company dated 19 September 2019, 24 October 2019, 30 October 2019, 19 December 2019 and 24 December 2019 and the circular of the Company dated 29 November 2019.

Nanning Project Group contributed revenue and profit of approximately HK\$3,856,566,000 and HK\$1,116,418,000 to the Remaining GSLG Group’s revenue and profit, respectively for the period between the commencement date of common control combination and the end of the year ended 31 December 2020 (the “**Common Control Period**”). Approximately HK\$3,855,601,000 out of these revenue of the Nanning Project Group related to the property sale and purchase contracts (“**S&P**”) together with the supplementary S&P signed in prior years, which were before the commencement date of common control combination, with the related parties in which Mr. Yao Jianhui had significant influence; and the handover of these properties under these S&P was completed during the Common Control Period. The amounts were determined in accordance with the terms of these underlying S&P.

*(II) Deemed partial disposal of Baoxin Industrial*

On 24 June 2019, the Remaining GSLG Group entered into the capital injection agreement with an independent third party pursuant to which the independent third party agreed to contribute a total of RMB1,235,500,000 (equivalent to approximately HK\$1,402,293,000) into Baoxin Industrial which resulted in passive dilution of the Remaining GSLG Group’s equity interests in Baoxin Industrial. The transaction was completed on 25 June 2019 (the “**Deemed Disposal Completion Date**”). Accordingly, the

Remaining GSLG Group's effective equity interest in Baoxin Industrial reduced from 100% to 85% without loss of control in Baoxin Industrial, and the excess of capital injection recognised of approximately RMB808,686,000 (equivalent to approximately HK\$900,067,000) was charged to other reserve. For further details on the deemed partial disposal of Baoxin Industrial, please refer to the announcements of the Company dated 24 June 2019 and 26 June 2019 and the circular of the Company dated 14 October 2019.

*(III) Disposal of Kingworld Holdings Limited*

On 29 June 2019, the Company entered into a sale and purchase agreement to dispose of the entire equity interest of Kingworld Holdings Limited ("**Kingworld Holdings**"), which was principally engaged in provision of online game services, at a cash consideration of HK\$1. The disposal was completed on 29 June 2019. After completion of the disposal, the Remaining GSLG Group officially ended all its non-core business in online gaming services and related platform services. A profit of approximately HK\$41,411,000 arose on the disposal of Kingworld Holdings, being the proceeds of disposal less the carrying amount of the subsidiary's net liabilities and attributable goodwill. No tax charge or credit arose from the disposal. For further details on the disposal of Kingworld Holdings, please refer to the annual report of the Company for FY2019.

The Remaining GSLG Group did not have any significant investments as at 31 December 2019.

**FY2020**

The Remaining GSLG Group did not have any significant investments as at 31 December 2020 or material acquisitions or disposals of subsidiaries or affiliated companies during FY2020.

**FY2021**

During FY2021, the Remaining GSLG Group had the following material disposal of subsidiaries:

*(I) Disposal of Shenzhen Xinhengchuang Industrial Company Limited\**

On 22 December 2021, the Remaining GSLG Group disposed of its entire equity interest in Shenzhen Xinhengchuang Industrial Company Limited\* (深圳新恒創實業有限公司) ("**Xinhengchuang**") for a cash consideration of RMB300,000,000 (equivalent to approximately HK\$367,500,000). The Remaining GSLG Group derived a gain on disposal of subsidiaries for approximately HK\$296.1 million which was mainly attributable to the disposal of Xinhengchuang in FY2021. For further details on the disposal of Xinhengchuang, please refer to the announcements of the Company dated 20 July 2021, 2 December 2021, 15 December 2021 and 23 December 2021.

The Remaining GSLG Group did not have any significant investments as at 31 December 2021.

**6M2022**

The Remaining GSLG Group did not have any significant investments as at 30 June 2022 or material acquisitions or disposals of subsidiaries or affiliated companies during 6M2022.

**SHARE OPTIONS**

The Company adopted a share option scheme on 26 March 2014. As at 31 December 2019, 2020, 2021 and 30 June 2022, the number of shares in respect of which options had been granted and remained outstanding was nil.

**FINAL DIVIDEND**

The Directors did not recommend payment of any final dividend for each of FY2019, FY2020, FY2021 and 6M2022.

**FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

As at 31 December 2019, 2020 and 2021 and 30 June 2022, the Remaining GSLG Group did not have any future plans for material investment or capital assets.

**OUTLOOK AND FUTURE PLAN**

The Remaining GSLG Group will keep a close watch on the development and transformation trend of the industry, continue to implement its strategic development plan, keep abreast of the current trend, seize future investment opportunities arising from economic recovery and make continuous effort to optimize its investment portfolio and minimise the operating cost, with an aim to improve the value and market competitiveness of the Remaining GSLG Group.

The Remaining GSLG Group will continue to optimise its capital structure and business portfolio in order to continuously improve its financial position. The Remaining GSLG Group will strive to capture investment opportunities prudently and optimise the capital structure and business portfolio in a bid to maximise shareholders' interests.

Vincorn Consulting and Appraisal Limited  
Units 1602-4, 16/F  
FWD Financial Centre  
No. 308 Des Voeux Road Central  
Hong Kong



28 December 2022

The Board of Directors  
**Glory Sun Land Group Limited**  
Unit 1305, 13/F.  
Tower Two, Lippo Centre  
No. 89 Queensway  
Admiralty, Hong Kong

Dear Sirs,

## VALUATION OF 100% EQUITY INTEREST OF SHANTOU TAISHENG TECHNOLOGY LIMITED

### INSTRUCTIONS

In accordance with the instructions from Glory Sun Land Group Limited (the “**Company**” or the “**Group**”), we have undertaken a valuation assignment to express an independent opinion on the market value of 100% equity interest (the “**Equity Interest**”) in Shantou Taisheng Technology Limited (the “**Target Company**”) as at 30 June 2022 (the “**Valuation Date**”). Our valuation work was performed subject to the assumptions and limiting conditions described in this report.

This report outlines the purpose of valuation, premise of value and sources of information; identifies the business appraised; describes the valuation methodology, assumptions and limiting conditions; and presents our investigation, analysis and our opinion of value.

### PURPOSE OF VALUATION

The purpose of this valuation is to express an independent opinion on the market value of the Equity Interest of the Target Company as at the Valuation Date. It is our understanding that this valuation will be used by the directors and management of the Company for public documentation purpose in relation to the Equity Interest of the Target Company.

We understand that our valuation report may be included in the Company’s public document and disclosed to other parties including its directors, shareholders, auditors and the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Nonetheless, we will not be liable to any parties other than the addressee of the valuation report.

Vincorn Consulting and Appraisal Limited (“**Vincorn**”) assumes no responsibility whatsoever to any person other than the directors and management of the Company in respect of, or arising out of, the content of this report. If others choose to rely in any way on the contents of this report they do so entirely on their own risk.

**PREMISE OF VALUE**

Our valuation has been prepared in accordance with the International Valuation Standards effective from 31 January 2022 published by the International Valuation Standards Council, where applicable.

Our valuation is based on the going concern premise and conducted on a market value basis. Market value is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

**OVERVIEW OF THE COMPANY AND THE TARGET COMPANY****Glory Sun Land Group Limited**

Glory Sun Land Group Limited, an investment holding company, engages in property development and investment business in the People's Republic of China. It operates through Yacht Club, Training, Real Estate and Property Investment, Trading of Commodities, and Construction segments. The company also operates a yacht club and golf practice court, children playrooms, karaoke box, and fitness rooms. In addition, it provides training services, and trades in commodities, building materials, and home appliances. Further, it is involved in the provision of construction works. The company was formerly known as New Sports Group Limited and changed its name to Glory Sun Land Group Limited in September 2015. Glory Sun Land Group Limited was founded in 1995 and is based in Central, Hong Kong.

**Shantou Taisheng Technology Limited**

The Target Company is an indirect non-wholly owned subsidiary of the Group. The principal activity of the Target Company are sales of real estates and services of property management in China.

**SCOPE OF SERVICES**

This engagement involved an analysis of the Target Company as at the Valuation Date. In undertaking this valuation assignment, we have conducted the following steps to evaluate the reasonableness of the adopted bases and assumptions provided by the management of the Company and/or the Target Company or their representatives (hereinafter referred to as the "Management"):

- Conducted meeting(s) and/or discussion with the Management;
- Obtained the relevant financial and operational information related to the Target Company and its business;
- Performed market research and obtained statistical data from public sources;

- Examined all relevant bases and assumptions of both the financial and operational information related to the subject matter, which were provided by the Management;
- Conducted valuation of the subject matter using the respective standards of value that are most appropriate; and
- Documented the result of our findings in this valuation report.

### **SOURCES OF INFORMATION**

In conducting our valuation of the Equity Interest, we have considered, reviewed and relied upon the following key information provided by the Management and the public.

- The nature, background and development of the Target Company and relevant information;
- The unaudited management accounts of the Target Company as at 30 June 2022; and
- S&P Capital IQ database and other reliable sources of market data.

We have held discussion with the Management and conducted research from public sources to assess the reasonableness and fairness of the information provided. We have no reason to doubt the truth and accuracy of the information provided to us by the Management, and we have relied to a considerable extent on the information provided in arriving at our opinion of value.

### **VALUATION METHODOLOGIES**

There are three generally accepted approaches to assess the market value of the Equity Interest, namely the market approach, the asset-based approach, and the income approach. Each of these approaches is appropriate in one or more circumstances.

#### **Market Approach**

Market Approach values an asset based on comparison with recent sales of similar assets from market transactions, with adjustments made to the indicated market prices to reflect condition and utility of the appraised asset relative to the market comparables. Although this approach is widely used, the main difficulty with this approach lies with the lack of financial information and full details regarding sales of similar assets.

The underlying theory of this approach is that one would not pay more than one would have to for an equally desirable alternative. By adopting this approach, the valuer will first look for valuation indication of prices of other similar business entities that have been sold recently. The right transactions employed in analyzing indications of values need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

### **Asset-based Approach**

The Asset-based Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital (equity and debt capital). In other words, the value of the business entity is represented by the money that has been made available to purchase the business assets needed.

This money comes from investors who buy stocks of the business entity (equity) and investors who lend money to the business entity (debt). After collecting the total amounts of money from equity and debt, and converted into various types of assets of the business entity for its operation, the sum of such assets equals the value of the business entity.

From a valuation perspective, we will restate the values of all types of assets of a business entity from book values to appropriate standards of value. After the restatement, we can identify the indicated value of the business entity, or, by applying the accounting principle “assets minus liabilities”, to arrive at the value of the equity interest of the business entity.

### **Income Approach**

Income Approach values an asset by reference to the capitalized value of income, cash flows or cost savings that could hypothetically be earned or achieved by a market participant owning the asset.

The principle of this approach is that the value of the asset can be measured by the present worth of the economic benefits to be received over the assets life. This approach estimates the future economic benefits and discounts these benefits to its present value using an appropriate discount rate for all risks associated with realizing those benefits.

### **Selection of Valuation Methodology**

Among the three approaches, we considered that asset-based approach was more appropriate for valuing the Target Company, given that participants would be able to recreate an asset with substantially the same utility as the Target Company, without regulatory or legal restrictions.

While useful for certain purposes, the Market Approach was not adopted in this case because there was not any comparable transaction that involves a business entity with similar business nature to the Target Company. The Income Approach was not adopted because a lot of assumptions would have to be made and the valuation could be largely influenced by any inappropriate assumptions made.

It has assumed that the market value of the Target Company will be equal to the sum of each of the components of assets and liabilities are individually valued, their sum represents the

value of the Target Company. Since Income Approach and Market Approach are both considered not appropriate, while the current value of the Target Company is considered to be best represented by the net asset value of the Target Company, Asset-based Approach is adopted in this valuation.

## **VALUATION ASSUMPTIONS AND RATIONALE**

### **General assumptions**

In determining the market value of the Equity Interest of the Target Company, a number of general valuation assumptions have to be established. The general assumptions adopted in this valuation included:

- There will be no material change in the existing political, legal, technological, fiscal, foreign trade and economic conditions in localities where the Target Company operates or intend to operate;
- The industry trends and market conditions in which the business is being operated and which are material to revenue and costs of businesses will have no material change;
- There will be no material change in the current taxation laws in the localities in which the Target Company operate or intend to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- There will be no material changes in interest rates or foreign currency exchange rates from those currently prevailing;
- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Target Company operate or intend to operate would be officially obtained and renewable upon expiry;
- The Target Company will retain competent management, key personnel, and technical staff to support the ongoing operation of its business; and
- We have assumed that there are no hidden or unexpected conditions associated with the Target Company that might adversely affect the reported value.

### **ASSET-BASED APPROACH**

The asset-based approach is based on the economic principle of substitution, it essentially measures what is the net asset value as at the Valuation Date and how much it would cost to replace those assets. Either one of the replacement value, liquidation value and adjusted net asset value method is used to estimate the current market value of the business or its assets. In this valuation, adjusted net asset value method is adopted.



Details of the statement of financial position of the Target Company as at 30 June 2022 were as follows:

<b>Assets/(Liabilities)</b>	<b>Book Value<sup>1</sup></b> <i>(RMB)</i>	<b>Market Value</b> <b>Adjustments</b> <i>(RMB)</i>	<b>Market value</b> <i>(RMB)</i>
<b>Non-current Assets</b>			
Property, plant and equipment	10,253,444	–	10,253,444
Investment properties <sup>2</sup>	<u>1,803,967,659</u>	<u>11,032,341</u>	<u>1,815,000,000</u>
Total non-current assets	1,814,221,103	11,032,341	1,825,253,444
<b>Current Assets</b>			
Inventories <sup>2</sup>	1,683,693,374	306,626	1,684,000,000
Due from intercompanies	311,000,000	–	311,000,000
Trade and other receivables	302,903,204	–	302,903,204
Current tax assets	21,155,595	–	21,155,595
Pledged bank balances	3,988,379	–	3,988,379
Bank balances and cash	<u>6,731,777</u>	<u>–</u>	<u>6,731,777</u>
Total current assets	2,329,472,328	306,626	2,329,778,954
<b>Total Assets</b>	4,143,693,432	11,338,966	4,155,032,398
<b>Non-current Liabilities</b>			
Deferred tax liabilities	<u>250,362,743</u>	<u>–</u>	<u>250,362,743</u>
Total non-current liabilities	250,362,743	–	250,362,743
<b>Current Liabilities</b>			
Trade payables and other payables	755,213,324	–	755,213,324
Contract liabilities	501,611,311	–	501,611,311
Due to intercompanies	<u>60,265</u>	<u>–</u>	<u>60,265</u>
Total current liabilities	1,256,884,900	–	1,256,884,900
<b>Total Liabilities</b>	<u>1,507,247,643</u>	<u>–</u>	<u>1,507,247,643</u>
<b>Adjusted Net Asset Value</b>			2,647,784,755
<b>Market Value of 100% Equity</b>			
<b>Interest (rounded)</b>			<u><u>2,648,000,000</u></u>

\* Numbers may not add up due to rounding.

*Notes:*

1. The book values of the assets and liabilities of the Target Company were sourced from the unaudited accounts of the Target Company as at 30 June 2022, which were prepared by the Management.
2. The market value adjustment regarding Investment Properties and Inventories of the Target Company are referenced to a separate property valuation as at 30 June 2022 prepared by Vincorn Consulting and Appraisal Limited.

**ASSESSMENT ON ASSETS AND LIABILITIES****Assets*****Property, plant and equipment***

Property, plant and equipment is mainly referring to the furniture, fixture, transportation equipment and office equipment. These assets are purchased from external third parties on arm's length basis and have been depreciated in accordance with the Target Company's depreciation policies. Its net book value is considered to be fairly close to the respective fair value as of the Valuation Date.

***Investment properties***

The investment properties represent the properties held by the Target Company in the PRC. Please refer to a separate property valuation for its fair value and details.

***Inventories***

The inventories represent the inventories that were for sale purposes held by the Target Company in the PRC. Please refer to a separate property valuation for its fair value and details.

***Amount due from intercompanies***

The balances with intercompanies are unsecured, interest-free and repayable on demand. According to the Management, the balance will offset with those amounts due to intercompanies, while remaining balance will fully settle before the disposal transaction/deduct from the consideration of disposal transaction.

***Trade and other receivables***

Trade and other receivables are mainly referring to the advance payment for property development. Given the current in nature of the trade and other receivables, its net book value is deemed to have closely reflected its market value without any discount or premium to be applied.

***Current tax assets***

Current tax assets are measured at the amount expected to be recovered from the taxation authorities. The net book value is considered to be fairly close to the respective fair value as of the Valuation Date.

***Pledged bank balances***

The pledged bank balances represent the cash pledged in banks, its book value is deemed to have fully reflected its market value.

***Bank balances and cash***

Cash and the bank balances represent liquid cash with no restriction nor limitation on its usage, its book value is deemed to have fully reflected its market value.

**Liabilities*****Deferred tax liabilities***

The value of deferred tax liabilities is the provision for the deferred tax on surplus arising from the valuation of investment properties and inventories that were for sale purposes.

***Trade and other payables***

Trade and other payables represent the payable to the supplier of the Target Company. Given the current in nature of the trade and other payables, its net book value is deemed to have reflected its market value without any discount or premium to be applied.

***Contract liabilities***

Contract liabilities represent sales proceeds received from purchasers in connection with the Target Company's pre-sales of properties as established in contracts. Considering the Target Company is able to fulfil the contracts under normal circumstance, its net book value is deemed to have reflected its market value without any discount or premium to be applied.

***Amount due to intercompanies***

The balances with intercompanies are unsecured, interest-free and repayable on demand. According to the Management, the balance will offset with those amounts due from intercompanies, while remaining balance will fully settle before the disposal transaction/deduct from the consideration of disposal transaction.

**CURRENCY**

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (“RMB”).

**LIMITING CONDITIONS**

Our valuation is confidential to you, for your sole use and for the specific purpose stated. We will not accept responsibility to any third party in respect of its contents.

To the best of our knowledge, all data set forth in this report are reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied to a considerable extent on information provided by the Management in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

Our opinion of the market value of the subject in this report is valid only for the stated purpose and only for the effective date of the appraisal. The valuation reflects facts and conditions existing at the date of valuation and subsequent events have not been considered. No responsibility is taken for any changes in the market conditions and no obligation is assumed to revise this report to reflect events or change of government policy or conditions which may occur subsequent to the date hereof.

No opinion is intended to be expressed for matters which require legal or other specialized expertise or knowledge, beyond that customarily employed by appraisers. Our conclusions assume continuation of prudent management of the Sale Assets over a reasonable and necessary period of time to maintain the character and integrity of the assets valued.

**CONCLUSION OF VALUE**

In our opinion, on the basis of the information made available to us, the market value of 100% Equity Interest in Shantou Taisheng Technology Limited as of 30 June 2022 is reasonably estimated at:

**RMB2,648,000,000**

**(RENMINBI TWO BILLION SIX HUNDRED AND FORTY EIGHT MILLION)**

This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. While we have exercised our professional judgment in arriving at the appraisal, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Vincorn. You are advised to consider with caution the nature of such assumptions which are disclosed in this report and to exercise caution when interpreting this report.

We hereby certify that we have neither present nor prospective interests in the Company or the value reported.

Yours faithfully,

For and on behalf of

**Vincorn Consulting and Appraisal Limited**

**Freddie Chan**

*BBA-FIN (Hons),  
CFA, ACCA, FRM, MRICS,  
RICS Registered Valuer  
Executive Director*

**Vincent Cheung**

*BSc (Hons), MBA, FRICS, MHKIS, RPS (GP),  
MCIREA, MHKSI, MISCM, MHIREA, FHKIoD,  
RICS Registered Valuer  
Registered Real Estate Appraiser and  
Agent PRC Managing Director*

*Note:* Vincent Cheung is a fellow of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors, a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in Hong Kong, a member of China Institute of Real Estate Appraisers and Agents, a member of Hong Kong Securities and Investment Institute, a member of Institute of Shopping Centre Management, a member of Hong Kong Institute of Real Estate Administrators, a fellow of the Hong Kong Institute of Directors, a Registered Valuer of the Royal Institution of Chartered Surveyors and a Registered Real Estate Appraiser and Agent People's Republic of China. He is suitably qualified to carry out the valuation and has over 25 years of experience in the valuation of fixed and intangible assets of this magnitude and nature in the subject region.

Mr. Freddie W.T. Chan is a CFA® charterholder, an Association of Chartered Certified Accountants (ACCA®) charterholder a FRM® charterholder, a Member of the Royal Institution of Chartered Surveyors (MRICS®) and Registered Valuer of the Royal Institution of Chartered Surveyors, who expertizes in corporate and intangible valuation sector. He has over 13 years of professional experiences in banking, finance, corporate advisory and valuation experiences. His experience on valuations covers Hong Kong, Mainland China, Australia, United States, Europe and other overseas countries.

*The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Vincorn Consulting and Appraisal Limited, an independent valuer, in connection with its valuation of the property interests to be disposed of by the Group. Terms defined in this appendix applies to this appendix only.*

**Vincorn Consulting and Appraisal Limited**  
Units 1602–4, 16/F  
FWD Financial Centre  
No. 308 Des Voeux Road Central  
Hong Kong



28 December 2022

The Board of Directors  
**Glory Sun Land Group Limited**  
Unit 1305, 13/F.  
Tower Two, Lippo Centre  
No. 89 Queensway  
Admiralty, Hong Kong

Dear Sirs,

#### **INSTRUCTION AND VALUATION DATE**

We refer to your instructions for us to assess the Market Value of the property interests located in the People’s Republic of China (the “**PRC**”) to be disposed of by Glory Sun Land Group Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) for the purposes of public disclosure. We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary in order to provide you with our opinion of the Market Value of the property interests as at 30 September 2022 (the “**Valuation Date**”).

#### **VALUATION STANDARDS**

The valuation has been prepared in accordance with the HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors effective from 31 December 2020 with reference to International Valuation Standards published by the International Valuation Standards Council effective from 31 January 2022; and the requirements set out in the Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited.

#### **VALUATION BASIS**

Our valuation has been undertaken on the basis of Market Value. Market Value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date

between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

### **VALUATION ASSUMPTIONS**

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interests.

No allowances have been made for any charges, mortgages or amounts owing on the property interests, nor for any expenses or taxations which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect the value of the property interests.

As the property interests are held under long term land use rights, we have assumed that the owner has free and uninterrupted rights to use the property interests for the whole of the unexpired term of the land use rights.

### **VALUATION METHODOLOGY**

When valuing the property interests to be disposed of by the Group, we have adopted Market Approach to assess the gross development value of the proposed development, which is then adjusted with considerations of the outstanding development costs, the outstanding development periods and the potential profit margins.

Market Approach is universally considered as the most accepted valuation approach for valuing most forms of property. This involves the analysis of recent market evidence of similar properties to compare with the subject under valuation. Each comparable is analysed on the basis of its unit rate; each attribute of the comparables is then compared with the subject and where there are any differences, the unit rate is adjusted in order to arrive at the appropriate unit rate for the subject. This is done by making percentage adjustments to the unit rate for various factors, such as time, location, building age, building quality and so on.

### **LAND TENURE AND TITLE INVESTIGATION**

We have been provided with copies of documents in relation to the titles of the property interests. However, we have not scrutinized the original documents to verify ownership or to verify any amendments, which may not appear on the copies handed to us. We have relied to a considerable extent on information provided by the Group.

We have relied on the advices given by the PRC legal adviser of the Group, Guangdong Tai Nuo Law Firm, regarding the titles of the property interests in the PRC. We do not accept liability for any interpretation that we have placed on such information, which is more properly placed within the sphere of the legal adviser.

All legal documents disclosed in this letter and the valuation certificate are for reference only. No responsibility is assumed for any legal matters concerning the legal titles to the property interests set out in this letter and the valuation certificate.

### **INFORMATION SOURCES**

We have relied to a considerable extent on information provided by the Group and the legal adviser, in respect of the titles of the property interests in the PRC. We have also accepted advice given to us on matters such as identification of the property, particulars of occupancy, areas and all other relevant matters. Dimensions, measurements and areas included in the valuation are based on information contained in the documents provided to us and are, therefore, only approximations.

We have also been advised by the Group that no material factors or information have been omitted or withheld from information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuation are reasonable and have had no reason to doubt the truth and accuracy of information provided to us by the Group which is material to the valuation.

### **INSPECTION AND INVESTIGATIONS**

The property was inspected externally and internally on 11 August 2022. Although not all areas were accessible for viewing at the time of inspection, we have endeavoured to inspect all areas of the property. Investigations were carried out as necessary. Our investigations have been conducted independently and without influence from any third party in any manner.

We have not tested any services of the property and are therefore unable to report on their present conditions. We have not undertaken any structural surveys of the property and are therefore unable to comment on the structural conditions. We have not carried out any investigations on site to determine the suitability of the ground conditions for any future developments. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be required.

We have not carried out any on-site measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the documents or deduced from the plans are correct. All documents and plans have been used as reference only and all dimensions, measurements and areas are therefore approximations.



**CURRENCY**

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (“RMB”).

The valuation certificate is attached hereto.

Yours faithfully,  
For and on behalf of  
**Vincorn Consulting and Appraisal Limited**  
**Vincent Cheung**  
*BSc (Hons), MBA, FRICS, MHKIS, RPS (GP),  
MCIREA, MHKSI, MISCM, MHIREA, FHKIoD,  
RICS Registered Valuer  
Registered Real Estate Appraiser and  
Agent PRC Managing Director*

*Note: Vincent Cheung is a fellow of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors, a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in Hong Kong, a member of China Institute of Real Estate Appraisers and Agents, a member of Hong Kong Securities and Investment Institute, a member of Institute of Shopping Centre Management, a member of Hong Kong Institute of Real Estate Administrators, a fellow of the Hong Kong Institute of Directors, a Registered Valuer of the Royal Institution of Chartered Surveyors and a Registered Real Estate Appraiser and Agent People's Republic of China. He is suitably qualified to carry out the valuation and has over 25 years of experience in the valuation of fixed and intangible assets of this magnitude and nature in the subject region.*

## VALUATION CERTIFICATE

## Property Interests to be Disposed of by the Group for Development in the PRC

Property	Description and Tenure	Occupancy Particulars	Market Value as at 30 September 2022
A commercial development namely Baoneng Times Bay within Shantou Taisheng Science and Innovation Park, the junction of Second West Street and Shangang Road, East New Harbour City, Longhu District, Shantou, Guangdong Province, the PRC	<p>The property comprises three parcels of land, on which a commercial development will be developed.</p> <p>As per the Real Estate Title Certificates, the property has a site area of approximately 167,299.50 square metres (“sq.m.”).</p> <p>As per information provided by the Group, the property has a proposed gross floor area (“GFA”) of approximately 953,815.35 sq.m., of which the aboveground GFA and underground GFA are approximately 630,701.22 sq.m. and 323,114.13 sq.m. respectively.</p> <p>The land use rights of the property were granted for a term expiring on 17 January 2057 for commercial and finance uses.</p>	As per our on-site inspection and the information provided by the Group, the property is currently undergoing construction works, which is expected to be completed in about January 2025.	<p>RMB3,522,000,000 (RENMINBI THREE BILLION FIVE HUNDRED AND TWENTY TWO MILLION)</p> <p>85% interest attributable to the Group before Disposal: RMB2,993,700,000 (RENMINBI TWO BILLION NINE HUNDRED NINETY THREE MILLION AND SEVEN HUNDRED THOUSAND)</p>

## Notes:

- The property was inspected by Cici Hu *BBA (ACC)* on 11 August 2022.
- The valuation and this certificate were prepared by Vincent Cheung, *BSc (Hons), MBA, FRICS, MHKIS, RPS (GP), MCIREA, MHKSI, MISCM, MHIREA, FHKIoD, RICS Registered Valuer, Registered Real Estate Appraiser and Agent PRC* and Kit Cheung *BSc (Hons), MRICS, MHKIS, RPS (GP), MCIREA, RICS Registered Valuer, Registered Real Estate Appraiser PRC*.
- Pursuant to a State-owned Land Use Rights Grant Contract, 440501-2016-000017 dated 30 December 2016 and entered into between Shantou State-owned Land Resources Bureau and Shantou Taisheng Technology Limited, the land use rights of the property with a site area of 167,299.50 sq.m. were granted to Shantou Taisheng Technology Limited for a term of 40 years for commercial and finance uses at a consideration of RMB1,018,500,000.
- Pursuant to a State-owned Land Use Rights Grant Contract Supplementary Agreement, 440501-2016-000017-1 dated 31 December 2020 and entered into between Shantou State-owned Land Resources Bureau and Shantou Taisheng Technology Limited, the construction period of the property was permitted to extend.
- Pursuant to a State-owned Land Use Rights Grant Contract Supplementary Agreement, 440501-2016-000017-2 dated 2 June 2021 and entered into between Shantou State-owned Land Resources Bureau and Shantou Taisheng Technology Limited, the restriction of mortgage of the property was eliminated.
- Pursuant to three Real Estate Title Certificates, issued by Shantou State-owned Land Resources Bureau, the land use rights of the property with a total site area of 167,299.50 sq.m. were granted to Shantou Taisheng Technology Limited for a term expiring on 17 January 2057 for commercial and finance uses.

The details of the Real Estate Title Certificates are summarized below:

<b>Certificate No.</b>	<b>Portion</b>	<b>Date of Issue</b>	<b>Land Use Rights Term</b>	<b>Site Area (sq.m.)</b>
Yue (2017) Shan Tou Shi Bu Dong Chan Quan Di No. 0004853	Plot F02-10	2 March 2017	40 Years	50,897.90
Yue (2017) Shan Tou Shi Bu Dong Chan Quan Di No. 0004865	Plot F02-08	2 March 2017	40 Years	39,474.80
Yue (2017) Shan Tou Shi Bu Dong Chan Quan Di No. 0004866	Plot F01-11	2 March 2017	40 Years	76,926.80
			<b>Total</b>	<b>167,299.50</b>

7. Pursuant to a Construction Land Use Planning Permit, [2017] Shan Hua Gui Jian Di Zi Di No. 001 dated 13 January 2017 and issued by Shantou Overseas Chinese Economic and Cultural Cooperation Pilot Area Planning and Construction Bureau, the proposed land use of the property was approved.
8. Pursuant to three Construction Project Planning Permits, issued by Shantou Overseas Chinese Economic and Cultural Cooperation Pilot Area Planning and Construction Bureau, the proposed development of the property was approved.

The details of the Construction Project Planning Permits are summarized below:

<b>Permit No.</b>	<b>Portion</b>	<b>Date of Issue</b>
[2018] Shan Hua Gui Jian Jian Zi Di No. 023	Plot F02-10	30 May 2018
[2019] Shan Hua Gui Jian Jian Zi Di No. 012	Plot F02-08	29 March 2019
[2018] Shan Hua Gui Jian Jian Zi Di No. 021	Plot F01-11	30 May 2018

9. Pursuant to three Construction Project Work Commencement Permits, issued by Shantou Overseas Chinese Economic and Cultural Cooperation Pilot Area Planning and Construction Bureau, the construction of the proposed development of the property was approved to commence.

The details of the Construction Work Commencement Permits are summarized below:

<b>Permit No.</b>	<b>Portion</b>	<b>Date of Issue</b>
Shan Hua Gui Jian Xu (2018) No. 135	Plot F02-10	1 August 2018
Shan Hua Gui Jian Xu (2019) No. 197	Plot F02-08	20 September 2019
Shan Hua Gui Jian Xu (2018) No. 167	Plot F01-11	28 September 2018

10. Pursuant to a Construction Project Work Completion Certificate, Shan Hua Gui Jian Bei [2021] No. 015 dated 30 July 2021 and issued by Shantou Overseas Chinese Economic and Cultural Cooperation Pilot Area Planning and Construction Bureau, the completion of construction of the development of Plot F02-10 of the property was certified.

11. Pursuant to two Pre-sale Permits, issued by Shantou Housing, Urban and Rural Construction Bureau, the pre-sale of a portion of the property was permitted.

The details of the Pre-sale Permits are summarized below:

Permit No.	Portion	Date of Issue
Shan Fang Yu Zi (2019) Di No. 009	Plot F01-11	18 March 2019
Shan Fang Yu Zi (2021) Di No. 036	Plot F01-11	14 May 2021

12. Pursuant to a Recordation of Sale Permit for Commodity Houses, 020-440507-2022-0007-7 dated 8 June 2022 and issued by Shantou Housing, Urban and Rural Construction Bureau, the sale of a portion of the development of Plot F02-10 of the property was permitted.
13. Pursuant to a Mortgage Agreement, (2019) XMXT-RTHZ (Di) Zi Di No. 0405 dated 29 April 2019 and entered into between Xiamen International Trust Company Limited and Shantou Taisheng Technology Limited, the land use rights of Plot F02-08 and Plot F02-10 of the property were subject to mortgage.
14. Pursuant to a Supplementary Mortgage Agreement, (2019) XMXT-RTHZ (Dai) Zi Di No. 0405 C-2 dated 26 April 2022 and entered into between Shenzhen Baoxin Industrial Company Limited, Xiamen International Trust Company Limited and Shantou Taisheng Technology Limited, the mortgage of the land use rights of Plot F02-10 of the property were released.
15. The general description and market information of the property are summarized below:

Location : The property is located at the junction of Second West Street and Shangang Road, East New Harbour City, Longhu District, Shantou, Guangdong Province, The PRC.

Transportation : Jieyang Chaoshan International Airport and Shantou Railway Station are located approximately 47.3 kilometres and 7.5 kilometres away from the property respectively.

Nature of Surrounding Area : The area is predominately a residential area in Longhu District.

16. We have been provided with a legal opinion regarding the property by Guangdong Tai Nuo Law Firm, which contains, *inter alia*, the following:
- (a) Shantou Taisheng Technology Limited has obtained the state-owned land use rights of the property in accordance with laws, and is the legal holder of the state-owned land use rights of the property;
  - (b) The state-owned land use rights of the Plot F02-08 of the property are subject to a mortgage but are not subject to any seizure. The mortgagee is Xiamen International Trust Company Limited; and
  - (c) The state-owned land use rights of the Plot F02-10 and Plot F01-11 of the property are not subject to any mortgage or seizure.
17. The gross development value of the property, assuming that it has been completed and it can be freely transferred, as at the Valuation Date was circa RMB6,912,000,000. According to information provided, the outstanding construction cost and incurred construction cost of the property as at the Valuation Date were circa RMB1,642,000,000 and RMB1,848,000,000 respectively.

18. In the course of our valuation of the property, we have considered and analysed the commercial apartment, office, retail and carparking space sale comparables in the vicinity. These comparables are adopted as they are considered relevant to the property in terms of physical and locational attributes. The unit rates of the adopted comparables are ranging from RMB6,000 to RMB11,000 per sq.m. for commercial apartment, from RMB6,175 to RMB11,361 per sq.m. for hotel based on GFA, from RMB9,500 to RMB12,000 per sq.m. for office, from RMB11,000 to RMB22,500 per sq.m. for retail on the basis of GFA, and ranging from RMB82,000 to RMB150,000 per space for carparking space. The unit rate adopted in the valuation are consistent with the unit rates of the relevant comparables after due adjustments in terms of different attributes. The adopted unit rates of the proposed development of the property are RMB8,500 per sq.m. for commercial apartment, RMB7,700 per sq.m. for hotel, RMB10,000 per sq.m. for office, RMB17,500 per sq.m. for retail, RMB18,300 per sq.m. for an exhibition center and RMB12,500 per sq.m. for a stand-alone commercial building, on the basis of GFA, and RMB93,000 per space for carparking space.
19. When valuing the property, we have adopted Market Approach to assess the gross development value of the proposed development, which is then adjusted with considerations of the outstanding development costs, the outstanding development periods and the developer's profit yet to be realised.

The adjustments to the gross development value has been detailed below:

Gross development value:	RMB6,912,000,000	
Adjustments:		
Less marketing and sale costs:	RMB457,000,000	The adjustment is based on 6.6% of the gross development value.
Less outstanding construction cost:	RMB1,642,000,000	The adjustment is based on the outstanding construction cost of RMB1,642,000,000 provided by the Company.
Less contingencies and finance cost:	RMB279,000,000	The contingencies is an allowance in costs due to unforeseeable matters and emergencies during the construction process.
		The finance cost is the cost of borrowing of the construction cost. It is calculated on the basis of half of the construction period since construction cost is generally borrowed and settled periodically by stage payments.
		The adjustment is based on 10% of the outstanding construction cost as the contingencies; and 6.25% over half of the outstanding construction period of 2.26 years for the finance cost.
Less profit margins:	RMB724,000,000	This is the developer's profit to be realised when carrying out development. It forms a component of the gross development value and thus it has to be deducted from the gross development value to arrive at the land value.
		The adjustment is based on 10% of the total development and land costs for the apartment portion, and 20% of the total development and land costs for the commercial portion.
Less outstanding development period:	RMB288,000,000	This is the cost of time from the Valuation Date to the expected completion date of construction works.
		The adjustment is based on 6.25% over the outstanding construction period of 2.26 years.
Market Value:	RMB3,522,000,000	

The adopted marketing and sale costs, contingencies, finance costs and profit margins have been derived by making reference to the prevailing market rates (i.e. ranging from 5.2% to 8.0% for marketing and sale costs, ranging from 8.0% to 12.0% for contingencies, ranging from 5.75% to 7.0% for finance cost, circa 10% for profit margins of apartment developments, circa 20% for profit margins of commercial developments) applied in circa 20 similar development projects from our previous valuation experiences, which are considered relevant to the subject in terms of location, development scale and property type. In determining the adopted outstanding construction cost and period, we have referred to cost information and development schedule provided by the Company, which have been further cross-checked with the cost data of circa 20 similar development projects, with construction periods ranging from 5 years to 7.5 years, from our previous valuation experiences, which are considered relevant to the subject in terms of location, development scale and property type, and our findings during the onsite inspection.

20. We have also assessed the Market Value of the property as of 30 June 2022 to facilitate the valuation of 100% equity interest of Shantou Taisheng Technology Limited enclosed at Appendix V of this circular. The Market Value of the property as of 30 June 2022 was assessed at circa RMB3,499,000,000, of which the portions allocated to investment properties and inventories were RMB1,815,000,000 and RMB1,684,000,000 respectively.

The reconciliation between the Market Value of the property as of 30 September 2022 and the Market Value of the property as of 30 June 2022 has been detailed below:

Market Value at 30 September 2022:	RMB3,522,000,000
Market Value at 30 June 2022:	RMB3,499,000,000
Valuation Change:	+RMB23,000,000

The valuation change is mainly caused by the reduction in the outstanding development costs, the outstanding development periods and the developer's profit yet to be realised amid the continuous progress of construction works.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to GSLG Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### Directors' and chief executives' interests and short positions in Shares and underlying Shares and debentures of the Company

As at the Latest Practicable Date, to the best of the Directors' knowledge, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept under section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 of the Listing Rules, were as follows:

Name of Director	Personal interests in Shares	Corporate interests in Shares	Total interests in Shares	Approximate percentage of Shares in issue (Note 1)
Mr. Yao Jianhui ("Mr. Yao")	115,661 (L)	106,731 (L) (Note 2)	222,392 (L)	0.20%

Abbreviation: "(L)" stands for long position

Notes:

- (1) As at the Latest Practicable Date, the total issued share capital of the Company was 109,202,495 Shares.
- (2) As at the Latest Practicable Date, Mr. Yao through Shenzhen Lai Hua Industrial Limited Company\* (深圳萊華實業有限公司) ("Shenzhen Lai Hua"), a company owned as to 99.50% by him, held 100% equity interest in Lai Hua Holding Group Limited Company\* (萊華控股集團有限公司) ("Lai Hua Holding Group"), which beneficially owned 106,731 Shares. Therefore, Mr. Yao was deemed to be interested in the 106,731 Shares held by Lai Hua Holding Group.

**Substantial Shareholders' interests and short positions in the Shares and underlying Shares and debentures of the Company**

As at the Latest Practicable Date, to the best of the Directors' knowledge, the following persons or entities (other than the Directors or chief executives of the Company disclosed above) had an interest or long position or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or which were required pursuant to section 336 of the SFO, to be entered in the register referred therein:

Name of Shareholder	Capacity in which interests in the Shares are held	Number of Shares held	Approximate percentage of Shares in issue <i>(Note 1)</i>
Da Ming Prime Limited	Beneficial Owner	29,737,836 (L)	27.23%
Mr. Wang Jian	Corporate Interest <i>(Note 2)</i>	20,807,954 (L)	19.05%
Massive Thriving Limited ("Massive Thriving")	Beneficial Owner <i>(Note 2)</i>	18,507,300 (L)	16.95%
	Corporate Interest <i>(Note 2)</i>	2,300,654 (L)	2.10%
Mr. Lin Xiaokun	Corporate Interest <i>(Note 3)</i>	5,552,000 (L)	5.08%
Hongkun Limited	Beneficial Owner <i>(Note 3)</i>	5,552,000 (L)	5.08%

*Abbreviation: "(L)" stands for long position*

*Notes:*

- (1) As at the Latest Practicable Date, the total issued share capital of the Company was 109,202,495 Shares.
- (2) As at the Latest Practicable Date, Shenzhen Changfeng Industrial Company Limited\* (深圳長豐實業有限公司), a direct wholly-owned subsidiary of Massive Thriving, beneficially owned 2,300,654 Shares whilst Massive Thriving, which was a company wholly owned by Mr. Wang Jian, beneficially owned 18,507,300 Shares. Accordingly, Mr. Wang Jian was deemed to be interested in 20,807,954 Shares by virtue of the SFO.
- (3) As at the Latest Practicable Date, Hongkun Limited was a company wholly-owned by Mr. Lin Xiaokun. Accordingly, Mr. Lin Xiaokun was deemed to be interested in 5,552,000 Shares owned by Hongkun Limited by virtue of the SFO.



Save as disclosed above, as at the Latest Practicable Date, the Directors confirmed that there have been no other persons who have interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations which would be required to be disclosed to the Company and the Stock Exchange pursuant to Part XV of the SFO.

### 3. DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had entered into any service agreement with any member of GSLG Group nor were there any proposed service agreements which would not expire or be determinable by the member of GSLG Group within one year without payment of compensation (other than statutory compensation).

### 4. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

#### (a) Interests in assets

Save as disclosed in the section headed "Letter from the Board", as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2021 (the date up to which the latest published audited consolidated financial statements of GSLG Group was made), acquired or disposed of by, or lease to any member of GSLG Group, or which were proposed to be acquired or disposed of by, or leased to any member of GSLG Group.

#### (b) Interests in contracts of significance

On 31 December 2020, Baoxin Holdings Company Limited\* (寶新控股有限公司) ("**Baoxin Holdings**"), an indirect wholly-owned subsidiary of the Company, entered into a property management services framework agreement (the "**Property Management Services Framework Agreement**") with Shenzhen Jixiang Property Services Group Limited\* (深圳吉祥服務集團有限公司) ("**Shenzhen Jixiang**"), which is indirectly wholly-owned by Mr. Yao, the chairman and an executive Director of the Company. Pursuant to the Property Management Services Framework Agreement, Shenzhen Jixiang agreed to provide property management services to Baoxin Holdings and its subsidiaries ("**Baoxin Holdings Group**") for a period of three years from 1 January 2021 to 31 December 2023.

The aggregate amount of the property management services fees payable by Baoxin Holdings Group pursuant to the Property Management Services Framework Agreement for the period from 1 January 2021 to 31 December 2023 will not exceed RMB115,000,000. The annual cap (i.e. the maximum contractual sum payable by Baoxin Holdings Group to Shenzhen Jixiang for each financial year pursuant to the Property Management Services Framework Agreement) for the year ended 31 December 2021 was RMB20,000,000 and the annual cap for each of the years ending 31 December 2022 and 31 December 2023 will be RMB45,000,000 and RMB50,000,000, respectively. For further details, please refer to the announcement of the Company dated 31 December 2020.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting and which was significant in relation to the business of GSLG Group.

**(c) Interests in competing business**

As at the Latest Practicable Date, pursuant to Rule 8.10 of the Listing Rules, the interests of the Directors in business which might compete with GSLG Group were as follows:

1. Mr. Yao Jianhui, being the chairman and an executive director of the Company, is also an executive director of GSFG, which through its subsidiaries, is also engaged in property investment and development in the PRC; and
2. Ms. Xia Lingjie, being an executive director and chief executive officer of the Company, is also the director of certain shareholders of GSFG, which through its subsidiaries, are also engaged in property investment and development in the PRC.

GSFG is involved in the investment and development of properties of different types and/or in different locations, and the Board has been operating independently of, and at arm's length from, the businesses of GSFG, no competition is considered to exist.

As at the Latest Practicable Date, save as disclosed above, none of the Directors nor their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of GSLG Group.

**5. LITIGATION**

As at the Latest Practicable Date, no member of GSLG Group was engaged in any litigation or claims of material importance and, insofar as the Directors were aware, no litigation or claims of material importance was pending or threatened against any member of GSLG Group.

**6. MATERIAL CONTRACTS**

The following material contracts, not being contracts entered into in the ordinary course of business of GSLG Group, have been entered into by members of GSLG Group within two years immediately preceding the date of this circular:

- (a) the Property Management Services Framework Agreement dated 31 December 2020 entered into between Baoxin Holdings and Shenzhen Jixiang in relation to the provision of property management services by Shenzhen Jixiang to Baoxin Holdings Group for a term of three years from 1 January 2021 to 31 December 2023 with the maximum contract sum of RMB20 million, RMB45 million and RMB50 million for

each of the year ending 31 December 2021, 31 December 2022 and 31 December 2023, respectively, details of which were disclosed in the announcements issued jointly by the Company and GSFG on 31 December 2020 and 7 January 2021;

- (b) the placing agreement dated 18 March 2021 entered into between the Company and Glory Sun Securities Limited as placing agent in relation to the placing of up to 910,020,959 placing Shares at the placing price of HK\$0.3 per Share to not fewer than six places, details of which were disclosed in the announcements of the Company dated 18 March 2021 and 7 April 2021;
- (c) the equity transfer agreement dated 23 June 2021 entered into between Shenzhen Baoxin Logistics Limited\* (深圳寶新物流有限公司), an indirect wholly-owned subsidiary of the Company, as vendor and Shenzhen Xinfu Investment Limited\* (深圳欣福投資有限公司) as purchaser in relation to the transfer of 51% equity interest of Shenzhen Xinpeng Fresh Food Industry Company Limited\* (深圳新鵬生鮮產業有限公司) for a consideration of RMB15 million, details of which were disclosed in the annual report of the Company for the year ended 31 December 2021;
- (d) the equity transfer agreement dated 20 July 2021 (as amended and supplemented by the supplemental equity transfer agreement dated 2 December 2021 and the second supplemental equity transfer agreement dated 15 December 2021) entered into between Shenzhen Baoxin as vendor and Shenzhen Xinlutong Industrial Company Limited\* (深圳新路通實業有限公司) as purchaser in relation to the disposal of the entire equity interest of Xinhengchuang for a consideration of RMB300 million, details of which were disclosed in the announcements jointly issued by the Company and GSFG dated 20 July 2021, 2 December 2021, 15 December 2021 and 23 December 2021;
- (e) the resumption compensation agreement dated 26 November 2021 entered into between Shenyang Baoxin Commercial Company Limited\* (瀋陽寶新商業有限公司) (“**Shenyang Baoxin**”), an indirect non-wholly owned subsidiary of the Company, and the People’s Government of Tiexi District in Shenyang City (瀋陽市鐵西區人民政府) (the “**Local Authority**”), a PRC government authority under the municipal government of Shenyang, Liaoning Province, the PRC. Pursuant to the resumption compensation agreement, the Local Authority agrees to resume, and Shenyang Baoxin agrees to surrender the land situated at No. 34, Shenxin East Road, Tiexi District, Shenyang, Liaoning Province, the PRC\* (中國遼寧省瀋陽市鐵西區瀋新東路34號) together with Fuyou Commercial Building\* (瀋陽富友商業大廈) at the consideration of approximately RMB320.5 million, details of which were disclosed in the announcements issued jointly by the Company and GSFG dated 26 November 2021 and the circular of the Company dated 28 January 2022;
- (f) the Framework Agreement;

- (g) the irrevocable undertaking given by the Vendor dated 3 October 2022, pursuant to which the Vendor undertakes that 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; and
- (h) the Sale and Purchase Agreement.

## 7. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have been named in this circular or have given opinion or advice which is contained in this circular:

<b>Name</b>	<b>Qualifications</b>
Vincorn Consulting and Appraisal Limited	Independent Professional Valuer (for both property valuation and business valuation of the Disposal Company)
Mazars CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, each of the experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter(s), report(s), opinion and/or references to its name in the form and context in which they appear.

As at the Latest Practicable Date, none of the experts had any shareholding in any member of GSLG Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of GSLG Group.

As at the Latest Practicable Date, none of the experts had any direct or indirect interest in any assets which have been, since 31 December 2021 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of GSLG Group, or were proposed to be acquired or disposed of by or leased to any member of GSLG Group.

## 8. DOCUMENTS ON DISPLAY

Copies of the following documents are available on the website of the Stock Exchange (<http://www.hkexnews.hk>) and on the website of the Company ([www.hk0299.com](http://www.hk0299.com)) for a period of 14 days from the date of this circular:

- (a) the annual reports of the Company for the financial years ended 31 December 2019, 2020 and 2021;
- (b) the interim report of the Company for the six months ended 30 June 2022;

- (c) the report on the review of the financial information of the Disposal Company issued by Mazars CPA Limited, the text of which is set out in Appendix II to this circular;
- (d) the letter on the unaudited pro forma financial information of the Remaining GSLG Group issued by Mazars CPA Limited, the text of which is set out in Appendix III to this circular;
- (e) the business valuation report issued by Vincorn Consulting and Appraisal Limited, the text of which is set out in Appendix V to this circular;
- (f) the property valuation report issued by Vincorn Consulting and Appraisal Limited, the text of which is set out in Appendix VI to this circular;
- (g) the written consents referred to in the paragraph headed “7. Experts and Consents” in this appendix;
- (h) the material contracts referred to in the paragraph headed “6. Material Contracts” in this appendix;
- (i) the Framework Agreement;
- (j) the Sale and Purchase Agreement;
- (k) the irrevocable undertaking given by the Vendor dated 3 October 2022, pursuant to which the Vendor undertakes that 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; and
- (l) this circular.

## **9. MISCELLANEOUS**

- (a) The company secretary of the Company is Mr. Fong Ching Kong. He is an associate member of Hong Kong Institute of Certified Public Accountants and a fellow member of each of the Association of Chartered Certified Accountants, the Hong Kong Chartered Governance Institute (formerly known as the Hong Kong Institute of Chartered Secretaries), the Chartered Governance Institute and the Taxation Institute of Hong Kong.
- (b) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company in Hong Kong is at Unit 1305, 13/F., Tower Two, Lippo Centre, No. 89 Queensway, Admiralty, Hong Kong.

- (c) The Hong Kong branch share registrar of the Company is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
  
- (d) The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text.

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## NOTICE OF EGM

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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)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (the “**EGM**”) of Glory Sun Land Group Limited (the “**Company**”) will be held at Unit 1908, 19/F., Tower Two, Lippo Centre, No. 89 Queensway, Admiralty, Hong Kong at 10:00 a.m. on Tuesday, 17 January 2023 for the purpose of considering, and if thought fit, passing with or without modification the following resolution:

#### ORDINARY RESOLUTION

“**THAT:**

- (i) the conditional sale and purchase agreement (the “**Sale and Purchase Agreement**”) dated 19 October 2022 entered into between Shenzhen Baokai Investment Holding Company Limited\* (深圳寶開投資控股有限公司), as the purchaser (the “**Purchaser**”) and Shenzhen Hong Jia Xin Technology Limited\* (深圳宏佳新科技有限公司), an indirect non-wholly owned subsidiary of the Company, as the vendor (the “**Vendor**”) (a copy of which has been produced at the EGM and marked “A” and initialled by the chairman of the EGM for the purpose of identification) in relation to, among other matters, the proposed disposal by the Vendor to the Purchaser of the entire equity interest of Shantou Taisheng Technology Limited\* (汕頭市泰盛科技有限公司), an indirect non-wholly owned subsidiary of the Company, and the transactions contemplated thereunder, be and are hereby approved, ratified and confirmed; and
- (ii) any one Director (or any two Directors if the affixing of the common seal of the Company is necessary) be and is/are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents as he/she/they may, in his/her/their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the Sale and Purchase Agreement and the transactions contemplated thereunder and the implementation thereof, including, without limitation, the affixing of common seal of the Company thereon.”

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

Hong Kong, 28 December 2022

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## NOTICE OF EGM

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*Principal place of business in Hong Kong:*

Unit 1305, 13/F.  
Tower Two, Lippo Centre  
No. 89 Queensway  
Admiralty  
Hong Kong

*Registered Office:*

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

*Notes:*

1. A shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxy(ies) (if he/she/it is the holder of two or more shares) to attend and, on a poll, vote instead of him/her/it at the EGM that the appointment shall specify the number and class of shares in respect of which such proxy is so appointed. A proxy need not be a shareholder of the Company.
2. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority, must be lodged with the Company's branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be).
3. Completion and return of a form of proxy will not preclude a member of the Company from attending and voting in person at the EGM or at any adjournment thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
4. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the EGM, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of that share shall be accepted to the exclusion of the votes of the other registered holders.
5. The register of members of the Company will be closed from Thursday, 12 January 2023 to Tuesday, 17 January 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the EGM, all completed share transfer forms, accompanied by the relevant certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 11 January 2023.
6. In view of the recent development of the COVID-19 pandemic, and in order to better protect the safety and health of the shareholders of the Company (the "**Shareholders**"), the Company will not serve refreshments at the EGM to avoid participants at the EGM coming into close contact. The Company wishes to remind the Shareholders and other participants who will attend the EGM in person to take personal precautions and abide by the requirements of pandemic precaution and control at the venue of the EGM. The Company also advises the Shareholders to attend and vote at the EGM by way of non-physical presence. The Shareholders may choose to vote by filling in and submitting the relevant proxy form of the EGM, and appoint the chairman of the EGM as a proxy to vote on relevant resolution as instructed in accordance with the relevant proxy form instead of attending the EGM in person. For details, please refer to the proxy form of the EGM. The Company will keep monitoring the evolving COVID-19 situation and may implement additional measures which, if any, will be announced closer to the date of the EGM.

*As at the date hereof, 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.*