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)

2024 FINAL RESULTS ANNOUNCEMENT

The board (the "Board") of directors (the "Directors") of Glory Sun Land Group Limited (the "Company") is pleased to announce the consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2024 (the "Year") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	5	**385,847**	1,203,026
Cost of sales		**(775,859)**	(1,425,913)
Gross loss		**(390,012)**	(222,887)
Selling expenses		**(7,909)**	(14,530)
Administrative expenses		**(35,936)**	(54,413)
Fair value loss on investment properties		**(341,604)**	(151,402)
Gain/(loss) on disposal of subsidiaries – net	14	**56,004**	(156,169)
Impairment losses on financial and contract assets – net		**(20,503)**	(42,556)
Impairment loss on prepayment for redevelopment project		**(1,283,683)**	–
Other income, gains or (losses) – net	6	**(46,655)**	(161,264)
Re-measurement on financial guarantee		**22,109**	45,072
Loss from operations		**(2,048,189)**	(758,149)
Finance costs	7	**(272,421)**	(133,787)
Loss before income tax	9	**(2,320,610)**	(891,936)
Income tax credit	8	**32,082**	64,139
Loss for the year		**(2,288,528)**	(827,797)

	Notes	**2024** **HK$'000**	2023 HK$'000
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")		**(152)**	(899)
		(152)	(899)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(45,797)**	11,587
Exchange differences reclassified to profit or loss on disposal of subsidiaries		**13,128**	97,772
		(32,669)	109,359
Other comprehensive income for the year, net of tax		**(32,821)**	108,460
Total comprehensive income for the year		**(2,321,349)**	(719,337)
Loss for the year attributable to:			
Owners of the Company		**(1,475,757)**	(601,331)
Non-controlling interests		**(812,771)**	(226,466)
		(2,288,528)	(827,797)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(1,494,354)**	(486,661)
Non-controlling interests		**(826,995)**	(232,676)
		(2,321,349)	(719,337)
Loss per share – basic and diluted (HK cents)	*11*	**(1,351.40)**	(550.66)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment		**15,818**	57,072
Investment properties		**736,216**	1,358,260
Financial assets at FVTOCI		**202**	354
		752,236	1,415,686
Current assets			
Inventories		**4,109,554**	4,722,974
Contract assets		**19,399**	29,962
Trade and other receivables	*12*	**2,196,216**	3,417,211
Financial asset at fair value through profit or loss ("FVTPL")		**109,548**	1,436,692
Current tax assets		**32,347**	49,149
Pledged and restricted bank deposits		**24,275**	52,081
Bank and cash balances		**3,266**	23,843
		6,494,605	9,731,912
Current liabilities			
Borrowings		**3,362,304**	3,953,170
Trade and other payables	*13*	**2,629,010**	2,999,725
Contract liabilities		**967,915**	906,025
Financial liability at FVTPL		**–**	175,675
Financial guarantee		**13,047**	35,573
Lease liabilities		**297**	1,401
Current tax liabilities		**52,958**	66,916
		7,025,531	8,138,485
Net current (liabilities)/assets		**(530,926)**	1,593,427
Total assets less current liabilities		**221,310**	3,009,113
Non-current liabilities			
Borrowings		**303,479**	717,085
Lease liabilities		**11,271**	24,270
Deferred tax liabilities		**2,324**	42,173
		317,074	783,528
NET (LIABILITIES)/ASSETS		**(95,764)**	2,225,585
Capital and reserves			
Share capital		**5,460**	5,460
Reserves		**(310,607)**	1,183,747
Equity attributable to owners of the Company		**(305,147)**	1,189,207
Non-controlling interests		**209,383**	1,036,378
(CAPITAL DEFICIENCIES)/TOTAL EQUITY		**(95,764)**	2,225,585

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business in Hong Kong is Unit 1002, 10th Floor, Silvercord Tower 1, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are property development and property investment, trading of commodities, provision of construction works, operation of a golf practising court, a karaoke box, children playrooms and fitness rooms as well as trading of home appliances and building materials in the People's Republic of China (the "PRC" or "China"). The operations related to a golf practising court, a karaoke box, children playrooms and fitness rooms were disposed during the Year.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS Accounting Standards") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

(c) Going concern assumption

The Group incurred a loss of approximately HK$2,289 million for the year ended 31 December 2024, and as of that date, the Group had total borrowings of approximately HK$3,666 million, of which the current borrowings amounted to approximately HK$3,362 million, while the Group had bank and cash balances of approximately HK$3 million only.

Due to overdue loan principal and interest and/or breach of other loan covenants, current borrowings with principal amounts totalling approximately HK$2,702 million became due and repayable on demand as of 31 December 2024. These comprised bank borrowings of approximately HK$1,515 million (the "Defaulted Bank Borrowings"), other borrowings of approximately HK$1,093 million (the "Defaulted Other Borrowings") and corporate bonds of approximately HK$94 million, along with related interest payables were classified as current borrowings accordingly.

As at 31 December 2024, Defaulted Bank Borrowings included three overdue borrowings from banks in the PRC, representing principal amounts of approximately RMB1,197 million (equivalent to approximately HK$1,286 million) was borrowed by Shenzhen Jitong Industrial Company Limited* ("Jitong Industrial") from a bank, of approximately RMB155 million (equivalent to approximately HK$166 million) was borrowed by Hunan Meilian Property Company Limited* ("Hunan Meilian") from another bank, and of approximately RMB59 million (equivalent to approximately HK$63 million) was borrowed by Hunan Meilian from other bank. During the year ended 31 December 2024, Jitong Industrial and Hunan Meilian had received judgements from the PRC courts respectively that Jitong Industrial and Hunan Meilian shall repay the outstanding principal, interest and default interest with all guarantors held jointly and severally liable. The respective banks were granted priority compensation from the proceeds of the pledged assets, including 100% equity interest of Jitong Industrial and certain buildings, investment properties and inventories of Hunan Meilian. Additionally, a freezing order has been imposed on the 100% equity interest of Jitong Industrial, 99% equity interest of Yunfu Baoxin Property Company Limited and 50.9999% equity interest of Hunan Meilian until 28 February 2026, 6 March 2026 and 1 March 2026 respectively.

As at 31 December 2024, four lenders of certain Defaulted Other Borrowings, with an aggregate principal amount of approximately RMB388 million (equivalent to approximately HK$417 million), had initiated legal proceedings against Jitong Industrial and Hunan Meilian to recover their respective outstanding balances. Among these legal proceedings, Hunan Meilian had received an enforcement notice from the PRC court regarding one of the Defaulted Other Borrowings with a principal amount of approximately RMB227 million (equivalent to approximately HK$244 million) ("Hunan Meilian Other Borrowing"). Pursuant to the enforcement notice, Hunan Meilian shall repay the outstanding principal, interest and default interest of approximately RMB290 million in aggregate; the lender of Hunan Meilian Other Borrowing holds a pledge over 100% of the equity interest in Hunan Meilian; and all guarantors, including a former director of the Company, a former subsidiary of the Company and a former related party, shall be jointly and severally liable for the Hunan Meilian Other Borrowing. For the remaining legal proceedings of the three lenders of certain Defaulted Other Borrowings, Hunan Meilian had received judgments from the PRC courts, which stipulate that Hunan Meilian shall repay the outstanding principal, interest, and default interest, while the court judgment for Jitong Industrial is still pending.

In respect of corporate bonds with principal amounts of approximately HK$94 million and bearing interest at a rate of 8.8% per annum with maturity on 31 March 2022 (the "2022 March Bonds"), the Company and several bondholders of the 2022 March Bonds entered into the settlement agreements to transfer certain properties, once completed, to partially settle the outstanding principal amounts of approximately HK$21 million and interest payables of the 2022 March Bonds, the respective properties were still under development as at 31 December 2024 and the obligation therefore has not been discharged.

In addition, as at 31 December 2024, the Group was also involved in various legal proceedings, primarily related to unpaid construction costs and daily operational payables totalling approximately RMB296 million (equivalent to approximately HK$317 million).

In view of such circumstances, the Directors have prepared a cash flow forecast of the Group covering the next fifteen 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 include, but not limited to, the following:

(i) The Group has been actively negotiating with lenders of Defaulted Bank Borrowings and Defaulted Other Borrowings for possible settlement arrangements:

- Regarding the Defaulted Bank Borrowings, the Group has been actively negotiating with all lenders to explore potential settlement arrangements as an alternative to the enforcement of their rights to put the pledged assets, including equity interests for sale or auction.

- Regarding the Hunan Meilian Other Borrowing, Hunan Meilian has reached a settlement arrangement with the lender of Hunan Meilian Other Borrowing in January 2025 that Hunan Meilian would use its inventories for partial settlement of approximately RMB234 million, and the remaining balance of approximately RMB56 million will be transferred to another independent third party. The obligation of outstanding balance of approximately RMB234 million will be discharged and the transfer of creditor’s right to an independent third party of remaining balance of approximately RMB56 million will be completed upon the handover of the properties. As of the date of the approval of these consolidated financial statements, the respective properties have yet to handover and the Group will accelerate the handover process of properties. In addition, the Group has been actively negotiating with the lender of remaining balance of approximately RMB56 million, for possible settlement arrangements, which may include, among other things, to realise other unpledged assets of the Group for settlement or to extend the repayment date of the overdue borrowing.

- For the remaining Defaulted Other Borrowings, the Group has been actively negotiating with lenders for possible settlement arrangements, which may include, among other things, to use assets for settlement or to extend the repayment date of all the overdue borrowings progressively.

(ii) Regarding the 2022 March Bonds, as of the date of the approval of these consolidated financial statements, the respective properties have yet to handover and the Group will actively follow up and accelerate the handover process of properties. In addition, the Group has been actively negotiating with the remaining bondholders of the 2022 March Bonds with principal amount of approximately HK$73 million, for possible settlement arrangements, which may include, among other things, to use assets for settlement or to extend the repayment date of the 2022 March Bonds.

(iii) The Group has been actively communicating with other creditors to resolve the pending legal proceedings. The Group is expecting that it can continue to reach a solution to the legal proceedings which may include, among other things, to use assets for settlement or to extend the repayment date.

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

(v) The Group has made continuous devoted effort to resolve the liquidity issue, including but not limited to realising part of its property development projects and disposing of asset.

(vi) The Group has undertaken and will continue to undertake various mitigating measures to manage the current business environment, including cost control to minimise the cash outflow of non-essential items.

Based on the Cash Flow Forecast, the Directors considered the Group would have sufficient financial resources to finance its operations and to meet its financial obligations within the next fifteen months from the end of the reporting period. Accordingly, it is appropriate to prepare the consolidated financial statements on a going concern basis.

However, the validity of the going concern assumption depends upon the successful outcome of the Group's plans and measures, including:

(i) whether the Group is able to reach an agreement with the lenders to use other settlement arrangements as an alternative to the enforcement of their rights to put the pledged assets, including equity interests for sale or auction;

(ii) whether the properties to be used for partial settlement of Hunan Meilian Other Borrowing to be handover to the relevant lender as planned; and whether a mutual agreement on settlement arrangements with the remaining balance of Hunan Meilian Other Borrowing can be reached;

(iii) whether the properties under development that to be used for partial settlement of the 2022 March Bonds could be completed and to be handover to the relevant bondholders as planned; and whether a mutual agreement on settlement arrangements with the remaining bondholders of the 2022 March Bonds can be reached;

(iv) whether the Group is able to extend the repayment date of all the remaining Defaulted Bank Borrowings and Defaulted Other Borrowings progressively;

(v) whether the Group is able to reach a solution to the legal proceedings on possible settlement arrangements; and

(vi) whether the Group is able to collect the pre-sales proceeds of the major property development projects with the expected price and timing according to the accelerated pre-sales plan.

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

Should the Group fail to achieve the above plans and measures as abovementioned, 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 consolidated financial statements.

(d) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's presentation and functional currency. Amount are rounded to thousands, unless otherwise stated.

3. ADOPTION OF HKFRS ACCOUNTING STANDARDS

(a) Adoption of new standards, interpretations and amendments to HKFRS Accounting Standards – effective 1 January 2024

The HKICPA has issued a number of new and amendments to HKFRS Accounting Standards that are first effective for the current accounting period of the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The application of the new and amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New standards, interpretations and amendments to HKFRS Accounting Standards that have been issued but are not yet effective

The following new and amendments to HKFRS Accounting Standards, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – dependent Electricity[2]
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 Effective for annual periods beginning on or after a date to be determined by the HKICPA

The Group is currently assessing the impact of these amendments. The Group does not expect these amendments issued but not yet effective, to have a material impact on the Group.

4. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions.

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 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.

During the Year, the Group disposed of its business of operation of a golf practising court, operation of children playrooms, fitness rooms, a karaoke box.

Segment revenue and results

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

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

For the year ended 31 December 2024

	Property development and property investment *HK$'000*	**Trading of commodities** *HK$'000*	**Construction** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Revenue	**57,205**	**313,037**	**–**	**15,605**	**385,847**
Segment results	**(1,707,855)**	**(1,324)**	**(16,413)**	**(684)**	**(1,726,276)**
Fair value loss on investment properties					**(341,604)**
Gain on disposal of subsidiaries					**56,004**
Other income, gains or (losses) – net					**(46,655)**
Re-measurement on financial guarantee					**22,109**
Finance costs					**(272,421)**
Unallocated corporate expenses					**(11,767)**
Loss before income tax					**(2,320,610)**

For the year ended 31 December 2023

	Property development and property investment *HK$'000*	Trading of commodities *HK$'000*	Construction *HK$'000*	Others *HK$'000*	Total *HK$'000*
Revenue	827,165	338,829	–	37,032	1,203,026
Segment results	(336,776)	94	(1,438)	19,213	(318,907)
Fair value loss on investment properties					(151,402)
Loss on disposal of subsidiaries					(156,169)
Other income, gains or (losses) – net					(161,264)
Re-measurement on financial guarantee					45,072
Finance costs					(133,787)
Unallocated corporate expenses					(15,479)
Loss before income tax					(891,936)

5. REVENUE

Disaggregation of revenue from contracts with customers by major products or service line for the year is as follows:

	2024	2023
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of properties	**55,831**	817,674
Trading of commodities	**313,037**	338,829
Others	**15,605**	37,032
	384,473	1,193,535
Revenue from other sources		
Rental income	**1,374**	9,491
	385,847	1,203,026

6. OTHER INCOME, GAINS OR (LOSSES) – NET

	2024	2023
	HK$'000	*HK$'000*
Interest income from bank balances	**87**	884
Fair value loss on financial asset at FVTPL	**(600,076)**	(22,994)
Fair value gain/(loss) on financial liability at FVTPL	**169,250**	(136,876)
Foreign exchange gain/(loss) – net	**8,565**	(19,735)
Gain on debt modification on financial liabilities	**19,530**	–
Gain on derecognition of financial liabilities	**3,801**	–
Gain on disposal of financial asset at FVTPL	**350,470**	–
Gain on disposal of property, plant and equipment	**29**	–
Gain on lease modifications	**–**	14,287
Government grants	**17**	44
Others	**1,672**	3,126
	(46,655)	(161,264)

7. FINANCE COSTS

	2024	2023
	HK$'000	*HK$'000*
Interest on bank borrowings	**97,592**	105,865
Interest on other borrowings	**162,852**	190,298
Interest on corporate bonds	**8,229**	58,229
Interest on note payables	**10,835**	3,651
Interest on lease liabilities	**1,876**	3,081
Interest on loans from former related parties	**–**	28,615
	281,384	389,739
Amount capitalised	**(8,963)**	(255,952)
	272,421	133,787

8. INCOME TAX CREDIT

The amount of taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2024	2023
	HK$'000	*HK$'000*
Current tax:		
– PRC Enterprise Income Tax (the "EIT")	**891**	2,647
– PRC Land Appreciation Tax (the "LAT")	**1,633**	17,685
	2,524	20,332
Over-provision in prior year		
– PRC EIT	**–**	(168)
Deferred tax	**(34,606)**	(84,303)
Income tax credit	**(32,082)**	(64,139)

9. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	2024	2023
	HK$'000	*HK$'000*
Carrying amount of inventories sold	**366,767**	1,101,186
Write-down of inventories	**399,793**	302,709
Cost of inventories recognised as expenses	**766,560**	1,403,895
Auditor's remuneration		
– Annual audit	**2,280**	2,280
– Other audit and non-audit services	**1,230**	450
Depreciation		
– Owned property, plant and equipment	**395**	2,019
– Leasehold land for own use	**1,657**	4,057
– Properties leased for own use	**340**	347
	2,392	6,423
Fair value loss on financial asset at FVTPL	**600,076**	22,994
Fair value (gain)/loss on financial liability at FVTPL	**(169,250)**	136,876
Gain on debt modification on financial liabilities	**(19,530)**	–
Gain on disposal of property, plant and equipment	**(29)**	–
Gain on lease modifications	**–**	(14,287)
Impairment losses on financial and contract assets – net	**20,503**	42,556
Short-term leases expenses	**93**	380
Direct operating expenses arising from investment properties that generated rental income	**–**	217

10. DIVIDENDS

No dividend has been paid or declared by the Company for the year ended 31 December 2024 (2023: Nil).

11. LOSS PER SHARE

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

	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

	2024	2023
	HK$'000	*HK$'000*
Loss for the purpose of calculating basic loss per share	**(1,475,757)**	(601,331)

There were no dilutive potential ordinary shares outstanding for the years ended 31 December 2024 and 2023.

12. TRADE AND OTHER RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Trade receivables	**9,813**	12,897
Less: loss allowance for expected credit losses	**(8,242)**	(888)
	1,571	12,009
Other receivables	**127,132**	121,348
Consideration receivables	**388,295**	303,621
Prepayments and other deposits *(note)*	**1,661,904**	2,953,885
Other tax assets	**17,314**	26,348
	2,194,645	3,405,202
Total trade and other receivables	**2,196,216**	3,417,211

The Group generally allows an average credit period of 10 days (2023: 10 days) for its customers of trading of commodities and 30 days (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 aging analysis, based on invoice dates, as of the end of reporting period.

	2024	2023
	HK$'000	*HK$'000*
0-30 days	–	1,244
31-60 days	–	398
61-90 days	–	433
91-120 days	–	294
Over 120 days	**1,571**	9,640
	1,571	12,009

Note:

As at 31 December 2024, included in prepayments and other deposits (net of impairment loss) of approximately RMB934,000,000 (equivalent to approximately HK$1,003,116,000) (2023: RMB2,035,056,000 (equivalent to approximately HK$2,228,386,000)) represented an amount paid in relation to an urban renewal project of a land parcel located in Shenzhen (the "Shenzhen Land"), designated to Jitong Industrial as redeveloper by the local PRC government (the "Jitong Redevelopment Project"). An impairment loss of approximately RMB1,180,941,000 (equivalent to approximately HK$1,283,683,000) (2023: Nil) was recognised for the Year.

13. TRADE AND OTHER PAYABLES

	2024	2023
	HK$'000	*HK$'000*
Trade payables	**1,425,481**	1,407,726
Wages and salaries payables	**1,887**	3,373
Accruals	**2,699**	2,885
Other tax liabilities	**83,545**	96,131
Interest payables	**696,156**	590,992
Secured deposits from contractors	**6,073**	10,704
Other payables	**369,126**	366,758
Other payable to a non-controlling interest *(note (a))*	**42,346**	43,174
Other payables to former subsidiary *(note (a))*	**1,697**	477,982
	1,203,529	1,591,999
	2,629,010	2,999,725

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

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

	2024	2023
	HK$'000	*HK$'000*
0-30 days	**341,409**	348,619
31-60 days	**3**	7,977
61-90 days	**14**	488
91-120 days	**13,565**	129,911
Over 120 days	**1,070,490**	920,731
	1,425,481	1,407,726

14. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Glory Sun Group Holding (Canada) Limited

On 12 April 2024, the Group disposed of its entire equity interest in Glory Sun Group Holding (Canada) Limited for a cash consideration of Canadian dollar 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")

On 12 April 2024, the Group disposed of its entire equity interest in Karsen together with its subsidiaries which were principally engaged in property investment 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"), Shenzhen Virdom Education Company Limited* ("Shenzhen Virdom") and Shenzhen Hongguanghao Industrial Company Limited* ("Shenzhen Hongguanghao")

On 26 January 2024, the Group and a bondholder, Yunnan International, entered into settlement agreement for partial settlement of Yunnan International Corporate Bonds by transferring the entire equity interest of Shenzhen Baoxin Trading, Shenzhen Virdom and Shenzhen Hongguanghao to YEIG International. During the Year, the Group completed the disposal of its entire equity interest in Shenzhen Baoxin Trading, Shenzhen Virdom and Shenzhen Hongguanghao for the consideration in aggregate of approximately RMB245,323,000 (equivalent to approximately HK$284,377,000). The consideration was set-off against the Yunnan International Corporate Bonds partially at the same amount.

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

	Shenzhen Baoxin Trading	**Shenzhen Virdom**	**Shenzhen Hongguanghao**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Investment properties	93,084	11,080	156,316	260,480
Trade and other receivables	2,151	–	–	2,151
Bank and cash balances	70	3	21	94
Trade and other payables	(902)	(1,238)	(486)	(2,626)
Deferred tax liabilities	(4,028)	(5)	(845)	(4,878)
Net assets derecognised of	90,375	9,840	155,006	255,221
Release of translation reserve	5,209	926	3,292	9,427
Gain/(loss) on disposal of subsidiaries	39,722	1,116	(31,942)	8,896
Total consideration	135,306	11,882	126,356	273,544
Satisfied by:				
Settlement of corporate bond	145,537	11,882	126,958	284,377
Amount due to Shenzhen Baoxin Trading and Shenzhen Hongguanghao	(10,231)	–	(602)	(10,833)
	135,306	11,882	126,356	273,544

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

On 21 June 2024, the Group disposed of its entire equity interest in Baoxin Recreation and Sports together with its subsidiaries which were 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 liabilities derecognised of	(46,210)
Release of translation reserve	(3,999)
Gain on disposal of subsidiaries	50,317
Total consideration satisfied by cash	108

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The below sections set out an extract of the report by BDO Limited, the auditor of the Company (the "Auditor"), regarding the consolidated financial statements of the Group for the year ended 31 December 2024.

We do not express an opinion on the consolidated financial statements of the Group due to the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effects on the consolidated financial statements and because of the significance of the matters described in the "Basis for Disclaimer of Opinion" section of our report. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

(1) Multiple uncertainties relating to going concern

As disclosed in note 2(c) to the consolidated financial statements, the Group incurred a loss of approximately HK$2,289 million for the year ended 31 December 2024, and as of that date, as disclosed in note 28, the Group had total borrowings of approximately HK$3,666 million, of which the current borrowings amounted to approximately HK$3,362 million, while the Group had bank and cash balances of approximately HK$3 million only.

Due to overdue loan principal and interest and/or breach of other loan covenants, current borrowings with principal amounts totalling approximately HK$2,702 million became due and repayable on demand as of 31 December 2024. These comprised bank borrowings of approximately HK$1,515 million (the "Defaulted Bank Borrowings"), other borrowings of approximately HK$1,093 million (the "Defaulted Other Borrowings") and corporate bonds of approximately HK$94 million, along with related interest payables were classified as current borrowings accordingly.

As at 31 December 2024, Defaulted Bank Borrowings included three overdue borrowings from banks in the People's Republic of China ("PRC"), representing principal amounts of approximately RMB1,197 million (equivalent to approximately HK$1,286 million) was borrowed by Shenzhen Jitong Industrial Company Limited ("Jitong Industrial"), an indirect non wholly owned subsidiary of the Company, from a bank, of approximately RMB155 million (equivalent to approximately HK$166 million) was borrowed by Hunan Meilian Property Company Limited ("Hunan Meilian"), an indirect non wholly owned subsidiary of the Company, from another bank, and of approximately RMB59 million (equivalent to approximately HK$63 million) was borrowed by Hunan Meilian from other bank. During the year ended 31 December 2024, Jitong Industrial and Hunan Meilian had received judgements from the PRC courts respectively that Jitong Industrial and Hunan Meilian shall repay the outstanding principal, interest and default interest with all guarantors held jointly and severally liable. The respective banks were granted priority compensation from the proceeds of the pledged assets, including 100% equity interest of Jitong Industrial and certain buildings, investment properties and inventories of Hunan Meilian. Additionally, a freezing order has been imposed on the 100% equity interest of Jitong Industrial, 99% equity interest of Yunfu Baoxin Property Company Limited ("Yunfu Baoxin"), an indirect non wholly owned subsidiary of the Company, and 50.9999% equity interest of Hunan Meilian until 2026.

As at 31 December 2024, four lenders of certain Defaulted Other Borrowings, with an aggregate principal amount of approximately RMB388 million (equivalent to approximately HK$417 million), had initiated legal proceedings against Jitong Industrial and Hunan Meilian to recover their respective outstanding balances. Among these legal proceedings, Hunan Meilian had received an enforcement notice from the PRC court regarding one of the Defaulted Other Borrowings with a principal amount of approximately RMB227 million (equivalent to approximately HK$244 million) ("Hunan Meilian Other Borrowing"). Pursuant to the enforcement notice, Hunan Meilian shall repay the outstanding principal, interest and default interest of approximately RMB290 million in aggregate; the lender of Hunan Meilian Other Borrowing holds a pledge over 100% of the equity interest in Hunan Meilian; and all guarantors, including a former director of the Company, a former subsidiary of the Company and a former related party, shall be jointly and severally liable for the Hunan Meilian Other Borrowing. For the remaining legal proceedings of the three lenders of certain Defaulted Other Borrowings, Hunan Meilian had received judgments from the PRC courts, which stipulate that Hunan Meilian shall repay the outstanding principal, interest, and default interest, while the court judgement for Jitong Industrial is still pending.

As at 31 December 2024, the Company had corporate bonds with principal amounts of approximately HK$94 million and bearing interest at a rate of 8.8% per annum with maturity on 31 March 2022 (the "2022 March Bonds"). Although the Company and several bondholders of the 2022 March Bonds entered into the settlement agreements to transfer certain properties, once completed, to partially settle the outstanding principal amounts of approximately HK$21 million and interest payables of the 2022 March Bonds, the respective properties were still under development as at 31 December 2024 and the obligation therefore has not been discharged.

In addition, as at 31 December 2024, the Group was also involved in various legal proceedings, primarily related to unpaid construction costs and daily operational payables totalling approximately RMB296 million (equivalent to approximately HK$317 million).

Nevertheless, the consolidated financial statements have been prepared on a going concern basis. The directors of the Company have outlined plans and measures set out in note 2(c) to the consolidated financial statements to improve the Group's liquidity and financial position. The validity of going concern assumption on which the consolidated financial statements have been prepared depends upon the successful outcome of these plans and measures, including:

(i) whether the Group is able to reach an agreement with the lenders to use other settlement arrangements as an alternative to the enforcement of their rights to put the pledged assets, including equity interests for sale or auction;

(ii) whether the properties to be used for partial settlement of Hunan Meilian Other Borrowing to be handover to the relevant lender as planned; and whether a mutual agreement on settlement arrangements with the remaining balance of Hunan Meilian Other Borrowing can be reached;

(iii) whether the properties under development that to be used for partial settlement of the 2022 March Bonds could be completed and to be handover to the relevant bondholders as planned; and whether a mutual agreement on settlement arrangements with the remaining bondholders of the 2022 March Bonds can be reached;

(iv) whether the Group is able to extend the repayment date of all the remaining Defaulted Bank Borrowings and Defaulted Other Borrowings progressively;

(v) whether the Group is able to reach a solution to the legal proceedings on possible settlement arrangements; and

(vi) whether the Group is able to collect the pre-sales proceeds of the major property development projects with the expected price and timing according to the accelerated pre-sales plan.

These indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may not be able to realise its assets and discharge its liabilities in the normal course of business. As a result of the above-mentioned multiple uncertainties, the potential interaction of these uncertainties, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate.

Should the Group fail to achieve the intended effects resulting from the plans and measures as mentioned in note 2(c) to the consolidated financial statements, 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 consolidated financial statements.

We disclaimed our opinion on the Company's consolidated financial statements for the year ended 31 December 2023 relating to the going concern basis of preparing the consolidated financial statements. Any adjustments to the balances as at 31 December 2023 would affect the balances of these financial statements items as at 1 January 2024, and the corresponding movements, if any, during the year ended 31 December 2024. The balances as at 31 December 2023 and the amounts for the year then ended are presented as corresponding figures in the consolidated financial statements for the year ended 31 December 2024. We disclaimed our audit opinion on the consolidated financial statements for the year ended 31 December 2024 also for the possible effect of the disclaimer of opinion on the consolidated financial statements on the comparability of 2024 figures and 2023 figures in the consolidated financial statements for the year ended 31 December 2024.

(2) Scope limitation on impairment assessment of prepayment for a redevelopment project

As disclosed in note 26(b) to the consolidated financial statements, Jitong Industrial was designated as redeveloper in prior year by the PRC local government in relation to an urban renewal project (the "Jitong Redevelopment Project") of a land parcel located in Shenzhen (the "Shenzhen Land"). As at 31 December 2024, the Group had incurred a total expenditure of approximately HK$2,271 million and recognised as a prepayment for the Shenzhen Land in respect of Jitong Redevelopment Project.

During the year, as further disclosed in note 26(b), the directors of the Company determined that an indication of impairment existed and accordingly estimated the recoverable amount of prepayment for the Shenzhen Land, being the higher of the fair value less costs of disposal and value in use in accordance with Hong Kong Accounting Standard 36 "Impairment of Assets" for the preparation of the consolidated financial statements for the year ended 31 December 2024. For this purpose, the directors of the Company engaged an independent professional valuer, who adopted the residual approach to estimate the fair value less costs of disposal of the Shenzhen Land as of 31 December 2024. Based on the valuation result, management estimated the recoverable amount of the prepayment for the Shenzhen Land as at 31 December 2024 to be approximately HK$1,003 million, resulting in an impairment loss of approximately HK$1,284 million being recognised in profit or loss for the year ended 31 December 2024.

The measurement of the fair value less costs of disposal involves the use of certain key assumptions, including the redevelopment costs, finance costs and an adjustment on uncertainty about the transferability of the Shenzhen Land ("Transferability Adjustment"). However, during the course of our audit, we were not provided with explanation nor information that is in sufficient detail to support the appropriateness of the redevelopment costs and the Transferability Adjustment in the valuation of the Jitong Redevelopment Project. We were accordingly unable to determine whether the carrying amount of the prepayment of HK$1,003 million as at 31 December 2024 and the impairment loss in the prepayment of HK$1,284 million recognised during the year are reasonably estimated. Any adjustment which might have been found necessary would have a consequential effect on the Group's financial position as at 31 December 2024 and the financial performance for the year then ended and related disclosures in these consolidated financial statements.

(3) Scope limitation on consolidation of certain subsidiaries

As disclosed in note 2(c), 5(iv) and 28(a) to the consolidated financial statements, as at 31 December 2024, Jitong Industrial had defaulted on its obligations due to its failure to make timely repayment and breach of other loan covenant under the loan facility in principal amount of approximately RMB1,197 million (equivalent to approximately HK$1,286 million) (the "Jitong Industrial Bank Borrowing" as defined in note 28(a) to the consolidated financial statements), which the bank holds a pledge over 100% of the equity interest in Jitong Industrial ("Collateral"). In 2024, Jitong Industrial received a judgement from a PRC court that, according to the relevant laws and regulations in the PRC, the lender has the right to sell the Collateral under this situation.

As further disclosed in note 5(iv), the above circumstances indicate that there may be changes to one or more of the three elements of control under HKFRS 10 "Consolidated Financial Statements" and this would require a reassessment of whether the Company controls Jitong Industrial and its subsidiaries. The directors of the Company carried out that reassessment accordingly and determined that the Company still retains the control over Jitong Industrial and its subsidiaries on the basis that, inter alia, the Group has been actively negotiating with lender for an alternative settlement option and the directors of the Company believe that the alternative settlement option would be more favourable to the lender than to sell the Collateral and, as a result, the lender would not benefit from putting the Collateral for sale or auction. The alternative settlement option also serves as an incentive that would deter the lender from exercising its rights. Accordingly, the lender holds no substantive rights relating to the equity interests of Jitong Industrial and its subsidiaries and the Company retains control over them.

During the course of our audit, the directors of the Company explained to us the alternative they have been exploring with the lender and the reasons why the lender would not benefit from exercising their rights by putting the Collateral for sale or auction. However, the directors of the Company did not provide us with sufficient information to support that the negotiation has taken place and the alternative that has been explored is in place. We were therefore unable to evaluate whether the lender would not benefit from exercising their rights to put the equity interests in Jitong Industrial for sale or auction. Consequently, we are unable to determine whether the conclusion to continue to consolidate Jitong Industrial and its subsidiaries when preparing the consolidated financial statements for the year ended 31 December 2024 is appropriate. Should Jitong Industrial and its subsidiaries be deconsolidated, many elements in the consolidated financial statements would have been affected which would have a significant effect on the financial position of the Group as at 31 December 2024 and the financial performance for the year then ended and the related disclosures in these consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY AND MARKET OVERVIEW

Over the past year, the real estate industry in the PRC faced numerous challenges. A combination of factors, such as policy relaxation and weakening demand, has resulted in high market volatility. However, the latest surveys show that the once-suppressed demand for home purchases is being unleashed, especially the resurgence of rigid demand for buying houses, which has injected a new source of growth to the market. This phenomenon has undoubtedly triggered market participants' desire and deep anticipation for a new vision for the industry in the future.

In 2024, the real estate policies in the PRC has experienced a major policy shift. In particular, on 21 July, the Third Plenary Session of the 20th Central Committee of the Communist Party of China officially released the "Decision of the CPC Central Committee on Further Comprehensively Deepening Reform and Promoting Chinese Modernization (hereinafter referred to as the "Decision"). Article 44 of the Decision has specified a new direction for 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, the Central Government introduced policies 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. Notably, 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 addition, the People's Bank of China announced a number of policies favorable to the real estate industry on 24 September, including (1) lowering the interest rate on existing mortgage loans, (2) aligning the minimum down payment ratio for mortgage loans (first and second home loans) to 15%, (3) extending the period of the "16 Supportive Financial Measures" and the policy on commercial property loans, (4) increasing the proportion of affordable housing central bank lending from 60% to 100%, and (5) supporting the acquisition of existing land from real estate enterprises to stimulate the current economy.

After the introduction of these supportive policies, the average sales in the 30 major cities in China were about 34% higher than before the introduction of the policies, with first-tier cities growing by about 53%, third-tier cities by about 37% and second-tier cities by about 22%. While the data reflects the positive impact of the supportive policies, the sales momentum in third-tier cities seems to be weakening, perhaps due to the weak economy and the outflow of population from these small cities. As the policy for stabilizing real estate in Mainland China continues to increase, it is believed that China's real estate sales volume is expected to record positive growth for the first time in 2025 after falling by 50% from its peak in 2021.

Currently, financial pressure remains one of the biggest challenges faced by the Company and its subsidiaries (collectively the "Group"). The economic downturn and policy regulation in the past 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 implementing various actions and tasks. 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 various forms of feasible solutions by actively communicating with various 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 project units 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 effective 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.

Although the real estate market in Mainland China is still under certain pressure at the moment, it is showing signs of gradual recovery against the backdrop of recovering rigid demand and policy support. The Group is looking forward to more favorable policies and measures as well as market adjustments in the future to help promote the healthy development of the real estate industry in Mainland China, while continuing to increase investment on the strategy of "guaranteeing funds, delivery and operation" so as to ensure the steady progress and sustainable development of the Company.

BUSINESS REVIEW

Property development and investment

As mentioned above, favorable policies for the PRC real estate industry have been continuously introduced in 2024. After a round of measures to "digest existing stocks and optimize incremental growth" were introduced in the first half of the year, a number of "white list projects" were formulated, and policies on purchase restrictions were lifted in various places. In the second half of the year, a series of policies such as lowering required reserve ratios, interest rates and existing mortgage rates, unified reduction of the minimum down payment ratio for mortgage loans were launched in quick succession to stimulate the recovery of the real estate industry in Mainland China.

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 property development projects in PRC cities, including Shenzhen, Changsha, Chaoshan and Yunfu. Such development projects comprise commercial complexes, boutique high-class residences, hotels, business apartments, villas, garden houses and other multiformat and segmented products. Given the PRC real estate sector is entering an observation period for policy effects, the Group's real estate development projects are fundamentally still in a trend of volume contraction and price decline, resulting in the sales performance for the whole year of 2024 falling short of the expected targets, and the Group continued to face significant sales pressure, with the overall performance being significantly worse than that of 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 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 at 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 has further completed the disposal of most of the remaining equity interests held by it in Shantou associate to creditors, to settle its debts up to approximately RMB1.2 billion.

In conclusion, in the complex and ever-changing market environment in 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 and business areas of Phase IV and Phase III of Shantou Chaoyang Project were completed in January 2025, and the sale of No. 1 Apartment has commenced. In addition, the completed units of Changsha Project are currently on sale, while 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 completed the disposal 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 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 as well as 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 bonds with principal amount of HK$500 million (the "Corporate Bonds") 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 (the "Shareholders") by way of poll at the extraordinary general meeting held on 20 March 2024, and completion of the related transactions took place on 21 November 2024. Besides, all remaining outstanding amount of the Corporate Bonds had also been fully settled by the Group to Yunnan International as at the date of this announcement.

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 Development Company Limited* (the "Disposal Company"). The Disposal Company and its subsidiaries (collectively the "Disposal Group") are 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 Group ceased to operate in cultural sports and entertainment business upon completion of the disposal.

In addition, on 22 March 2023, the Group completed the disposal of 51% equity interest of the first tranche in Shantou Taisheng Technology Limited* ("Shantou Taisheng") to a subsidiary (the "Purchaser") of Renze Harvest International Limited (the "Renze Harvest") (the "1st Tranche Completion"). Pursuant to the original sale and purchase agreement in relation to the disposal of Shantou Taisheng (the "Original Sale and Purchase Agreement"), the Group and Renze Harvest International Limited should complete the transfer and delivery of the remaining 49% equity interest of Shantou Taisheng 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 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. Thereafter, on 31 July 2024, the Purchaser and vendor to the Original Sale and Purchase Agreement, being a subsidiary of the Company, further entered into a 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 held by the Group in Shantou Taisheng at the consideration in the amount of approximately RMB795.69 million (the "Revised 2nd Tranche Disposal"). The transaction under the Revised 2nd Tranche Disposal was duly approved by the Shareholders by way of poll at the special general meeting held on 20 September 2024 and was subsequently completed on 15 November 2024. Upon completion of the Revised 2nd Tranche Disposal, Shantou Taisheng is 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 worked as well as expected though. The snowball defaults of real estate enterprises have increased market risks and dragged down the economic growth as a whole. Looking forward to 2025, with the accelerated formation of a new model for real estate development, continuous optimization of the policies on both supply and demand sides, and gradual elimination of industry adjustment risks, it is expected that the market will gradually stabilize and form a new balanced situation. Several investment institutions invariably expect that the real estate in Mainland China will bottom out in 2025 and will see a turning point, and the decline in transactions for the year is likely to narrow. In addition, the People's Bank of China announced and introduced a package of financial support policies on 24 September last year, which should deliver a staged marginal improvement. However, whether a fundamental inflection point will arise is subject to the effect of implementation of the policies and further financial efforts to boost economic growth.

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 actively 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.

We maintain prudent and positive about the outlook for 2025, 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 revenue of the Group mainly arose from two (2) major business segments, namely (i) the property development and property investment and (ii) the trading of commodities in the PRC.

During the Year, the Group recorded revenue of approximately HK$385.8 million which has been decreased by approximately 67.9% from approximately HK$1,203.0 million for the year ended 31 December 2023 (the "Prior Year"). The decline in revenue was mainly attributable to the drop in the sales in property development and property investment and the trading volume of trading of commodities in the Year by approximately HK$770.0 million and HK$25.8 million, representing a decrease of approximately 93.1% and 7.6% as compared to the Prior Year, respectively.

In respect of sales of properties, the revenue was approximately HK$55.8 million for the Year which has been decreased by approximately 93.2% year-on-year. The decrease was mainly attributable to the continued recession of the PRC property market, and the general public being more conservative when dealing in the property market.

During the Year, the cost of sales of the Group was approximately HK$775.9 million, which has been decreased by approximately 45.6% from approximately HK$1,425.9 million in the Prior Year. Along with the decrease in cost of sales, due to the unprecedented challenges faced by the national real estate market in the Year, the gross loss was approximately HK$390.0 million for the Year, comparing to gross loss of approximately HK$222.9 million for the Prior Year, representing an increase of approximately HK$167.1 million. The gross loss margin was 101.1% for the Year comparing with the gross loss margin of 18.5% for the Prior Year. The gross loss was mainly attributable to write-down in the carrying amount of inventories to the net realisable value amounting to approximately HK$399.8 million with respect to Hunan and Chaoshan projects in the real estate and property investment segment.

The trading commodities of the Group were mainly copper cathodes and zinc ingot for the Year and the Prior Year. As a wholesaler of such non-ferrous metal products, the Group purchased the products in bulk, and then distributed and sold to the downstream customers. Under the prevailing business operations, for the sake of obtaining optimal contractual terms, the Group arranged to conclude and sign supply framework agreements with respective individual key suppliers with good reputation and credit in the market. Meanwhile, the profitability was relatively low and being affected by a bundle of external factors including the global trade frictions and the international non-ferrous metal price fluctuations. Both buyers and sellers of such non-ferrous metal products had great demand in the PRC market, the relatively low gross profit margin should be attributable to the active market participation and the transparent prices information. The Group has built up a team of staff members with specialized experience and expertise in this business segment over the past few years. During the Year, this segment has recorded a gross loss margin of approximately 0.4% as compared to a gross margin of approximately 0.3% for the Prior Year as the revenue of the Year had dropped to approximately HK$313.0 million from approximately HK$338.8 million for the Prior Year.

During the Year, due to the efficient cost control measures implemented by the Group, the selling expenses amounted to approximately HK$7.9 million (2023: approximately HK$14.5 million) representing a decrease of approximately 45.6%. In addition, the administrative expenses amounted to approximately HK$35.9 million (2023: approximately HK$54.4 million) which has been decreased by approximately 34.0% when compared to the Prior Year and the decrement amounted to approximately HK$18.5 million.

Since the assessed net realisable value of the properties under development less cost to sell had been lower than its carrying cost amount, the properties under development value was therefore written down by approximately HK$399.8 million (2023: approximately HK$302.7 million) reflecting the continued recession in the property market of the PRC.

The investment properties portfolio of the Group comprised residential and commercial properties in Changsha, as well as certain properties under construction in Chaoshan, which were held for rental purpose. For the Year, the loss arising from the net fair value change of these investment properties amounted to approximately HK$341.6 million (2023: approximately HK$151.4 million) was recognised.

Net impairment losses on financial and contract assets decreased to approximately HK$20.5 million for the Year from approximately HK$42.6 million for the Prior Year, which was primarily due to the decrease in impairment recognised on the other receivables during the Year.

In 2024, there was persistent deterioration in the market conditions and investor sentiments in the PRC real estate industry. Owing to macroeconomic uncertainties, the demand for commercial properties in Shenzhen was relatively weak. Amid the sluggish local demand for commercial properties, the average commercial land sale price in Shenzhen decreased dramatically. Additionally, during the year, there is a significant drop in transaction volume of en-bloc commercial property transactions. Given the drastic market fluctuations in both supply and demand for Shenzhen commercial properties during the Year, the Directors determined that an indication of impairment existed and accordingly the Group engaged an independent professional valuer to perform a valuation of the Shenzhen Land as at 31 December 2024 in order to assist the management to estimate the recoverable amount. Consequently, an impairment loss of approximately RMB1,180,941,000 (equivalent to approximately HK$1,283,683,000) was recognised for the Year.

Finance costs represented mainly interest expenses and other borrowing costs in relation to bank and other borrowings. During the Year, finance costs after deduction for capitalization amounted to approximately HK$272.4 million (2023: approximately HK$133.8 million), representing an increase by approximately 103.6% as compared to the Prior Year.

Income tax expense, which consisted of the EIT and the LAT levied in the PRC as well as their deferred tax effect, constituted an income tax credit of approximately HK$32.1 million for the Year (2023: approximately HK$64.1 million). The decrease in the income tax credit was mainly attributable to the temporary differences arising from fair value loss of investment properties and write-down of inventories.

Given the foregoing factors, the Group recorded a net loss of approximately HK$2,288.5 million for the Year, as compared to a net loss of approximately HK$827.8 million for the Prior Year.

Liquidity and Financial Resources

As at 31 December 2024, the Group had bank and cash balances of approximately HK$3.3 million (31 December 2023: approximately HK$23.8 million), while the pledged and restricted bank deposits amounted to approximately HK$24.3 million (31 December 2023: approximately HK$52.1 million). Total borrowings of the Group amounted to approximately HK$3,665.8 million as at 31 December 2024 (31 December 2023: approximately HK$4,670.3 million), of which equivalents of approximately HK$93.5 million (31 December 2023: approximately HK$593.5 million) and approximately HK$3,572.3 million (31 December 2023: approximately HK$4,076.8 million) were denominated in Hong Kong dollar and Renminbi respectively.

Total borrowings included bank and other borrowings of approximately HK$3,510.9 million (31 December 2023: approximately HK$3,810.3 million), corporate bonds of approximately HK$93.5 million (31 December 2023: approximately HK$593.5 million), and notes payable of approximately HK$61.4 million (31 December 2023: approximately HK$266.5 million). All of the borrowings bore fixed interest rates and exposed the Group to fair value interest rate risk.

As at 31 December 2024, the Group had net current liabilities of approximately HK$530.9 million, as compared to net current assets of approximately HK$1,593.4 million as at 31 December 2023. As at 31 December 2023, the gearing ratio of the Group was approximately -38.2 (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 the capital deficiencies and the total equity as at the respective reporting date.

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

CAPITAL EXPENDITURE

The total spending on the additions of property, plant and equipment and investment properties amounted to approximately HK$6.2 million for the Year (2023: approximately HK$64.9 million).

CHARGES OF ASSETS

As at 31 December 2024, the carrying amount of property, plant and equipment, properties under development and held for sales and investment properties amounted to approximately HK$3.9 million (2023: approximately HK$4.2 million), approximately HK$2,592.1 million (2023: approximately HK$3,364.1 million) and approximately HK$105.1 million (2023: approximately HK$558.2 million) 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 31 December 2024, the carrying amount of investment properties and properties held for sale amounting to approximately HK$23.0 million (2023: HK$33.2 million) and HK$28.3 million (2023: HK$28.7 million) respectively were pledged as security for a bank borrowing in favour of a former subsidiary which was overdue. The Group's pledged and restricted bank deposits amounting to approximately HK$24.1 million (2023: approximately HK$50.6 million) were pledged to banks to secure a bank loan granted to an independent third party and guarantee deposits for construction of pre-sale properties.

EMPLOYEE AND REMUNERATION POLICIES

The Group had 46 employees as at 31 December 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 security 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 from the PRC and were denominated in Renminbi. During the Year, 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 31 December 2024 and 2023, the Group had no material contingent liabilities.

COMMITMENTS

As at 31 December 2023, the Group's commitment was approximately HK$822.2 million (2023: approximately HK$1,546.0 million) in respect of contracted but not provided for expenditures on properties under development, investment properties under construction and the acquisition of property, plant and equipment.

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

Save for those disclosed in this announcement, there was no other significant investments held as at 31 December 2024 nor other material acquisitions and disposals of subsidiaries or affiliated companies made by the Group during the Year.

SHARE OPTIONS

The Company adopted a share option scheme on 26 March 2014 (the "2014 Share Option Scheme"). The 2014 Share Option Scheme has a term of 10 years from its adoption date and has expired already on 25 March 2024. No further options can be offered or granted upon the expiration of the 2014 Share Option Scheme. The expiry of the 2014 Share Option Scheme will not affect the terms of such outstanding options and these outstanding options shall continue to be valid and exercisable subject to and in accordance with the provisions of the 2014 Share Option Scheme. As at 31 December 2024, the number of shares in respect of which options had been granted and remained outstanding was nil (2023: nil).

FINAL DIVIDEND

The Directors do not recommend payment of any final dividend for the year ended 31 December 2024 (2023: nil).

MODEL CODE FOR SECURITIES TRANSACTIONS

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 to 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 Year.

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 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 to the Listing Rules and there has been no deviation from the code provisions set out in the CG code for the year ended 31 December 2024.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

None of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Year was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements which enable the Directors or the chief executive of the Company or any of their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders who are entitled to attend and vote at the annual general meeting of the Company to be held on Friday, 6 June 2025 (the "2025 Annual General Meeting"), the register of members of the Company will be closed from Tuesday, 3 June 2025 to Friday, 6 June 2025, both days inclusive. During this period, no transfer of shares will be registered. In order to qualify for attending and voting at the 2025 Annual General Meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Monday, 2 June 2025.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with written terms of reference in compliance with the 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 to provide advice and comments thereon to the Board. The Audit Committee comprises of Mr. Shi Fazhen (Chairman), Ms. Tan Xinyan and Mr. Huang Shubo.

The Audit Committee has reviewed and approved the Group's final results for the year ended 31 December 2024.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2024 have been agreed by the Auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2024. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by HKICPA and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This final results announcement is published on the websites of the Company (www.hk0299.com) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

The 2024 Annual Report containing all the information required by the Listing Rules shall be despatched to the Shareholders and made available on the abovementioned websites in due course.

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

Hong Kong, 31 March 2025

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 English transliteration of the Chinese name(s) in this announcement, where indicated with *, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

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.