寶新置地集團有限公司
GLORY SUN LAND GROUP LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 299)**

# INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The directors (the "Directors") of Glory Sun Land Group Limited (the "Company") are pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2024 (the "Period"), which has been reviewed by the audit committee of the Company (the "Audit Committee").

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*FOR THE SIX MONTHS ENDED 30 JUNE 2024*

| | | Six months ended 30 June | |
|---|---|---|---|
| | | **2024** | 2023 |
| | *Notes* | ***HK$'000*** | *HK$'000* |
| | | **(unaudited)** | (unaudited) |
| Revenue | *5* | **455,016** | 159,592 |
| Cost of sales | | **(569,793)** | (216,175) |
| **Gross loss** | | **(114,777)** | (56,583) |
| Selling expenses | | **(4,288)** | (11,296) |
| Administrative expenses | | **(27,750)** | (34,094) |
| Gain/(loss) on disposal of subsidiaries | *15* | **49,656** | (119,543) |
| Fair value loss on investment properties | | **(196,779)** | (28,075) |
| Impairment loss on prepayment for development project | | **(1,174,710)** | – |
| Impairment losses on financial and contract assets – net | | **(14,571)** | (3,332) |
| Other income, gains or (losses) – net | | **(3,297)** | 73,146 |
| **Loss from operations** | | **(1,486,516)** | (179,777) |
| Finance costs | | **(115,246)** | (65,854) |

| | | Six months ended 30 June | |
|---|---|---|---|
| | | **2024** | 2023 |
| | *Notes* | ***HK$'000*** | *HK$'000* |
| | | **(unaudited)** | (unaudited) |
| **Loss before income tax** | | **(1,601,762)** | (245,631) |
| Income tax credit | *7* | **31,844** | 28,566 |
| **Loss for the period** | *6* | **(1,569,918)** | (217,065) |
| **Other comprehensive income, net of tax** | | | |
| ***Item that will not be reclassified to profit or loss:*** | | | |
| Fair value changes of equity instruments at fair value through other comprehensive income ("FVTOCI") | | **(160)** | 340 |
| ***Items that may be reclassified subsequently to profit or loss:*** | | | |
| Exchange differences on translating foreign operations | | **(16,300)** | (3,017) |
| Exchange differences reclassified to profit or loss on disposal of subsidiaries | | **13,128** | 61,070 |
| | | **(3,172)** | 58,053 |
| **Other comprehensive income for the period, net of tax** | | **(3,332)** | 58,393 |
| **Total comprehensive income for the period** | | **(1,573,250)** | (158,672) |

| | | Six months ended 30 June | |
|---|---|---|---|
| | | **2024** | 2023 |
| | *Notes* | ***HK$'000*** | *HK$'000* |
| | | **(unaudited)** | (unaudited) |
| **Loss for the period attributable to:** | | | |
| – Owners of the Company | | **(1,214,647)** | (135,519) |
| – Non-controlling interests | | **(355,271)** | (81,546) |
| | | **(1,569,918)** | (217,065) |
| **Total comprehensive income for the period attributable to:** | | | |
| – Owners of the Company | | **(1,207,857)** | (75,613) |
| – Non-controlling interests | | **(365,393)** | (83,059) |
| | | **(1,573,250)** | (158,672) |
| **Loss per share attributable to owners of the Company during the period** | | | |
| – Basic and diluted loss per share (HK cents) | *8* | **(1,112.29)** | (124.10) |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*AS AT 30 JUNE 2024*

| | Notes | **30 June 2024 HK$'000 (unaudited)** | 31 December 2023 HK$'000 (audited) |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **14,982** | 57,072 |
| Investment properties | *9* | **883,075** | 1,358,260 |
| Financial asset at FVTOCI | | **194** | 354 |
| | | **898,251** | 1,415,686 |
| **Current assets** | | | |
| Inventories | *10* | **4,394,298** | 4,722,974 |
| Contract assets | | **20,307** | 29,962 |
| Trade and other receivables | *11* | **2,139,438** | 3,417,211 |
| Financial asset at fair value through profit or loss ("FVTPL") | *12* | **1,411,127** | 1,436,692 |
| Current tax assets | | **32,470** | 49,149 |
| Pledged and restricted bank deposits | | **31,473** | 52,081 |
| Bank and cash balances | | **18,560** | 23,843 |
| | | **8,047,673** | 9,731,912 |
| **Current liabilities** | | | |
| Borrowings | | **3,200,244** | 3,953,170 |
| Trade and other payables | *13* | **3,262,261** | 2,999,725 |
| Contract liabilities | | **925,001** | 906,025 |
| Financial liability at FVTPL | | **173,877** | 175,675 |
| Financial guarantee | | **24,080** | 35,573 |
| Lease liabilities | | **282** | 1,401 |
| Current tax liabilities | | **54,549** | 66,916 |
| | | **7,640,294** | 8,138,485 |
| **Net current assets** | | **407,379** | 1,593,427 |
| **Total assets less current liabilities** | | **1,305,630** | 3,009,113 |

| | Notes | **30 June 2024** *HK$'000* **(unaudited)** | 31 December 2023 *HK$'000* (audited) |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Borrowings | | **638,696** | 717,085 |
| Lease liabilities | | **11,478** | 24,270 |
| Deferred tax liabilities | | **3,121** | 42,173 |
| | | **653,295** | 783,528 |
| **NET ASSETS** | | **652,335** | 2,225,585 |
| **Capital and reserves** | | | |
| Share capital | *14* | **5,460** | 5,460 |
| Reserves | | **(24,110)** | 1,183,747 |
| Equity attributable to owners of the Company | | **(18,650)** | 1,189,207 |
| Non-controlling interests | | **670,985** | 1,036,378 |
| **TOTAL EQUITY** | | **652,335** | 2,225,585 |

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024 (THE "CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS")

### 1. GENERAL INFORMATION

Glory Sun Land Group Limited was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business in Hong Kong is Unit 1002, 10th Floor, Silvercord Tower 1, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company is an investment holding company. The Group is principally engaged in operation of a golf practising court, children playrooms, fitness rooms and a karaoke box, provision of construction works, property development and property investment, trading of commodities and home appliances and building materials in the People's Republic of China (the "PRC").

### 2. BASIS OF PREPARATION

#### (a) Statement of compliance

These Condensed Consolidated Interim Financial Statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosures provision of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

These Condensed Consolidated Interim Financial Statements contain condensed consolidated interim financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended 31 December 2023. These Condensed Consolidated Interim Financial Statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") and should be read in conjunction with the annual financial statements for the year ended 31 December 2023.

These Condensed Consolidated Interim Financial Statements have been prepared with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2023, except for those that relate to new standards or interpretations effective for the first time for the period beginning on or after 1 January 2024. Details of any changes in accounting policies are set out in note 3.

The preparation of these Condensed Consolidated Interim Financial Statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 4.

These Condensed Consolidated Interim Financial Statements are presented in Hong Kong Dollars ("HK$"), unless otherwise stated.

**(b) Going concern assumption**

As at 30 June 2024, the Group had total borrowings of approximately HK$3,838,940,000 of which the current borrowings amounted to approximately HK$3,200,244,000. However, the Group had bank and cash balances of approximately HK$18,560,000 only.

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

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

(i) as at 30 June 2024, the Group had a number of unutilised loan facilities and the Directors are confident that these unutilised loan facilities could provide adequate financing funding to the Group, as and when necessary; and

(ii) the Group will accelerate the pre-sales of its major property development projects during the period of the Cash Flow Forecast.

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

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

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

In the Period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2024. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards, and Interpretations.

The adoption of the new HKFRSs and amendments to HKFRSs has no material impact on the Group's Condensed Consolidated Interim Financial Statements.

## 4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these Condensed Consolidated Interim Financial Statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar to those that applied to annual financial statements for the year ended 31 December 2023.

## 5. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions.

The Group has several operating segments as follows:

| | | |
|---|---|---|
| Property development and property investment | – | property development and property investment |
| Trading of commodities | – | trading of commodities |
| Construction | – | provision of construction works |
| Others | – | operation of a golf practising court; |
| | – | operation of children playrooms; |
| | – | operation of fitness rooms; |
| | – | operation of a karaoke box; and |
| | – | trading of home appliances and building materials |

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

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

**Segment revenue and results**

Revenue reported below represents revenue generated from external customers. There was no inter-segment sales in both periods of 2024 and 2023.

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

**For the six months ended 30 June 2024 (unaudited)**

| | Property development and property investment *HK$'000* | Trading of commodities *HK$'000* | Construction *HK$'000* | Others *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|---|
| **Revenue** | 127,413 | 311,998 | – | 15,605 | 455,016 |
| Segment results | (1,304,318) | (4,287) | (15,588) | 1,183 | (1,323,010) |
| Gain on disposal of subsidiaries | | | | | 49,656 |
| Fair value loss on investment properties | | | | | (196,779) |
| Other income, gains or (losses) – net | | | | | (3,297) |
| Finance costs | | | | | (115,246) |
| Unallocated corporate expenses | | | | | (13,086) |
| Loss before income tax | | | | | (1,601,762) |
| **Time of revenue recognition** | | | | | |
| At a point in time | 126,039 | 311,998 | – | 2,065 | 440,102 |
| Transferred over time | – | – | – | 13,540 | 13,540 |
| | 126,039 | 311,998 | – | 15,605 | 453,642 |
| Revenue from other sources | 1,374 | – | – | – | 1,374 |
| | 127,413 | 311,998 | – | 15,605 | 455,016 |

For the six months ended 30 June 2023 (unaudited)

| | Property development and property investment *HK$'000* | Trading of commodities *HK$'000* | Construction *HK$'000* | Others *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|---|
| **Revenue** | 142,273 | – | – | 17,319 | 159,592 |
| Segment results | (97,098) | (957) | (15,925) | 17,686 | (96,294) |
| Loss on disposal of subsidiaries | | | | | (119,543) |
| Fair value loss on investment properties | | | | | (28,075) |
| Other income, gains or (losses) – net | | | | | 73,146 |
| Finance costs | | | | | (65,854) |
| Unallocated corporate expenses | | | | | (9,011) |
| Loss before income tax | | | | | (245,631) |
| **Time of revenue recognition** | | | | | |
| At a point in time | 135,303 | – | – | 17,319 | 152,622 |
| Revenue from other sources | 6,970 | – | – | – | 6,970 |
| | 142,273 | – | – | 17,319 | 159,592 |

## 6. LOSS FOR THE PERIOD

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

| | Six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| | ***HK$'000*** | *HK$'000* |
| | **(unaudited)** | (unaudited) |
| Cost of inventories | **433,655** | 95,194 |
| Write-down of inventories | **126,839** | 120,981 |
| Cost of inventories recognised as expenses | **560,494** | 216,175 |
| Depreciation | | |
| – Owned property, plant and equipment | **245** | 1,731 |
| – Leasehold land for own use | **1,657** | 2,077 |
| – Properties leased for own use | **170** | 218 |
| Directors' remuneration | **1,167** | 1,168 |
| Fair value loss/(gain) on financial asset at FVTPL | **4,606** | (16,670) |
| Fair value loss on financial liability at FVTPL | **774** | – |
| Foreign exchange loss/(gain) – net | **9,196** | (7,011) |
| Impairment loss on prepayment for development project | **1,174,710** | – |
| Impairment losses on financial and contract assets – net | **14,571** | 3,332 |
| Short-term lease expenses | **836** | 285 |
| Direct operating expenses arising from investment properties that generated rental income | **–** | 217 |

## 7. INCOME TAX CREDIT

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

| | Six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| | ***HK$'000*** | *HK$'000* |
| | **(unaudited)** | (unaudited) |
| Current tax: | | |
| – PRC Enterprise Income Tax | **891** | 2,658 |
| – PRC Land Appreciation Tax | **1,078** | 4,895 |
| | **1,969** | 7,553 |
| Deferred tax: | | |
| – Current period | **(33,813)** | (36,119) |
| | **(31,844)** | (28,566) |

## 8. LOSS PER SHARE

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

| | Six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| | ***'000*** | *'000* |
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share | **109,202** | 109,202 |

| | Six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| | ***HK$'000*** | *HK$'000* |
| | **(unaudited)** | (unaudited) |
| Loss for the purpose of calculating basic loss per share | **(1,214,647)** | (135,519) |
| Basic and diluted loss per share (HK cents) | **(1,112.29)** | (124.10) |

There was no dilutive potential ordinary shares outstanding for the six months ended 30 June 2024 and 2023.

## 9. INVESTMENT PROPERTIES

During the six months ended 30 June 2024, the Group incurred expenditures of approximately HK$485,000 (six months ended 30 June 2023: approximately HK$33,429,000) and had recorded a fair value loss on investment properties of approximately HK$196,779,000 (six months ended 30 June 2023: approximately HK$28,075,000).

During the six months ended 30 June 2024, the Group disposed of certain investment properties of approximately HK$260,480,000 (six months ended 30 June 2023: HK$2,100,992,000), of which approximately HK$260,480,000 (six months ended 30 June 2023: HK$2,100,992,000) were disposed of through disposal of subsidiaries.

As at 30 June 2024, the carrying amount of investment properties amounting to approximately HK$146,373,000 (31 December 2023: approximately HK$558,157,000) was pledged as security for the Group's bank borrowings and approximately HK$32,048,000 (31 December 2023: approximately HK$33,164,000) was pledged as security for a bank borrowing granted to a former subsidiary which had been overdue.

## 10. INVENTORIES

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

As at 30 June 2024, the carrying amount of properties under development and properties held for sale amounting to approximately HK$1,502,928,000 (31 December 2023: approximately HK$1,997,526,000) and approximately HK$43,867,000 (31 December 2023: approximately HK$92,213,000) respectively were pledged as security for the Group's bank borrowings.

As at 30 June 2024, the carrying amount of properties held for sales amounting to approximately HK$1,216,656,000 (31 December 2023: approximately HK$1,274,339,000) were pledged as security for the Group's other borrowings.

As at 30 June 2024, the carrying amount of properties held for sales amounting to approximately HK$28,401,000 (31 December 2023: approximately HK$28,726,000) were pledged as security for a bank borrowing granted to a former subsidiary which had been overdue.

## 11. TRADE AND OTHER RECEIVABLES

| | 30 June 2024 HK$'000 (unaudited) | 31 December 2023 HK$'000 (audited) |
|---|---|---|
| Trade receivables | **198,542** | 12,897 |
| Less: loss allowance for expected credit losses | **(11,249)** | (888) |
| | **187,293** | 12,009 |
| Other receivables | **123,766** | 121,348 |
| Consideration receivables | **–** | 303,621 |
| Prepayments and other deposits *(note)* | **1,811,460** | 2,953,885 |
| Other tax assets | **16,919** | 26,348 |
| | **1,952,145** | 3,405,202 |
| Total trade and other receivables | **2,139,438** | 3,417,211 |

*Note:*

In the first half of 2024, there was no observable improvement in the market conditions and investor sentiments in the PRC real estate industry. Given macroeconomic uncertainties, the demand of commercial properties in Shenzhen performed relatively fatigue. Amid the sluggish local demand on commercial properties, the average commercial land sale price in Shenzhen showed dramatically 44% decrease compared to 2023Q4. In addition, during the first half of 2024, only three en-bloc commercial property transactions was recorded and this showed a 30% decrement on the transaction volume year-on-year. During the same period, the price and rental levels of commercial properties continued to fall with increasing supply pressure. The imbalance between supply and demand is anticipated to further hinder the market recovery.

The Group has obtained the Construction Land Use Planning Permit, Shen Gui Hua Zi Yuan Xu No. FG-2020-0001 dated 13 April 2020 which was issued by Shenzhen Planning and Natural Resources Bureau (the "Permit"). Under the Permit, a proposed commercial development comprising shops, offices, apartments and ancillary facilities with a total proposed gross floor area of approximately 82,200 square metres was approved to be erected on a parcel of land with a site area of 6,426.64 square metres located at the junction of Zhenhua Road and Zhenzhong 2nd Street, Futian District, Shenzhen, Guangdong Province, the PRC (the "Property"). As at 30 June 2024, the Group has already incurred a total expenditure of approximately HK$2,238,590,000 in aggregate for the compensation made towards the individual tenants for moving out the old premises and also the demolition works for getting ready for the construction of the Property, which has been recognised as prepayment and other receivables in the consolidated financial statements of the Group. Due to the drastic market movements of the Shenzhen commercial property in both supply and demand during the Period as mentioned above, the Company appointed an independent valuer for carrying out the valuation of the Property as at 30 June 2024. The valuer adopted the Residual Approach in the course of valuation with the valuation results cross-checked by the Market Approach. Based on the relevant valuation results, the management of the Company has performed an impairment assessment and an impairment loss of approximately HK$1,174,710,000 was recognised accordingly.

The Group generally allows an average credit period of 10 days (31 December 2023: 10 days) for its customers of trading of commodities and 30 days (31 December 2023: 30 days) for its customers of trading of home appliances and building materials.

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

| | **30 June 2024** | 31 December 2023 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(unaudited)** | (audited) |
| 0 – 30 days | **90,891** | 1,244 |
| 31 – 60 days | **–** | 398 |
| 61 – 90 days | **47,049** | 433 |
| 91 – 120 days | **49,353** | 294 |
| Over 120 days | **–** | 9,640 |
| | **187,293** | 12,009 |

## 12. FINANCIAL ASSET AT FVTPL

| | *HK$'000* |
|---|---|
| **As at 1 January 2023** | – |
| Addition | 1,508,730 |
| Change in fair value | (22,994) |
| Exchange difference | (49,044) |
| **As at 31 December 2023 and 1 January 2024 (audited)** | 1,436,692 |
| Change in fair value | (4,606) |
| Exchange difference | (20,959) |
| **As at 30 June 2024 (unaudited)** | 1,411,127 |

## 13. TRADE AND OTHER PAYABLES

| | **30 June 2024** *HK$'000* **(unaudited)** | 31 December 2023 *HK$'000* (audited) |
|---|---|---|
| Trade payables | **1,576,059** | 1,407,726 |
| Wages and salaries payables | **2,085** | 3,373 |
| Accruals | **3,949** | 2,885 |
| Other tax liabilities | **85,546** | 96,131 |
| Interest payables | **660,934** | 590,992 |
| Secured deposits from contractors | **6,231** | 10,704 |
| Other payables | **413,927** | 366,758 |
| Other payables to a non-controlling interest | **42,544** | 43,174 |
| Other payables to a former subsidiary | **470,986** | 477,982 |
| | **1,686,202** | 1,591,999 |
| | **3,262,261** | 2,999,725 |

The credit period of trade payables in relation to trading of commodities is ranged from 10 to 360 days (31 December 2023: ranged from 10 to 360 days); provision of property development and property investment is ranged from 7 to 30 days (31 December 2023: ranged from 7 to 30 days) and trading of home appliances and building materials is 30 days (31 December 2023: 30 days).

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

| | **30 June 2024** *HK$'000* **(unaudited)** | 31 December 2023 *HK$'000* (audited) |
|---|---|---|
| 0 – 30 days | **400,700** | 348,619 |
| 31 – 60 days | **27** | 7,977 |
| 61 – 90 days | **47,689** | 488 |
| 91 – 120 days | **177,461** | 129,911 |
| Over 120 days | **950,182** | 920,731 |
| | **1,576,059** | 1,407,726 |

## 14. SHARE CAPITAL

| | **2024** | | 2023 | |
|---|---|---|---|---|
| | **Number of shares** | **Share capital** | Number of shares | Share capital |
| | ***'000*** | ***HK$'000*** | *'000* | *HK$'000* |
| | | **(unaudited)** | | (audited) |
| Authorised: | | | | |
| Ordinary share of HK$0.05 each (31 December 2023: HK$0.05 each) | | | | |
| At 1 January and 30 June/31 December | **8,000,000** | **400,000** | 8,000,000 | 400,000 |
| Issued and fully paid: | | | | |
| At 1 January and 30 June/31 December | **109,202** | **5,460** | 109,202 | 5,460 |

## 15. DISPOSAL OF SUBSIDIARIES

### (a) Disposal of Glory Sun Group Holding (Canada) Ltd.

During the Period, the Group disposed of the entire equity interest in Glory Sun Group Holding (Canada) Ltd. for a cash consideration of Canadian Dollars 95,000 (equivalent to approximately HK$539,000).

Net assets derecognised at the date of disposal were as follows:

| | *HK$'000* |
|---|---|
| Bank and cash balances | 529 |
| Trade and other payables | (18) |
| **Net assets derecognised of** | 511 |
| Release of translation reserve | 16 |
| Gain on disposal of subsidiaries | 12 |
| **Total consideration satisfied by cash** | 539 |

**(b) Disposal of Karsen International Limited ("Karsen")**

During the Period, the Group disposed of the entire equity interest in Karsen (together with its subsidiaries) for a cash consideration of HK$500.

Net liabilities derecognised at the date of disposal were as follows:

| | *HK$'000* |
|---|---|
| Property, plant and equipment | 17 |
| Trade and other receivables | 300,651 |
| Bank and cash balances | –* |
| Trade and other payables | (128,276) |
| Borrowings | (176,854) |
| **Net liabilities derecognised of** | (4,462) |
| Release of translation reserve | 7,684 |
| Loss on disposal of subsidiaries | (3,221) |
| **Total consideration satisfied by cash** | 1 |

* Represented balance less than HK$1,000

**(c) Disposal of Shenzhen Baoxin Trading Company Limited* ("Shenzhen Baoxin Trading")**

During the Period, the Group disposed of the entire equity interest in Shenzhen Baoxin Trading.

Net assets derecognised at the date of disposal were as follows:

| | *HK$'000* |
|---|---|
| Investment properties | 93,084 |
| Trade and other receivables | 2,151 |
| Bank and cash balances | 70 |
| Trade and other payables | (902) |
| Deferred tax liabilities | (4,028) |
| **Net assets derecognised of** | 90,375 |
| Release of translation reserve | 5,209 |
| Gain on disposal of subsidiaries | 39,722 |
| **Total consideration** | 135,306 |
| **Satisfied by:** | |
| Settlement of corporate bond | 145,537 |
| Amount due to Shenzhen Baoxin Trading | (10,231) |
| | 135,306 |

**(d) Disposal of Shenzhen Virdom Education Company Limited* ("Shenzhen Virdom")**

During the Period, the Group disposed of the entire equity interest in Shenzhen Virdom.

Net assets derecognised at the date of disposal were as follows:

| | *HK$'000* |
|---|---|
| Investment properties | 11,080 |
| Bank and cash balances | 3 |
| Trade and other payables | (1,238) |
| Deferred tax liabilities | (5) |
| **Net assets derecognised of** | 9,840 |
| Release of translation reserve | 926 |
| Gain on disposal of subsidiaries | 1,116 |
| **Total consideration** | 11,882 |
| **Satisfied by:** | |
| Settlement of corporate bond | 11,882 |

**(e) Disposal of Shenzhen Hongguanghao Industrial Company Limited* ("Shenzhen Hongguanghao")**

During the Period, the Group disposed of the entire equity interest in Shenzhen Hongguanghao.

Net assets derecognised at the date of disposal were as follows:

| | *HK$'000* |
|---|---|
| Investment properties | 156,316 |
| Bank and cash balances | 21 |
| Trade and other payables | (486) |
| Deferred tax liabilities | (845) |
| **Net assets derecognised of** | 155,006 |
| Release of translation reserve | 3,292 |
| Loss on disposal of subsidiaries | (38,290) |
| **Total consideration** | 120,008 |
| **Satisfied by:** | |
| Settlement of corporate bond | 120,610 |
| Amount due to Shenzhen Hongguanghao | (602) |
| | 120,008 |

(f) **Disposal of Shenzhen Baoxin Recreation and Sports Company Limited* ("Baoxin Recreation and Sports")**

During the Period, the Group disposed of the entire equity interest in Baoxin Recreation and Sports (together with its subsidiaries) which was principally engaged in operation of a golf practising court, children playrooms, fitness rooms and a karaoke box for a cash consideration of RMB100,000 (equivalent to approximately HK$108,000).

Net liabilities derecognised at the date of disposal were as follows:

| | *HK$'000* |
|---|---|
| Property, plant and equipment | 43,128 |
| Inventories | 343 |
| Trade and other receivables | 10,964 |
| Pledged and restricted bank deposits | 1,445 |
| Trade and other payables | (18,773) |
| Borrowings | (58,385) |
| Contract liabilities | (12,103) |
| Lease liabilities | (12,829) |
| **Net liabilites derecognised of** | (46,210) |
| Release of translation reserve | (3,999) |
| Gain on disposal of subsidiaries | 50,317 |
| **Total consideration satisfied by cash** | 108 |

## 16. EVENTS AFTER REPORTING PERIOD

**Disposal of 42.33% of equity interest in Shantou Taisheng Technology Limited* ("Shantou Taisheng")**

On 3 October 2022, the Company entered into a framework agreement (the "Framework Agreement") with Renze Harvest International Limited ("Renze Harvest") in respect of the disposal of the entire equity interest in Shantou Taisheng, a former indirect non-wholly owned subsidiary of the Company. Pursuant to the Framework Agreement, on 19 October 2022, the Company procured Shenzhen Hong Jia Xin Technology Limited* (the "Vendor"), an indirect non-wholly owned subsidiary of the Company and Renze Harvest procured Shenzhen Baokai Investment Holding Company Limited* (the "Purchaser"), an indirect wholly-owned subsidiary of Renze Harvest to enter into a sale and purchase agreement (the "Sale and Purchase Agreement"), pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the 1st tranche sale equity interest, representing 51% of the total equity interest and actual paid-up registered capital of Shantou Taisheng (the "1st Tranche Disposal"), and the 2nd tranche sale equity interest, representing the remaining 49% of the total equity interest and actual paid-up registered capital of Shantou Taisheng, within 12 months from 22 March 2023 which is the date of completion of the 1st Tranche Disposal (the "2nd Tranche Disposal").

Owing to the unexpected delay to the progress of examination and settlement of the properties under the development and construction project of Shantou Taisheng, additional time was required for the satisfaction of the conditions precedent for the 2nd Tranche Disposal. As a result, the Group and Renze Harvest Group have mutually agreed to an extension of the completion of the 2nd Tranche Disposal to 30 June 2024.

On 31 July 2024, the Vendor and the Purchaser entered into a supplemental agreement to amend certain terms and conditions under the Sale and Purchase Agreement. The 2nd Tranche Disposal was downsized from 49% to 42.33% of the total equity interest and actual paid-up registered capital of Shantou Taisheng.

Further details are set out in the announcements of the Company dated 22 March 2024 and 31 July 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY AND MARKET OVERVIEW

In order to prevent systemic risks in the real estate industry and maintain stable and healthy development of the real estate market, the PRC government continued to relax and has been increasingly relaxing its regulatory policies, by introducing favorable policies on both supply and demand sides. However, from the perspective of macroeconomic environment, the trend of global economic slowdown had a direct impact on the real estate industry in China. Under such circumstances, although Chinese governments at various levels have successively introduced a series of policies to support the real estate market, the real estate industry is facing unprecedented sales pressure.

Since 2024, based on the analysis of professional investment institutions on the real estate industry, China's new housing market as a whole has continued to adjust, and the gross floor area sold and sales value of commodity housing in the country have decreased significantly year-on-year. In the first quarter, the gross floor area transacted of new housing in 100 key cities decreased by about 40% year-on-year, while the second-hand housing market performed slightly better than that of new housing, which recorded a relatively slight year-on-year decrease in the transaction volume in key cities. The material adjustment in the new housing market in this year are mainly attributed to three key factors: first, the accumulated demand for housing purchase during the pandemic in the same period last year was released intensively, resulting in a high base of sales data; second, the longer Chinese New Year holiday and greater traveling enthusiasm affected the pace of satisfying housing demand; third, the second-hand housing market continued to record higher sales volume with lower price, which attracted the demand for new housing to some extent. In particular, since the policies in core cities started to take effect gradually, the transaction volume and activity of new and second-hand housing were on the rise, and the second-hand housing market in some cities started to rebound. Recently, the central government has frequently released positive signals on the property market, emphasizing that property is correlated to the overall economic and social development, and relevant support policies should be systematically planned. Meanwhile, as the impact of the high base has weakened towards the middle of the year, the year-on-year decrease in sales is also expected to gradually narrow.

At the Third Plenary Session of the 20th Central Committee of the Communist Party of China, the "Decision of the CPC Central Committee on Further Comprehensively Deepening Reform and Promoting Chinese Modernization" (hereinafter referred to as the "Decision") was adopted on 18 July 2024 and officially released on 21 July 2024, Article 44 of which has specified the direction for future development of the real estate industry, covering a number of areas such as a new model of real estate development, "market + assurance" dual-track supply system, city-specific policies, real estate financing and property tax. The Decision also specified that it was necessary to accelerate the establishment of a housing system incorporating leasing and purchase, speed up the formation of a new real estate development model, and intensify the construction and supply of affordable housing to meet the rigid housing demand of wage-earning class. Meanwhile, policies should be introduced to support the diversified housing improvement demand of urban and rural residents, and fully give municipal governments liberty in regulating the real estate market in line with city-specific policies. In addition, the Decision clearly stated that relevant cities were allowed to cancel or reduce the housing purchase restriction policy, cancel the standards of ordinary housing and non-ordinary housing, reform the financing methods of property development and the pre-sale system of commodity housing, as well as improve the property tax system.

In the short term, the policies on both supply and demand sides of the property market are expected to improve at a faster pace. It is expected that all local governments will fully use their liberty to regulate the market. In particular, first-tier cities are expected to continue to optimize purchase restriction policies, while second-tier cities are likely to completely cancel restriction policies. Policies such as reducing down payment ratio and lowering housing mortgage interest rates may also be potentially implemented. Meanwhile, the coordination mechanism of real estate financing in cities may take effect at a faster speed, the supporting policies and funds for the three major projects are expected to continue to follow up, and the construction of housing security system will also be accelerated.

Currently, financial pressure remains one of the biggest challenges faced by the Group. The economic downturn and policy regulation resulted in tightened financing channels and increased finance cost, and lack of market confidence led to increased sales pressure and difficulties in capital turnover. In view of the unfavorable factors above, the Group had to manage its capital more prudently and budget every expenditure carefully to ensure and maintain the safety and stability of its capital.

Secondly, solving the debt problem has become the top priority of the Group. In the environment with financial constraints, as the debt problem has become more prominent, effective measures must be taken in order to properly solve it. To this end, the Group continued to seek solutions by actively communicating with lending banks and creditors, and strived to advance debt repayment or refinancing, so as to reduce the overall financial risks and ensure normal operation of the Group.

In addition, ensuring the timely delivery of projects is another important task of the Group. Under the circumstances with financial constraints, ensuring delivery has become one of the core tasks of the Group. The staff of project companies have taken a series of measures, including strengthening project management and improving the team's execution ability, to ensure the timely delivery of projects, so as to maintain the trust of customers and the reputation of the Group.

Looking back on the first half of 2024, the Group firmly capitalized the trend of regulation of the real estate market, made timely adjustments to its strategies and took initiatives in marketing; understood mainstream demand and innovated products and services to enhance market competitiveness; continued to expand its financing channels through project cooperation to maintain a healthy financial condition; improved project management efficiency and construction quality, to ensure that projects are completed with high quality in a timely manner; and continuously enhanced the core strengths of the Group to achieve sustainable development.

**Business Review**

***Property development and investment***

In the first half of 2024, there was no significant improvement in market conditions and investor sentiment in the PRC property industry. Many real estate enterprises in China faced severe challenges in terms of sales, delivery, investment and debt repayment, particularly suspension and delay in delivery of development projects have been increasing. Due to liquidity pressure and lower sales ratio, many real estate enterprises experienced a sharp decline in sales performance. In addition, financing channels continued to be tightened, and the problem of debt default has not been substantially resolved. Some real estate enterprises even faced the difficulties of accelerating the sale of properties and even bankruptcy.

The Group's property development and investment sector continues to maintain its development strategy of "deeply exploring the business of property development and investment in strong first-tier cities, new first-tier cities and strong second-tier cities". Currently, the Group has a total of five (5) property development projects in four(4) PRC cities, including Shenzhen, Changsha, Shantou and Yunfu. Such development projects comprise commercial complexes, boutique high-class residences, hotels, business apartments, villas, garden houses and other multiformat and segmented products. Since the market was still at its bottom, the overall downward pressure continued in the industry, and the wait-and-see sentiment in the market was strong, it was difficult for the Group's sales performance to meet the expected targets in the first half of 2024, and the Group continued to face significant sales pressure, with the overall performance being worse than that for the same period last year.

To resolve liquidity difficulties, the Group prudently managed its capital flow, strengthened capital monitoring, optimized capital deployment and orderly formulated its investment and financing plans. In the first half of 2024, the Group continued to proactively conducted debt management, secured support from financial institutions, accelerated the disposal and revitalization of assets, and restored its capital structure, with the aim of lowering the cost of debt to alleviate repayment pressure. As of the date of this announcement, by way of repaying debts with assets, the Company has disposed of all investment property units held by it located in Shenyang and Hefei, the PRC, and further disposed of part of the equity interests held by it in Shantou subsidiary to settle its debts up to approximately RMB1.2 billion.

In conclusion, in the complex and ever-changing market environment in the first half of 2024, the Group demonstrated strong resilience and resolutely resisted the challenge of capital flow. By making delivery assurance as the core of its operational strategy, the Group has unswervingly assumed its main responsibility, and promoted the steady progress of project construction in all respects, ensuring the close connection between section and section, so as to ensure the timely delivery of projects with high quality. In the meantime, the Group gained insight into market dynamics, seized the window period of "city-specific policies", and flexibly adjusted its marketing strategies and sales deployment, to optimize supply structure and accelerate the sales of high-quality projects, so that funds were effectively recovered, sales rebounded successfully and delivery commitments were fulfilled in several regions. The residential main structure of Phase IV of Shantou Chaoyang Project has been completed, and it is now accelerating construction, striving to achieve the completion target in the second half of 2024. The decoration of the business areas and public areas of Phase III has almost been completed, and the external power project is in progress, also striving to complete in the year. In particular, the construction progress of No. 1 Apartment (already capped) has been accelerated with the aim of delivery by the end of 2024. In addition, Changsha Project, Shantou Financial Center and Yunfu Yuelan Mountain Project are also looking for opportunities in the adversity, by deeply exploring market demand and actively expanding customer resources, so as to sell out existing inventories in an efficient way.

***Cultural sports and entertainment business***

For reasons such as optimizing its business structure and integrating its corporate resources, the Group has disposed of the entire business of cultural sports and entertainment sector during the first half of 2024. For details, please refer to the section "Structural changes" below.

***Trading of commodities***

Based on the involvement in various kinds of trade, the Group leveraged its own strengths and built a large-scale trading platform for non-ferrous metals, which is mainly engaged in the supply and trading of non-ferrous metals (which are raw materials for industrial purpose).

With the continuous development of the global economy and the rapid advancement of new energy and artificial intelligence technologies, copper, as one of the key industrial metals, has maintained a steady growth in its market demand. As a number of major copper mines in the world have announced production cuts or suspensions since 2024, the supply shortage of global copper concentrate may continue to intensify. In the long run, as copper is an indispensable material in the process of new energy transformation and electrification, it is impossible to change the growth trend of long-term demand for copper, coupled with the reduction of the supply side in the medium term, the increase in copper price may be sustainable, which will effectively boost the expectations for performance of the corresponding non-ferrous metal sector.

***Structural changes***

In view of the market fluctuations associated with industry cycles and policy adjustments, the Group has always actively optimized project portfolio, strategically focused resources on key projects, and disposed of assets in an appropriate manner to recover funds, in order to effectively reduce the Group's total debts and keep overall risks under control.

On 26 January 2024, the Group, Yunnan International Holding Group Limited* ("Yunnan International") and YEIG International Engineering Co., Ltd.* ("YEIG International") entered into a settlement agreement (the "Yunnan International Settlement Agreement"), pursuant to which the parties conditionally agreed to partially settle the corporate bond with principal amount of HK$500 million (the "Corporate Bond") by procuring the Group's subsidiaries to dispose, by means of equity transfer, their respective interests in the residential and commercial properties in Shenyang and commercial properties in Hefei to YEIG International, as the nominee of Yunnan International. The Yunnan International Settlement Agreement and the transactions contemplated thereunder were duly passed by the shareholders of the Company by way of poll at the extraordinary general meeting held on 20 March 2024. As at the date of this announcement, Yunnan International was assessing the exact amount from the disposal of such investment properties to be used to finally settle the Corporate Bond. Thereafter, the Company will further finalize the arrangement to settle the remaining amount outstanding of the Corporate Bond and complete the entire transaction.

In addition, on 20 April 2024, the Group disposed of the entire issued shares of Karsen International Limited, which was incorporated in the British Virgin Islands, and Glory Sun Group Holding (Canada) Limited, which was incorporated in Columbia, Canada, respectively, both of which were principally engaged in investment holding.

On 21 June 2024, the Group completed the disposal of the entire equity interest in Shenzhen Baoxin Recreation and Sports. The disposal company and its subsidiaries (collectively the "Disposal Group") were principally engaged in the business of the Group's cultural sports and entertainment sector. Prior to the disposal, the Disposal Group operated a golf practising court, a karaoke box, fitness rooms and children playrooms in Shenzhen, the PRC.

On 22 March 2023, the Group had previously completed the disposal of 51% equity interest in Shantou Taisheng to a subsidiary of Renze Harvest ("1st Tranche Completion"). Pursuant to the original sale and purchase agreement, the Group and Renze Harvest International Group should complete the transfer and delivery of the remaining 49% equity interest within twelve months from the 1st Tranche Completion (the "2nd Tranche Disposal"). As disclosed in the announcement of the Company dated 22 March 2024, owing to the unexpected delay in the progress of examination and settlement of the properties under the development and construction project of Shantou Taisheng, additional time was required to satisfy the conditions precedent for the 2nd Tranche Disposal. Accordingly, the Group and Renze Harvest Group have mutually agreed to extend the completion of the 2nd Tranche Disposal to 30 June 2024 and entered into the First Supplemental Agreement in respect thereof. On 31 July 2024, the purchaser and vendor thereto further entered into the Second Supplemental Agreement, pursuant to which both parties conditionally agreed to amend certain conditions and terms under the original sale and purchase agreement by completing the transfer of the remaining 42.33% equity interest at the Revised 2nd Tranche Consideration (the "Revised 2nd Tranche Disposal"). Upon the 2nd Tranche Completion, Shantou Taisheng will be held as to 93.33% and 6.67% by Renze Harvest and the Company, respectively.

**Prospects**

In recent years, the PRC government has introduced a number of measures to stimulate the real estate market, which have not work very well though. The snowball defaults of real estate enterprises have increased market risks and dragged down economic growth. Looking forward to 2024, with the accelerated formation of a new model for property development, continuous optimization of the policies on both supply and demand sides, and gradual elimination of industry adjustment risks, the market will gradually stabilize and form a new balanced situation, and it is expected that the sales volume of new housing will bottom out in an N-shaped trend. In addition, in 2024, the government will increase its financing support for high-quality real estate enterprises in terms of policies, and the favourable policies on the demand side will continue, therefore the overall real estate market is expected to bottom out in 2024 and achieve a price rebound by the end of the year.

In addition, in order to solve the liquidity difficulties, the Group continues to strictly control liquidity and implement cost saving measures, including seeking financing extension and debt repayment with assets, accelerating sales and cash recovery, and continuously streamlining corporate organizational structure as well as reducing operational and administrative expenses in relation to non-core businesses. The Group has been in positive communication with lending banks and creditors, striving to achieve a long-term sustainable capital structure, so as to effectively solve liquidity problems and stabilize the Group's operations, while reasonably taking into account the interests of all stakeholders.

The Group maintains prudent and positive about the outlook for 2024, especially about the real estate industry in China, where the Group needs to carefully assess the impact of various factors in the future and prepare for responses thereto. With the continuous improvement of China's economy and the intensive implementation of government policies to support industry stability, the Group is confident to solve various problems effectively, overcome difficulties, maintain resilience and better meet future opportunities and challenges. The management of the Company will continue to maintain a cautious attitude, actively respond to changes in the market, and strive to seek opportunities to turn challenges into opportunities, so as to move forward steadily.

## REVIEW OF RESULTS AND OPERATIONS

The Group's revenue was primarily generated from the business segments of property development and property investment. During the Period, the Group achieved approximately HK$455,016,000 in revenue, representing a significant increase of approximately 185.1% from that of approximately HK$159,592,000 during the corresponding period of the last year. The significant increase in revenue was mainly due to increase in trading of commodities due to changes in macroeconomic environment in the PRC.

Due to the unprecedented challenges faced by the national real estate market in the Period, the gross loss of the Group was approximately HK$114,777,000, as compared to the gross loss of approximately HK$56,583,000 during the corresponding period of the last year, representing a increase of 102.8%. The gross loss margin was 25.2% in the Period comparing with the gross loss margin of 35.5% during the corresponding period of the last year. The gross loss was mainly attributable to the written-down in the carrying amount of inventories to the net realisable value of Hunan Jinxiang International Star City Project and Shantou Baoneng City Garden Project under the segment of property development and property investment.

During the Period, the Group's selling and distribution expenses amounted to approximately HK$4,288,000 (six months ended 30 June 2023: approximately HK$11,296,000), representing a decrease of approximately 62.0%. There was no material variance compared to the corresponding period of the last year. Meanwhile, administrative expenses decreased by approximately 18.6% when compared with the corresponding period of the last year which amounted to approximately HK$27,750,000 (six months ended 30 June 2023: approximately HK$34,094,000).

The investment properties portfolio of the Group comprised residential and commercial properties located in Shenzhen and Changsha, as well as certain properties under construction in Shantou. As at 30 June 2024, a fair value loss of investment properties amounting to approximately HK$196,779,000 was recognised (six months ended 30 June 2023: approximately HK$28,075,000).

As at 30 June 2024, included in prepayments and other deposits of approximately HK$1,072,526,000 (31 December 2023: approximately HK$2,228,386,000) represented an amount paid for the Property under the Permit as mentioned under the Note 11 of the Condensed Consolidated Interim Financial Statements. During the Period, the Company appointed an independent valuer for carrying out the valuation of the Property as at 30 June 2024 where an impairment loss of approximately HK$1,174,710,000 was recognised as the result of the relating impairment assessment as made by the management of the Company.

Finance costs represented mainly interest expenses and other borrowing costs in relation to bank and other borrowings. During the Period, finance costs amounted to approximately HK$115,246,000 (six months ended 30 June 2023: approximately HK$65,854,000), the increase was mainly attributable to lesser capitalisation of interest expense for the remaining property development projects and the repayment of external borrowings.

Income tax credit for the Period was approximately HK$31,844,000 as compared with the corresponding period of the last year of income tax credit which was approximately HK$28,566,000, representing a slight increase of approximately 11.5% compared to the corresponding period of the last year.

Given the foregoing factors, the Group recorded a net loss of approximately HK$1,569,918,000 for the Period, as compared with the net loss of approximately HK$217,065,000 for the six months ended 30 June 2023. The increase in net loss was mainly attributable to the written-down of inventories, resulting gross loss amounting to approximately HK$114,777,000 which was approximately HK$58,194,000 more than the corresponding period last year, the significant increase in the impairment losses of financial and contract assets of the Group by approximately HK$11,239,000 for the Period and the significant increase of fair value loss on investment properties of the Group by approximately HK$168,704,000 for the Period as compared to the corresponding period in six months ended 30 June 2023, and also the impairment loss on the prepayment for development project made towards to the demolition works of a land redevelopment project for approximately HK$1,174,710,000 as specifically recognized during the Period.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2024, the Group had bank and cash balances of approximately HK$18,560,000 (31 December 2023: approximately HK$23,843,000), while the pledged and restricted bank deposits amounted to approximately HK$31,473,000 (31 December 2023: approximately HK$52,081,000).

Total borrowings of the Group amounted to approximately HK$3,838,940,000 as at 30 June 2024 (31 December 2023: approximately HK$4,670,255,000), of which equivalents of approximately HK$208,851,000 and approximately HK$3,630,089,000 were denominated in Hong Kong dollars and Renminbi respectively.

Total borrowings included bank and other borrowings of approximately HK$3,400,079,000 (31 December 2023: approximately HK$3,810,244,000), and corporate bond of approximately HK$208,851,000 (31 December 2023: approximately HK$593,510,000), and notes payable of approximately HK$230,010,000 (31 December 2023: approximately HK$266,501,000). All of the borrowings bore fixed interest rates and exposed the Group to fair value interest rate risk.

As at 30 June 2024, the Group had a net current asset of approximately HK$407,379,000, as compared with an amount of approximately HK$1,593,427,000 as at 31 December 2023. As at 30 June 2024, the gearing ratio of the Group was approximately 5.8 (31 December 2023: approximately 2.1), which was calculated on the basis of the total borrowings less bank and cash balances and pledged and restricted bank deposits divided by total equity as at the respective reporting date.

## CAPITAL EXPENDITURE

The total spending on the acquisition of property, plant and equipment and investment properties amounted to approximately HK$4,631,000 for the Period (six months ended 30 June 2023: approximately HK$33,671,000).

## CHARGE OF ASSETS

As at 30 June 2024, the carrying amount of property, plant and equipment, inventories and investment properties amounted to approximately HK$4,023,000 (31 December 2023: approximately HK$4,170,000), approximately HK$2,763,451,000 (31 December 2023: approximately HK$3,364,078,000) and approximately HK$146,373,000 (31 December 2023: approximately HK$558,157,000) respectively were pledged as security for the Group's bank loans and other borrowings granted in relation to the Group's property development and property investment business.

As at 30 June 2024, the carrying amount of investment properties and properties held for sale amounting to approximately HK$32,048,000 (31 December 2023: approximately HK$33,164,000) and approximately HK$28,401,000 (31 December 2023: approximately HK$28,726,000) respectively were pledged as security for bank borrowings in favour of a former subsidiary which had been overdue.

The Group's pledged and restricted bank deposits amounting to approximately HK$31,473,000 (31 December 2023: approximately HK$52,081,000) were pledged to banks to secure a bank loan granted to an independent third party, the notes payable granted to the Group and the guarantee deposits for construction of pre-sale properties.

## LITIGATION UPDATE

As disclosed in the announcements of the Company dated 17 March 2023 and 13 June 2023, the Company received a petition (the "Petition") filed by a creditor bank in Shenzhen ("Shenzhen Creditor") on the principal ground that Shenzhen Jitong Industrial Company Limited* (深圳吉通實業有限公司) ("Shenzhen Jitong"), an indirect non-wholly owned subsidiary of the Company, had defaulted on its obligations due to its failure to make timely repayment under a loan facility granted by Shenzhen Creditor to Shenzhen Jitong with an outstanding principal amount of RMB1,197,000,000 (the "Shenzhen Jitong Facility") and the Company, as a guarantor of the Shenzhen Jitong Facility, was demanded by Shenzhen Creditor to perform its guaranteed obligations under the Shenzhen Jitong Facility and the relevant guarantee contract. Shenzhen Jitong had made application to appeal the judgement of the first hearing dated 16 August 2023 as well as the judgement of the first appeal hearing dated 28 March 2024 (the "Second Appeal"). As at the date of this announcement, the High Court of Guangdong Province has accepted the application for the Second Appeal but the hearing date is not yet fixed.

Hunan Melian Property Limited* (湖南美聯置業有限公司) ("Hunan Melian"), an indirect non-wholly owned subsidiary of the Company, had defaulted on its obligations due to its failure to make timely repayment under a loan facility granted by a creditor bank in Jieyang of Guangdong Province (the "Jieyang Creditor") with an outstanding principal amount of RMB58,900,000 (the "Hunan Melian Facility") for which the Jieyang Creditor petitioned to the Guangdong Jieyang Rongcheng District Court claiming for the overdue loan principal and interest, and also the related penalty interest under the Hunan Melian Facility. The first hearing is to be held on 30 August 2024.

As disclosed in the annual report of the Company for the year ended 31 December 2023, certain investment properties and properties held for sales of a subsidiary of the Group, namely Hunan Melian, were pledged as security for a bank borrowing granted to a former subsidiary which had been overdue. The creditor bank has sued Hunan Melian for being jointly liable to the overdue loan principal amounting to RMB43,500,000 together with the accrued interest and related penalty interest. The first hearing was held on 8 August 2024 and the court judgement is not yet released as at the date of this announcement.

In addition to the above, the Group is subject to other litigations of which mainly related to overdue borrowings and outstanding construction payables. The Directors considered that the respective overdue borrowings and outstanding construction payables were provided adequately as at 30 June 2024.

## EMPLOYEE AND REMUNERATION POLICIES

The Group had 66 full time employees as at 30 June 2024 (31 December 2023: 197) in Hong Kong and the PRC. The Group reviews remuneration and benefits of its employees annually according to the relevant market practice and individual performance of the employees. Save for the social insurance in the PRC and the mandatory provident fund scheme in Hong Kong, the Group has not set aside or accrued any significant funds to provide for retirement or similar benefits for its employees.

## FOREIGN EXCHANGE AND CURRENCY RISKS

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

## CONTINGENT LIABILITIES

As at 30 June 2024, the Group had no material contingent liabilities (31 December 2023: Nil).

## COMMITMENTS

As at 30 June 2024, the Group's commitment was approximately HK$912,604,000 (31 December 2023: approximately HK$1,545,974,000) in respect of contracted but not provided for capital expenditures on properties under development, investment properties under construction and the acquisition of property, plant and equipment.

## INTERIM DIVIDEND

The Directors do not recommend payment of any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct for securities transactions and dealing (the "Code of Conduct") by Directors on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules. Having made specific enquiry of all Directors, they confirmed that they had complied with the required standards set out in the Model Code and the Code of Conduct throughout the Period.

## CORPORATE GOVERNANCE

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

The Board of Directors (the "Board") and the management of the Company are of the opinion that the Company has properly complied with the applicable code provisions in the Corporate Governance Code (the "CG Code") set out in Appendix C1 of the Listing Rules and there has been no deviation from the code provisions set out in the CG Code for the six months ended 30 June 2024.

**Risk Management and Internal Control**

The Board has overall responsibilities for maintaining sound and effective internal control system of the Group. The Board has delegated to the management the implementation of such systems of internal controls as well as the annual review of the relevant financial, operational and compliance controls and risk management procedures. The Board considers the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. Details of the Group's risk management system and procedures were set out in the Corporate Governance Report of the Annual Report for the year ended 31 December 2023 published on 26 April 2024 under the section headed "Risk Management and Internal Control".

**Change of Directors' Information**

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the Company's last published 2023 Annual Report are set out as below:

Mr. Yao Jianhui resigned as an executive Director and Chairman with effect from 19 June 2024 and Mr. John Edward Hunt was appointed as an executive Director and Chairman with effect from 19 June 2024.

Ms. Xia Lingjie resigned as an executive Director and Chief Executive Officer with effect from 19 June 2024 and Mr. Fong Ching Kong was appointed as an executive Director with effect from 19 June 2024.

Ms. He Suying resigned as an independent non-executive Director with effect from 15 July 2024 and Ms. Tan Xinyan was appointed as an independent non-executive Director with effect from 15 July 2024.

Dr. Tang Lai Wah resigned as an independent non-executive Director with effect from 15 July 2024 and Mr. Huang Shubo was appointed as an independent non-executive Director with effect from 15 July 2024.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

**PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

**AUDIT COMMITTEE**

The Company has established the Audit Committee with written terms of reference in compliance with Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control system of the Group, and to review the Company's annual report and interim report and to provide advice and comments thereon to the Board. The Audit Committee comprises of all the three independent non-executive Directors, currently Mr. Shi Fazhen (Chairman), Ms. Tan Xinyan and Mr. Huang Shubo.

## REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed and approved the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2024.

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

Hong Kong, 29 August 2024

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

*The announcement has been printed in English and Chinese. In the event of any inconsistency, the English text of this announcement shall prevail over the Chinese text.*

** For identification only*