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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  
IN RELATION TO FURTHER DISPOSAL OF  
EQUITY INTEREST IN A PRC COMPANY  
AND  
(2) MAJOR TRANSACTION  
IN RELATION TO THE PROVISION OF  
FINANCIAL ASSISTANCE TO RHIL GROUP**

References are made to (i) the announcements of the Company dated 3 October 2022, 17 January 2023, 22 March 2023 and 22 March 2024, respectively; and (ii) the circular of the Company dated 28 December 2022 (the “**Circular**”), in relation to, amongst others, the Sale and Purchase Agreement and the Disposal.

**BACKGROUND**

As disclosed in the Circular, on 19 October 2022, the Vendor and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Purchaser agreed to acquire and the Vendor agreed 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) for the 1st Tranche Consideration of RMB1,175.55 million.

Pursuant to the Sale and Purchase Agreement, subject to the satisfaction (or waiver, as the case may be) of the conditions precedent for the Original 2nd Tranche Disposal, the Vendor shall dispose the Original 2nd Tranche Sale Equity Interest (representing the remaining 49% of the total equity interest and actual paid-up registered capital of the Disposal Company) to the Purchaser for the Original 2nd Tranche Consideration of RMB1,129.45 million within twelve (12) months from the 1st Tranche Completion.

As disclosed in the announcement of the Company dated 17 January 2023, the Sale and Purchase Agreement, the Disposal and the transactions contemplated therein were duly passed by the then Shareholders by way of poll at the extraordinary general meeting of the Company held on 17 January 2023.

As disclosed in the announcement of the Company dated 22 March 2023, the 1st Tranche Completion took place on 22 March 2023. Immediately after the 1st Tranche Completion, the Disposal Company has ceased to be a subsidiary of the Company and the financial results of the Disposal Company have no longer been consolidated into the financial statements of the Company. Pursuant to the Sale and Purchase Agreement, the Original 2nd Tranche Disposal shall take place on or before 22 March 2024, which falls within twelve (12) months from the 1st Tranche Completion.

As disclosed in the announcement of the Company dated 22 March 2024, in or about October 2023, the Purchaser was informed by the principal contractor of the development and construction project undertaken by the Disposal Company located at Longhu District, Shantou City, Guangdong Province, the PRC (i.e. the Project) that there would be certain delay to the progress of examination and settlement of the properties under the Project, leading to a certain part of the Project not being completed as scheduled. As a result of the delay in completion of the Project, additional time was required for the satisfaction of the conditions precedent for the Original 2nd Tranche Disposal. On 22 March 2024, the Purchaser and the Vendor entered into the First Supplemental Agreement, pursuant to which the Purchaser and the Vendor mutually agreed to extend the completion of the Original 2nd Tranche Disposal from 22 March 2024 to 30 June 2024.

## **THE SECOND SUPPLEMENTAL AGREEMENT**

By around mid-May 2024, the Vendor received a proposal from the Purchaser to downsize the Original 2nd Tranche Disposal from 49% to 42.33% of the total equity interest and actual paid-up registered capital of the Disposal Company. After arm's length negotiations between the parties to the Sale and Purchase Agreement, on 31 July 2024 (after trading hours), the Purchaser and the Vendor entered into the Second Supplemental Agreement to amend certain terms and conditions under the Sale and Purchase Agreement, details of the major amendments are set forth as follows:

- (1) the Original 2nd Tranche Disposal shall be downsized from 49% to 42.33% of the total equity interest and actual paid-up registered capital of the Disposal Company (i.e. the Revised 2nd Tranche Sale Equity Interest);
- (2) as a result of the downsizing of the Original 2nd Tranche Disposal as mentioned in paragraph (1) above, the consideration shall be lowered from the Original 2nd Tranche Consideration in the amount of RMB1,129.45 million to the Revised 2nd Tranche Consideration in the amount of approximately RMB975.69 million;

- (3) the Revised 2nd Tranche Consideration shall be settled in the following manner:
- (i) by off-setting the Amount Due from GSLG Group. Upon the 2nd Tranche Completion, the Disposal Company, the Vendor, the Purchaser and the Company will enter into the 2nd Tranche Deed of Set-Off in relation to the set-off of the Amount Due from GSLG Group of approximately RMB436.50 million against the Revised 2nd Tranche Consideration;
  - (ii) by off-setting a sum of approximately RMB371.30 million equivalent to the outstanding principal amount and interest accrued on the Secured Loan owed by Shenzhen Baoxin, an indirect non-wholly owned subsidiary of the Company, to Xiamen International Bank Fuzhou Branch. Upon the 2nd Tranche Completion:
    - (a) RHIL shall enter into a deed of undertaking (the “**Repayment Undertakings**”) whereby it shall undertake to repay Xiamen International Bank Fuzhou Branch, for and on behalf of Shenzhen Baoxin, the outstanding principal amount and interest accrued under the Secured Loan as and when they fall due (the “**Deferred Settlement**”); and
    - (b) the Purchaser shall enter into the Share Charge Agreement with the Vendor whereby the Purchaser (as chargor) shall execute a charge over 16% of the total equity interest and actual paid-up registered capital it holds in the Disposal Company subsequent to the 2nd Tranche Completion in favour of the Vendor (as chargee) until the full and final settlement of the Secured Loan; and
  - (iii) by off-setting a sum equivalent to the amount of approximately RMB167.89 million due from GSLG Group to RHIL. Upon the 2nd Tranche Completion, the Purchaser, RHIL, the Vendor and the Company shall enter into a deed of set-off in relation to the set-off of the amount due from GSLG Group to RHIL in the amount of approximately RMB167.89 million against the Revised 2nd Tranche Consideration.

Upon the 2nd Tranche Completion, the Disposal Company will be held as to 93.33% and 6.67% by RHIL and the Company, respectively.

#### **LISTING RULES IMPLICATIONS**

To the best of the knowledge, information and belief of the Directors, the amendments to the terms and conditions of the Sale and Purchase Agreement under the Second Supplemental Agreement are considered to be material changes to the Sale and Purchase Agreement pursuant to Rules 14.36 and 14.49 of the Listing Rules.

As one or more of the applicable percentage ratio(s) calculated in accordance with the Listing Rules in respect of the Revised 2nd Tranche Disposal under the Second Supplemental Agreement and the transactions contemplated thereunder exceed 75%, the Revised 2nd Tranche Disposal constitutes a very substantial disposal 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.

Under the Second Supplemental Agreement, the Vendor would be allowing RHIL Group to defer the settlement of part of the Revised 2nd Tranche Consideration, namely the repayment of the outstanding principal amount and interest accrued on the Secured Loan on Shenzhen Baoxin's behalf, until after the 2nd Tranche Completion. The Deferred Settlement would, in effect, constitute a financial assistance from GSLG Group to RHIL Group.

As one or more of the applicable percentage ratio(s) calculated in accordance with the Listing Rules in respect of the Deferred Settlement exceed 100% and is neither an acquisition nor a disposal, the Deferred Settlement constitutes a major transaction 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.

## **EGM**

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Second Supplemental Agreement, the Revised 2nd Tranche Disposal, the Deferred Settlement and the transactions contemplated thereunder.

The voting in respect of the Revised 2nd Tranche Disposal and the Deferred Settlement at the EGM will be conducted by way of poll. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of their associates has any material interest in the Second Supplemental Agreement, the Revised 2nd Tranche Disposal, the Deferred Settlement and the transactions contemplated thereunder; and (ii) no Shareholder will be required to abstain from voting on the relevant resolution(s) to approve the Second Supplemental Agreement, the Revised 2nd Tranche Disposal, the Deferred Settlement and the transactions contemplated thereunder at the EGM.

## **DESPATCH OF CIRCULAR**

A circular containing, among other things, (i) further information on the Second Supplemental Agreement, the Revised 2nd Tranche Disposal, the Deferred Settlement and the transactions contemplated thereunder; (ii) financial information of the Disposal Company; (iii) pro forma financial information of the Remaining GSLG Group; (iv) valuation report of the Disposal Company and its properties; (v) other information as required under the Listing Rules; and (vi) the

notice of the EGM, is expected to be despatched to the Shareholders on or before 23 August 2024 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

**As the 2nd Tranche Completion is subject to the satisfaction of a number of conditions precedent as set out in the Second Supplemental Agreement, the Revised 2nd Tranche 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).**

## **BACKGROUND**

As disclosed in the Circular, on 19 October 2022, the Vendor and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Purchaser agreed to acquire and the Vendor agreed 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) for the 1st Tranche Consideration of RMB1,175.55 million.

Pursuant to the Sale and Purchase Agreement, subject to the satisfaction (or waiver, as the case may be) of the conditions precedent for the Original 2nd Tranche Disposal, the Vendor shall dispose the Original 2nd Tranche Sale Equity Interest (representing the remaining 49% of the total equity interest and actual paid-up registered capital of the Disposal Company) to the Purchaser for the Original 2nd Tranche Consideration of RMB1,129.45 million within twelve (12) months from the 1st Tranche Completion.

As disclosed in the announcement of the Company dated 17 January 2023, the Sale and Purchase Agreement, the Disposal and the transactions contemplated therein were duly passed by the then Shareholders by way of poll at the extraordinary general meeting of the Company held on 17 January 2023.

As disclosed in the announcement of the Company dated 22 March 2023, the 1st Tranche Completion took place on 22 March 2023. Immediately after the 1st Tranche Completion, the Disposal Company has ceased to be a subsidiary of the Company and the financial results of the Disposal Company have no longer been consolidated into the financial statements of the Company. Pursuant to the Sale and Purchase Agreement, the Original 2nd Tranche Disposal shall take place on or before 22 March 2024, which falls within twelve (12) months from the 1st Tranche Completion.

As disclosed in the announcement of the Company dated 22 March 2024, in or about October 2023, the Purchaser was informed by the principal contractor of the development and construction project undertaken by the Disposal Company located at Longhu District, Shantou City, Guangdong Province, the PRC (i.e. the Project) that there would be certain delay to the progress of examination and settlement of the properties under the Project, leading to a certain part of the Project not being completed as scheduled. As a result of the delay in completion of the Project, additional time was required for the satisfaction of the conditions precedent for the Original 2nd Tranche Disposal. On 22 March 2024, the Purchaser and the Vendor entered into the First Supplemental Agreement, pursuant to which the Purchaser and the Vendor mutually agreed to extend the completion of the Original 2nd Tranche Disposal from 22 March 2024 to 30 June 2024.

## **THE SECOND SUPPLEMENTAL AGREEMENT**

By around mid-May 2024, the Vendor received a proposal from the Purchaser to downsize the Original 2nd Tranche Disposal from 49% to 42.33% of the total equity interest and actual paid-up registered capital of the Disposal Company. After arm's length negotiations between the parties to the Sale and Purchase Agreement, on 31 July 2024 (after trading hours), the Purchaser and the Vendor entered into the Second Supplemental Agreement to amend certain terms and conditions under the Sale and Purchase Agreement. The principal terms of the Second Supplemental Agreement are set forth as follows:

Date : 31 July 2024 (after trading hours)

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

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

Upon 1st Tranche Completion, the Disposal Company has ceased to be a subsidiary of the Company.

### **Assets to be disposed**

Pursuant to the Second Supplemental Agreement, the Purchaser conditionally agrees to acquire and the Vendor conditionally agrees to sell the Revised 2nd Tranche Sale Equity Interest, representing 42.33% of the total equity interest and actual paid-up registered capital of the Disposal Company.

## Consideration

The Revised 2nd Tranche Consideration in the amount of approximately RMB975.69 million shall be settled in the following manner:

- (i) by off-setting the Amount Due from GSLG Group. Upon the 2nd Tranche Completion, the Disposal Company, the Vendor, the Purchaser and the Company will enter into the 2nd Tranche Deed of Set-Off in relation to the set-off of the Amount Due from GSLG Group of approximately RMB436.50 million against the Revised 2nd Tranche Consideration;
- (ii) by off-setting a sum of approximately RMB371.30 million equivalent to the outstanding principal amount and interest accrued on the Secured Loan owed by Shenzhen Baoxin, an indirect non-wholly owned subsidiary of the Company, to Xiamen International Bank Fuzhou Branch. Upon the 2nd Tranche Completion:
  - (a) RHIL shall enter into a deed of undertaking (the “**Repayment Undertakings**”) whereby it shall undertake to repay Xiamen International Bank Fuzhou Branch, for and on behalf of Shenzhen Baoxin, the outstanding principal amount and interest accrued under the Secured Loan as and when they fall due; and
  - (b) the Purchaser shall enter into the Share Charge Agreement with the Vendor whereby the Purchaser (as chargor) shall execute a charge over 16% of the total equity interest and actual paid-up registered capital it holds in the Disposal Company subsequent to the 2nd Tranche Completion in favour of the Vendor (as chargee) until the full and final settlement of the Secured Loan (the “**Share Charge**”); and
- (iii) by off-setting a sum equivalent to the amount of approximately RMB167.89 million due from GSLG Group to RHIL. Upon the 2nd Tranche Completion, the Purchaser, RHIL, the Vendor and the Company shall enter into a deed of set-off in relation to the set-off of the amount due from GSLG Group to RHIL in the amount of approximately RMB167.89 million against the Revised 2nd Tranche Consideration.

The Revised 2nd Tranche Consideration were arrived at after arm’s length negotiations between the Vendor and the Purchaser with reference to (i) the Original 2nd Tranche Consideration; (ii) the prospects of having the Amount Due from GSLG Group and the amount due from GSLG Group to RHIL settled in an amiable manner; (iii) the valuation of 42.33% of the equity interests in the Disposal Company of approximately RMB1,124.49 million as at 30 June 2024 according to the valuation by an independent professional valuer (the “**Independent Valuer**”) appointed by the Company; (iv) the business prospects of the Disposal Company; and (v) the prevailing market conditions of the PRC real estate industry.

Taking into consideration the valuation of the Disposal Company is primarily attributable to the assets and land use rights held by it under the Project, the asset-based approach was selected by the Independent Valuer as the most appropriate valuation method for the valuation of the Disposal Company. The market approach was not adopted for the valuation because there are limited transactions of companies with asset and liability profiles similar to the Disposal Company available in the market for making a direct comparison. The income approach was also considered inappropriate by the Valuer for the valuation because it would involve numerous assumptions and forecasts, which are subject to a large volume of supporting information.

The Board considers that the Revised 2nd Tranche Consideration which represents a discount of approximately 13% to the valuation of 42.33% of the equity interests in the Disposal Company as at 30 June 2024 of approximately RMB1,124.49 million to be fair and reasonable and in the interest of the Company and the Shareholders as a whole, taking into consideration (i) the Disposal Company incurred a net loss before taxation of approximately RMB101.60 million for the year ended 31 December 2023; (ii) the relatively stagnant market conditions of the PRC real estate industry; (iii) save as the Purchaser, GSLG Group has not received from any other potential purchaser(s) indication of interests to acquire the remaining equity interests held by the Vendor in the Disposal Company; and (iv) as disclosed in the Circular, the original consideration for the Disposal in the amount of RMB2,305.00 million also represented a discount of 13% to the valuation of the Disposal Company as at 30 June 2022.

The Share Charge arrangement was agreed between the Purchaser and the Vendor after arm's length negotiation taking into consideration that the Vendor will have disposed most of its equity interests in the Disposal Company upon 2nd Tranche Completion, and such disposal is expected to take place prior to the full and final settlement of the Secured Loan by the Purchaser, for and on behalf of the Vendor.

Under the Repayment Undertaking, RHIL shall irrevocably and unconditionally undertake to Shenzhen Baoxin that it will repay Xiamen International Bank Fuzhou Branch (the "**Bank**"), the outstanding principal amount and interest accrued under the Secured Loan (including interest to be accrued on the Secured Loan for the period from the date of the 2nd Tranche Completion up until its maturity on 20 October 2025) on Shenzhen Baoxin's behalf, as and when they fall due.

The Repayment Undertaking given by RHIL constitutes a contractual arrangement only between RHIL and Shenzhen Baoxin, and hence does not in any event affect or alter the existing loan arrangement with the Bank concerning the Secured Loan. In particular, upon the 2nd Tranche Completion, Shenzhen Baoxin will remain as the principal debtor to the Bank under the Secured Loan and the Land Charge over the Charged Property granted by the Disposal Company (as chargor) to the Bank as security for the Secured Loan will remain in place.

As the terms and conditions of the Revised 2nd Tranche Disposal are not expected to affect any existing arrangements with the Bank, no consent or approval is considered necessary to be obtained from the Bank for the Revised 2nd Tranche Disposal.

In light of RHIL's undertakings to repay the Secured Loan on Shenzhen Baoxin's behalf, the Directors reasonably believe that the repayment of the Secured Loan will be financed by RHIL. Regardless of whether RHIL would duly fulfil the undertakings to repay the Secured Loan on Shenzhen Baoxin's behalf, the Bank may also consider enforcing the Land Charge and exercise its power of sale to sell the Charged Property for the recovery of any outstanding amount due under the Secured Loan.

The Board considers that it is fair and reasonable for the Company to accept offsetting the outstanding amount on the Secured Loan against the Revised 2nd Tranche Consideration, given that:

- (i) pursuant to the Second Supplemental Agreement, upon the 2nd Tranche Completion, RHIL shall enter into the Repayment Undertaking whereby it will irrevocably and unconditionally undertake to repay the Secured Loan to the Bank on Shenzhen Baoxin's behalf and execute the Share Charge in favour of the Vendor;
- (ii) such arrangement potentially allows GSLG Group to have financial support from RHIL in settling the Secured Loan, thereby reducing the indebtedness and finance costs of GSLG Group and mitigating its liquidity pressure;
- (iii) the Charged Property is wholly-owned by the Disposal Company which will be held by RHIL as to 93.33% upon the 2nd Tranche Completion. Regardless of whether RHIL would duly fulfil the undertakings to repay the Secured Loan on Shenzhen Baoxin's behalf, the Bank may also consider enforcing the Land Charge and exercise its power of sale to sell the Charged Property for the recovery of any outstanding amount due under the Secured Loan; and
- (iv) if RHIL fails to repay the Secured Loan on Shenzhen Baoxin's behalf as and when it falls due, the Vendor is entitled to execute the Share Charge over 16% of the total equity interest and actual paid-up registered capital in the Disposal Company to be held by RHIL upon the 2nd Tranche Completion.

The Vendor and the Purchaser shall together arrange for the release of the Share Charge within ten (10) Business Days upon the full and final settlement of the Secured Loan by the Purchaser, for and on behalf of the Vendor.

Upon the 2nd Tranche Completion, the Disposal Company will be held as to 93.33% and 6.67% by RHIL and the Company, respectively.

## **Conditions precedent**

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

- (i) the passing of necessary resolution(s) by the shareholders of RHIL at an extraordinary general meeting approving the Second Supplemental Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules;
- (ii) the passing of necessary resolution(s) by the Shareholders at the EGM approving the Second Supplemental Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules;
- (iii) the valuation of the Disposal Company shall not fall below RMB2,600.00 million as at the quarter end date immediately preceding the 2nd Tranche Completion; and
- (iv) there having been no Material Adverse Change to the Disposal Company since the date of the Second Supplemental Agreement.

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 (i) and (ii) above which are not capable of being waived. As at the date of this announcement, none of the conditions has been fulfilled or waived. If any of the conditions is not fulfilled or waived by the Purchaser by the Long Stop Date (or such other date as the Vendor and the Purchaser may agree), the Purchaser shall not be required to proceed with the acquisition of the Revised 2nd Tranche Sale Equity Interest.

## **2nd Tranche Completion**

The 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 Revised 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 Revised 2nd Tranche Sale Equity Interest from the Vendor to the Purchaser and the replacement of directors, supervisors and senior management team of the Disposal Company by personnel designated by the Purchaser as applicable.

## **Amendments to the articles of association of the Disposal Company**

Upon the change in business registration in relation to the transfer of the Revised 2nd Tranche Sale Equity Interest from the Vendor to the Purchaser, the articles of association of the Disposal Company 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.

Save as disclosed above in this paragraph, the other terms and conditions under the Sale and Purchase Agreement in respect of the Revised 2nd Tranche Disposal have remained substantially unchanged.

## **INFORMATION OF THE PARTIES TO THE SECOND SUPPLEMENTAL AGREEMENT**

### **The Purchaser**

The Purchaser is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of RHIL. 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.

### **RHIL**

RHIL is incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 1282). RHIL Group is principally engaged in the business of automation, property investment and development, financial services, and securities investment.

### **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.

### **The Company**

The Company is incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 299). GSLG Group is principally engaged in (i) property development and property investment; and (ii) trading of commodities in the PRC.

## **INFORMATION OF THE DISPOSAL COMPANY**

The Disposal Company is a company established in the PRC with limited liability and is currently indirectly owned as to 51% and 49% by RHIL and the Company, respectively. The Disposal Company is solely engaged in a development and construction project located at Longhu District, Shantou City, Guangdong Province, the PRC, with total land area of approximately 167,000 sq.m. and a gross floor area of approximately 951,000 sq.m., which is divided into three zones, and involve office and commercial buildings, residential units and loft apartments (the “**Project**”).

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

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

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

As at the date of this announcement, the construction works in relation to the South Zone were completed, whereas the construction works in relation to the North and Middle Zones are still in progress and are expected to be completed in or around January 2025, per management of the Disposal Company.

The unaudited financial information of the Disposal Company for the two years ended 31 December 2022 and 2023 and prepared in accordance with the accounting principles generally accepted in Hong Kong are as follows:

	<b>For the year ended 31 December</b>	
	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	499,358	115,692
Net profit/(loss) before taxation	27,628	(101,608)
Net profit/(loss) after taxation	39,742	(84,556)

The unaudited net asset value of the Disposal Company as at 30 June 2024 was approximately RMB2,647.62 million.

## **FINANCIAL EFFECT OF THE REVISED 2ND TRANCHE DISPOSAL**

Upon the 2nd Tranche Completion, the Company will continue to hold 6.67% equity interests in the Disposal Company. The Revised 2nd Tranche Disposal will not generate any new cash funding to the Company.

For illustrative purposes, it is estimated that the Company will record a preliminary net loss on the Revised 2nd Tranche Disposal of approximately HK\$169.60 million, being the difference between (i) the Revised 2nd Tranche Consideration being converted into HKD and net of the estimated expenses and tax expenses in relation to the Revised 2nd Tranche Disposal of approximately HK\$800,000; and (ii) 42.33% of the carrying value of the Disposal Company as per the unaudited management accounts of the Disposal Company as at 30 June 2024. The actual figures will be subject to audit by the auditors of the Company and therefore may be different from the aforementioned amount.

## **REASONS FOR AND BENEFITS OF THE REVISED 2ND TRANCHE DISPOSAL**

For details on the reasons for and benefits of the Disposal, please refer to paragraph headed “Reasons for and Benefits of the Disposal” in the “Letter from the Board” of the Circular.

Following the 1st Tranche Completion in March 2023, there has been no significant improvement in the market conditions and investors’ sentiment over the PRC real estate industry. A number of real estate enterprises have encountered extraordinary challenges in sales, delivery, investment and debt repayment. Project suspension and late delivery is becoming increasingly common. Owing to liquidity pressure and lowering sell-through rate, many real estate enterprises have shown a sharp decline in sales performance. Besides, financing channel has remained narrow and the problem of debt default has not been substantially resolved. A number of real estate enterprises are even encountering the difficult situation of accelerated disposal of properties or even bankruptcy and dissolution.

Taking into consideration (i) the Amount Due from GSLG Group is currently standing at approximately RMB436.50 million, and GSLG Group is indebted to RHIL Group in an amount of approximately RMB167.89 million (excluding the Amount Due From GSLG Group); (ii) the current financial, indebtedness and liquidity position of GSLG Group; (iii) the Revised 2nd Tranche Disposal, albeit with the consideration amount being reduced, would have the effect of allowing GSLG Group to wholly settle the outstanding debts owed to RHIL Group in an amiable manner, thereby reducing the indebtedness and finance costs of GSLG Group and mitigating its liquidity pressure; (iv) the Revised 2nd Tranche Disposal allows the GSLG Group to realise a substantial part of its remaining interests in the Disposal Company in light of the prevailing property market conditions in the PRC and the financial position of GSLG Group; and (v) RHIL shall undertake to repay the outstanding principal amount and interest accrued under the Secured Loan for and on behalf of GSLG Group as and when they fall due, which, in turn, would further alleviate the debt burden of GSLG Group, the Directors (including the independent non-executive Directors) consider that the Second Supplemental Agreement, the Revised 2nd Tranche Disposal and the transactions contemplated thereunder are fair and reasonable and are on normal commercial terms, and that the Second Supplemental Agreement is in the interests of the Company and the Shareholders as a whole.

Besides, the fact that RHIL Group and GSLG Group are willing and able to reach consensus in respect of the Second Supplemental Agreement is crucial in avoiding further delay, or even worse default, on completing the remaining parts of the Disposal. This, in effect, avoids GSLG Group from incurring significant time, cost and resources for instituting legal proceedings if it otherwise insists upon RHIL Group to fulfil its obligations under the original Sale and Purchase Agreement.

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 properties already contractually committed for disposal, GSLG Group currently has a total of five (5) property development projects located in four (4) cities, namely Shenzhen, 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 Revised 2nd Tranche Disposal would not have any material adverse impact on GSLG Group's ability to maintain and operate its property development business at a viable and sustainable level.

## **LISTING RULES IMPLICATIONS**

To the best of the knowledge, information and belief of the Directors, the amendments to the terms and conditions of the Sale and Purchase Agreement under the Second Supplemental Agreement are considered to be material changes to the Sale and Purchase Agreement pursuant to Rules 14.36 and 14.49 of the Listing Rules.

As one or more of the applicable percentage ratio(s) calculated in accordance with the Listing Rules in respect of the Revised 2nd Tranche Disposal under the Second Supplemental Agreement and the transactions contemplated thereunder exceed 75%, the Revised 2nd Tranche Disposal constitutes a very substantial disposal 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.

Under the Second Supplemental Agreement, the Vendor would be allowing RHIL Group to defer the settlement of part of the Revised 2nd Tranche Consideration, namely the repayment of the outstanding principal amount and interest accrued on Secured Loan on Shenzhen Baoxin's behalf, until after the 2nd Tranche Completion. The Deferred Settlement would, in effect, constitute a financial assistance from GSLG Group to RHIL Group.

As one or more of the applicable percentage ratio(s) calculated in accordance with the Listing Rules in respect of the Deferred Settlement exceed 100% and is neither an acquisition nor a disposal, the Deferred Settlement constitutes a major transaction 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.

## **EGM**

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Second Supplemental Agreement, the Revised 2nd Tranche Disposal, the Deferred Settlement and the transactions contemplated thereunder.

The voting in respect of the Revised 2nd Tranche Disposal and the Deferred Settlement at the EGM will be conducted by way of poll. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of their associates has any material

interest in the Second Supplemental Agreement, the Revised 2nd Tranche Disposal, the Deferred Settlement and the transactions contemplated thereunder; and (ii) no Shareholder will be required to abstain from voting on the relevant resolution(s) to approve the Second Supplemental Agreement, the Revised 2nd Tranche Disposal, the Deferred Settlement and the transactions contemplated thereunder at the EGM.

## **DESPATCH OF CIRCULAR**

A circular containing, among other things, (i) further information on the Second Supplemental Agreement, the Revised 2nd Tranche Disposal, the Deferred Settlement and the transactions contemplated thereunder; (ii) financial information of the Disposal Company; (iii) pro forma financial information of the Remaining GSLG Group; (iv) valuation report of the Disposal Company and its properties; (v) other information as required under the Listing Rules; and (vi) the notice of the EGM, is expected to be despatched to the Shareholders on or before 23 August 2024 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

**As the 2nd Tranche Completion is subject to the satisfaction of a number of conditions precedent as set out in the Second Supplemental Agreement, the Revised 2nd Tranche 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).**

## **DEFINITIONS**

“1st Tranche Completion”	completion of the 1st Tranche Disposal which took place on 22 March 2023
“1st Tranche Consideration”	the consideration for the 1st Tranche Disposal in the amount of RMB1,175.55 million
“1st Tranche Disposal”	the disposal of the 1st Tranche Sale Equity Interest by 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 the Revised 2nd Tranche Disposal
“2nd Tranche Deed of Set-Off”	the deed to be entered into among the Disposal Company, the Vendor, the Purchaser and the Company in relation to the set-off of the Amount Due from GSLG Group against the Revised 2nd Tranche Consideration

“Amount Due from GSLG Group”	the total non-interest bearing amount of approximately RMB436.50 million due from GSLG Group to the Disposal Company
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in the PRC are open for general commercial business, other than a Saturday, Sunday or public holiday in the PRC
“Charged Property”	a plot of land located at Longhu District, Shantou City, Guangdong Province, the PRC with approximate gross floor area of approximately 232,000 sq.m.
“Circular”	the circular of the Company dated 28 December 2022 in relation to, among others, the Sale and Purchase Agreement and the Disposal
“Company”	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 Main Board of the Stock Exchange (stock code: 299)
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Deferred Settlement”	the deferment of the settlement of part of the Revised 2nd Tranche Consideration, namely repayment of the outstanding principal amount and interest accrued on the Secured Loan by RHIL Group on Shenzhen Baoxin’s behalf, until after the 2nd Tranche Completion

“Director(s)”	the director(s) of the Company
“Disposal”	1st Tranche Disposal and the Original 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 RHIL upon the 1st Tranche Completion
“EGM”	the extraordinary general meeting of the Company to be held to consider, and if thought fit, approve the Second Supplemental Agreement, the Revised 2nd Tranche Disposal, the Deferred Settlement and the transactions contemplated therein
“First Supplemental Agreement”	the supplemental agreement dated 22 March 2024 entered into between the Vendor and the Purchaser whereby the parties mutually agreed to extend the completion of the Original 2nd Tranche Disposal from 22 March 2024 to 30 June 2024
“GSLG Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Land Charge”	the charge over the Charged Property granted by the Disposal Company (as chargor) to Xiamen International Bank Fuzhou Branch (formerly known as Xiamen International Trust) (as chargee) as security for the Secured Loan
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	31 March 2025 (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 the business, assets and liabilities, financial condition, results of operations or prospects of the Disposal Company

“Original 2nd Tranche Consideration”	the consideration for the Original 2nd Tranche Disposal in the amount of RMB1,129.45 million under the Sale and Purchase Agreement
“Original 2nd Tranche Disposal”	the disposal of the Original 2nd Tranche Sale Equity Interest by the Purchaser from the Vendor and other transactions contemplated thereunder
“Original 2nd Tranche Sale Equity Interest”	49% of the total equity interest and actual paid-up registered capital of the Disposal Company under the Sale and Purchase Agreement
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Project”	the development and construction project undertaken by the Disposal Company located at Longhu District, Shantou City, Guangdong Province, the PRC
“Purchaser” or “Baokai Investment”	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 RHIL
“Remaining GSLG Group”	GSLG Group after completion of the Revised 2nd Tranche Disposal
“Revised 2nd Tranche Consideration”	the consideration for the Revised 2nd Tranche Disposal in the amount of approximately RMB975.69 million under the Second Supplemental Agreement
“Revised 2nd Tranche Disposal”	the disposal of the Revised 2nd Tranche Sale Equity Interest by the Vendor to the Purchaser and other transactions contemplated under the Second Supplemental Agreement
“Revised 2nd Tranche Sale Equity Interest”	42.33% of the total equity interest and actual paid-up registered capital of the Disposal Company under the Second Supplemental Agreement
“RHIL”	Renze Harvest International Limited (中澤豐國際有限公司), formerly known as Glory Sun Financial Group Limited (寶新金融集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1282)

“RHIL Group”	RHIL and its subsidiaries
“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
“Second Supplemental Agreement”	the supplemental agreement entered into between the Vendor and the Purchaser on 31 July 2024 (after trading hours) whereby the parties mutually agreed to amend certain terms and conditions of the Sale and Purchase Agreement, details of which are set forth in this announcement
“Secured Loan”	the facility granted by Xiamen International Bank Fuzhou Branch (formerly known as Xiamen International Trust) to Shenzhen Baoxin at the interest rate of 6.2035% per annum (subject to periodic change of inter-bank borrowing rates) which falls due on 20 October 2025. The outstanding principal amount and interest accrued on the Secured Loan up until its maturity on 20 October 2025 would amount to approximately RMB371.30 million
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Share Charge Agreement”	the share charge agreement to be entered into between the Vendor and the Purchaser following the 2nd Tranche Completion, pursuant to which the Purchaser (as chargor) shall execute a charge over 16% of the total equity interest and actual paid-up registered capital it holds in the Disposal Company subsequent to the 2nd Tranche Completion in favour of the Vendor (as chargee)
“Shareholder(s)”	holder(s) of the Shares
“Shenzhen Baoxin”	Shenzhen Baoxin Industrial Company Limited* (深圳寶新實業集團有限公司), a company established in the PRC and an indirect non-wholly owned subsidiary of the Company
“sq.m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Shenzhen Hong Jia Xin Technology Limited* (深圳宏佳新科技有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company

“Xiamen International Trust” Xiamen International Trust Co., Ltd.\* (廈門國際信託有限公司)

“%” per cent.

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of HK\$1.00 to RMB1.07. This exchange rate is adopted for the purpose of illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.

By Order of the Board  
**Glory Sun Land Group Limited**  
**Fong Ching Kong**  
*Executive Director and Company Secretary*

Hong Kong, 31 July 2024

*As at the date of this announcement, the executive Directors are Mr. John Edward Hunt and Mr. Fong Ching Kong; the non-executive Director is Ms. Zhan Yushan; and the independent nonexecutive Directors are Ms. Tan Xinyan, Mr. Shi Fazhen and Mr. Huang Shubo.*

\* *For identification only*