



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

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

(Stock Code 股份代號: 299)

INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Yao Jianhui (*Chairman*)
 Zhang Xiaodong (*Vice Chairman*)
 Xia Lingjie (*Chief Executive Officer*)
 (appointed on 27 March 2019)
 Li Minbin (retired on 30 May 2019)

Non-Executive Directors

Zhan Yushan
 Lau Wan Po (resigned on 30 May 2019)
 Wu Teng (retired on 30 May 2019)
 Chen Kaiben (retired on 30 May 2019)

Independent Non-Executive Directors

He Suying
 Tang Lai Wah
 Wong Chun Bong
 Chen Zetong (retired on 30 May 2019)

CHIEF FINANCIAL OFFICER

Fong Ching Kong

COMPANY SECRETARY

Fong Ching Kong

SOLICITORS

Baker & McKenzie
 H. Y. Leung & Co. LLP

AUDIT COMMITTEE

Wong Chung Bong[#]
 He Suying
 Tang Lai Wah

DEVELOPMENT COMMITTEE

Yao Jianhui[#]
 Zhang Xiaodong
 Xia Lingjie

INVESTMENT COMMITTEE

Yao Jianhui[#]
 Zhang Xiaodong
 Xia Lingjie

NOMINATION COMMITTEE

Wong Chun Bong[#]
 Yao Jianhui
 He Suying

[#] *Chairman*

RISK MANAGEMENT COMMITTEE

Zhang Xiaodong[#]
 Xia Lingjie
 Zhan Yushan

SALARY REVIEW COMMITTEE

He Suying[#]
 Yao Jianhui
 Tang Lai Wah

AUTHORISED REPRESENTATIVES

Zhang Xiaodong
 Fong Ching Kong

AUDITOR

RSM Hong Kong
Certified Public Accountants

PRINCIPAL BANKER

Hong Kong and Shanghai Banking Corporation

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2602, 26/F
 Lippo Centre, Tower 1
 No. 89 Queensway, Admiralty
 Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Bank of Butterfield International (Cayman) Limited
 68 Fort Street, P. O. Box 705
 George Town, Grand Cayman
 Cayman Islands

REGISTERED OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
 Level 54, Hopewell Centre
 183 Queen's Road East
 Hong Kong

WEBSITE

<http://www.hk0299.com>

STOCK CODE

299

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY AND MARKET OVERVIEW

In the first half of 2019, faced with the complex situation where risks and challenges increase both at home and abroad, the economic operation of People's Republic of China (the "PRC") continued the overall stable development trend while securing growth. The main macroeconomic indicators moved within a reasonable band and the economic structure continued to be optimized. In terms of industry, the central government adhered to the policy of "houses are for living, not for speculation". As a result, the real estate markets in most cities have entered a stable cycle whether in terms of housing prices, volume or land market, the residential attribute of houses has become increasingly prominent, and a consensus has been reached in the industry that the real estate industry has entered the silver age. Backed by national policies, which encourage the integration of fitness and leisure activities and sports events by developing and innovating various types of sports training, the broader environmental climate of China's sports industry is still bullish. However, the overall scale of the sports industry is still small and its vitality is feeble. We believe that with "the people's increasing yearning for a better life", the scale and vitality of the sports industry will expand and improve exponentially.

Amidst this market environment, in the first half of 2019, the Group continued to optimize and integrate various business segments and steadily promoted the development strategy of "centering on property investment and development and relying on sports culture" to achieve the strategic transformation from a single business unit to diversified businesses in real estate and steady progress to become the "expert operator of urban complexes". In the property investment and development segment, the Group continued to integrate various resources to consolidate its business foundation, while eyeing market openings to increase project investment and develop intensively. In the sports culture industry sector, we continued to expand the project pipeline, innovate development ideas, and accelerate the seizing of market share.

BUSINESS REVIEW

Property investment and development

After establishing property investment and development as an important business segment of the Company in 2017, followed by business adjustment in 2017 and 2018, the Group has now developed into a large-scale real estate company primarily engaged in integrated property development and services covering multi-forked product segments including office buildings, commercial, multi-story and high-rise residences, hotels, commercial apartments, villas, and garden houses, owning a total of nine development projects in seven cities across the country with a total construction area of 2.93 million square meters and a total investment of approximately RMB25 billion. In the first half of 2019, the Group prioritized both investment and operation to accelerate the entry of residential units into the market. At the same time, it promoted the development and construction of various property projects as planned while actively exploring new projects.

On 30 May 2019, the Group agreed to acquire the entire equity interest in Karsen International Limited, thereby obtaining a commercial land of approximately 38,000 square meters located at No. 34, Shenxin East Road, Tiexi District, Shenyang. The building under the project had six floors. Floors one to three are used for commercial purposes, and the floors four to six are partially used for hotels and office purposes. There are 159 parking spaces in the ground parking lot. At present, many well-known merchants have settled in the building.

On 7 June 2019, Shantou Times Bay (汕頭時代灣) project officially opened to the public. With ample previous customer reserves, the premises were in high demand after the opening. With an investment of over RMB10 billion and a total floor area of over 1 million square meters, the Shantou Times Bay project was positioned as a technology, creativity and leisure center in the global context aimed at creating a vibrant modern metropolitan office park with a supporting apartment area for high-end talents.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2019, three of the Group's self-owned real estate development projects have opened to the public with stable sales, and the remaining six projects are all under construction and progress in an orderly manner, well-prepared for the subsequent sales and opening. In addition, the Group continued to operate and manage some of its property investment projects in Shenyang, Hefei and Shenzhen, among others. The leasing business has improved and the internal operations have developed steadily.

Although the government has not relaxed the control over the real estate market, the Group believes that as a developing country with less than 60% of urbanization, China still has large room for the development of the real estate market, and the real estate industry still hosts tremendous investment demand in the future. In addition, compared with pure residential projects, the government is more interested in projects with on-going operations such as urban complexes and favors developer capable of operating urban complexes, as these projects can bring sustainable drives to cities, which is also the development direction and objective of the Group and its team. Most of the Company's projects are currently in the early stage of cultivation, and will bear fruits in the next three years, helping the Group ensure sufficient cash flow and achieve a virtuous circle of funds.

Sports Culture

The main sports and cultural business operated by the Group include the New Sports Marine Sports Center ("Sports Center"), the New Sports Marine Training Center ("Training Center") and the Shenzhen Bihai Bay Golf Practising Court ("Baixin Golf"). In the first half of 2019, the Group adopted a strategy of striving for growth while maintaining stability for this sector, seeking breakthroughs through innovation and facilitating development through resource integration.

The Sports Center carried out nearly 20 events and activities in the first half of the year relying on the main businesses such as docking and rental services and event operations. On 24 April 2019, prominent leaders of the Shenzhen Boating Industry Association (深圳休閒船艇協會) visited the Sports Center and established a new positioning for the Sports Center as a seaside tourist attraction in China integrating multiple functions such as promotion of marine sports, marine entertainment experience, marine style accommodation, marine specialty dining, and marine theme team building, which is more in line with and better meets market needs. The Training Center mainly serves enterprises, institutions and camp teaching teams, providing services such as camp education, team building and training. On 29 June 2019, the Wharton Asia-Pacific International Education (沃頓亞太國際教育) entered into a cooperation agreement with the Organizing Committee of China Cup International Regatta (中國杯帆船賽組委會) and the Group to develop the Training Center into an ordinary high school featuring marine sports skills training and the base of marine sports research and learning for the young people in Shenzhen.

Baixin Golf is a high-end leisure club that primarily offers golf practice and training services. It is located in a beautiful, green and natural environment, and it is an international golf club with fitness, entertainment, leisure and dining. At present, Baixin Golf derives most of its revenue from members' spending, and a minority of its revenue is from rental income. Baixin Golf has a stable customer base, and sound management team and operation mode. In the first half of 2019, Baixin Golf delivered solid operating results. Its revenue was stable and operational targets were achieved.

The Group opined that despite the development of sports and cultural industry is encouraged by national policies, the general public's acceptance and market popularity of the yacht sports industry and golf sports, as middle and high-end consumer industry, are far from enough under the gloom of the overall economic situation. It may take a long time before the yacht and golf sports become widely accepted by the public. The Group will keep a close watch on market conditions, continue studying national policies and consumption trends, and maintain the sustainable development of the sports and cultural industry.

MANAGEMENT DISCUSSION AND ANALYSIS

Structural Change

On 24 June 2019, the Group's domestic subsidiary Shenzhen Baoxin Industrial Group Limited (深圳寶新實業集團有限公司) ("Baoxin Industrial") introduced a new investor, namely Shenzhen Ke Xin Shi Dai Industrial Investment Company Limited (深圳市科信時代實業投資有限公司) (the "Investor"). According to the capital injection agreement, the Investor agreed to invest RMB1,235,500,000 into Baoxin Industrial. Upon completion of the capital injection, the total registered capital of Baoxin Industrial increased to RMB1,764,800,000 from RMB1,500,000,000, and the remaining RMB970,700,000 was credited to the capital reserve. The Group's equity interest in Baoxin Industrial dropped from 100% to 85%, whereas the remaining 15% of equity interest in Baoxin Industrial was held by the Investor. The injected capital will be primarily used to repay external borrowings owned by related real estate project companies for existing and future land development projects, and remaining capital shall be used for funding the working capital of Baoxin Industrial to meet future capital needs.

In addition, the Group sold its 100% equity interest in Kingworld Holdings Limited on 29 June 2019. Upon completion of the sale, the Group officially ended all its non-core business in online gaming services and related platform services. The sale allows the Group to better focus its resources and efforts on real estate development and property investment businesses, thereby delivering better results in the future. In addition, the Group's debt relationship with Zhou Xu and Xu Rong, the ultimate beneficial owners of the former shareholder of Kingworld Holdings Limited, will remain valid. Therefore, the Company and its related subsidiaries still have the right to recover all outstanding arrears from Zhou Xu and Xu Rong, and no negative impact will arise from the sale of the abovementioned equity interest.

Prospects

The Company believed that given the China-US trade war and slowing consumption growth, Chinese economy exposed to downward pressure in the first half of 2019, and fixed asset investment will become a key drive for Chinese economy in 2019. Property investment is a major component of the fixed asset investment. Therefore, in the second half of 2019, the Group will adapt to the market trends and focus on property investment and development. On one hand, the Group will focus on and actively expand its presence in city clusters and regional core cities that enjoy national support. On the other hand, the Group will accelerate its paces in launching real estate projects, and enhance the velocity of turnover of real estate development projects so as to maintain sound liquidity. The Group will solidify its property investment and development segment so as to ensure smooth operation of its core business.

In the meantime, the stable development of the sports and cultural industry will lay a solid foundation for the Group. In the second half of 2019, the Group will follow the PRC government's policies and measures for development of sports industry, and continue boosting its operation and innovating its development mode according to Shenzhen municipal committee and municipal government's plan of building Shenzhen into a modern, international and innovative city with strong sports industry.

REVIEW OF RESULTS AND OPERATIONS

During the six months ended 30 June 2019 (the "Period"), the Group achieved approximately HK\$1,629,947,000 in revenue, representing a significant increase of approximately 84% from that of approximately HK\$887,126,000 during the corresponding period of last year. Along with the revenue growth, the gross profit was approximately HK\$21,974,000, comparing to approximately HK\$24,126,000 during the corresponding period of last year, representing an decrease of 8.92%. The gross profit margin slightly decreased by 1.37 percentage points from 2.72% in the corresponding period last year to 1.35%. The revenue was mainly contributed by the sales of properties by Hunan Project Company and Shantou Project Company as well as the trading of commodities business.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, the Group's selling expenses amounted to approximately HK\$11,043,000 (six months ended 30 June 2018: approximately HK\$3,714,000) representing an increase of approximately 197% which was mainly due to the Group further increasing its property marketing efforts to accelerate the pre-sales and sales of its properties under development in 2019.

The Group had expedited the real estate and property investment business by expanding its operation scale. As a result, administrative expenses were increased by approximately 42% when compared with the corresponding period of last year which amounted to approximately HK\$45,028,000 (six months ended 30 June 2018: approximately HK\$31,610,000).

The properties portfolio of the Group comprised residential and commercial properties in Shenyang, Hefei, Shenzhen and Hunan, as well as certain properties under construction in Shantou which were held for investment purpose. As at 30 June 2019, the gain resulted from the fair value appreciation of those investment properties amounted to approximately HK\$104,866,000 (six months ended 30 June 2018: approximately HK\$175,098,000) was recognised.

In addition, the Group recognised a gain on bargain purchase from business combination of approximately HK\$31,485,000 during the Period (six months ended 30 June 2018: approximately HK\$102,024,000). It was contributed by the acquisition of Shenyang Project Company.

During the Period, the Group disposed of its online game service business in the PRC and recognized a gain from discontinued operation amounted to approximately HK\$30,830,000 (six months ended 30 June 2018: loss approximately HK\$28,952,000) accordingly.

Income tax expense for the Period was approximately HK\$42,804,000 as compared with the corresponding period of last year of approximately HK\$36,040,000, representing an increase in approximately 19% compared to the corresponding period of last year.

As a result of the above-mentioned factors, the Group recorded net profit of approximately HK\$41,896,000 for the Period, as compared with the amount of approximately HK\$146,780,000 for the six months ended 30 June 2018.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2019, the Group had bank and cash balances of approximately HK\$1,708,177,000 (31 December 2018: approximately HK\$758,316,000).

Total borrowings of the Group amounted to approximately HK\$8,250,738,000 as at 30 June 2019 (31 December 2018: approximately HK\$4,827,735,000), of which equivalents of approximately HK\$1,247,500,000 and approximately HK\$7,003,238,000 were denominated in Hong Kong dollars and Renminbi respectively. Total borrowings included bank and other loans of approximately HK\$7,063,238,000 and corporate bond of approximately HK\$1,187,500,000. All loans bore fixed interest rates and exposed the Group to fair value interest rate risk.

As at 30 June 2019, the Group had a net current asset of approximately HK\$4,258,730,000, as compared with an amount of approximately HK\$1,007,456,000 as at 31 December 2018. As at 30 June 2019, the gearing ratio of the Group was approximately 1.476 (31 December 2018: approximately 1.210), which was calculated on the basis of the total borrowings divided by total equity as at the respective reporting date.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL EXPENDITURE

During the Period, the Group acquired property, plant and equipment of approximately HK\$7,789,000 (six months ended 30 June 2018: approximately HK\$11,835,000), of which approximately HK\$51,000 was acquired through acquisition of subsidiaries.

SECURITIES INVESTMENT

To broaden the source of income and offering a better return to its shareholders, the Group included securities investment for listed shares in both Hong Kong and USA. The Group adopted a prudent investment strategy and will closely monitor the market changes and adjust its investment portfolio as and when necessary. During the Period, the Group recognised an decrease in fair value of equity instruments at fair value through other comprehensive income amounted to approximately HK\$72,049,000 (Six months ended 30 June 2018: approximately HK\$23,590,000). Dividend income amount of approximately HK\$446,000 (Six months ended 30 June 2018: approximately HK\$1,136,000) received from financial assets at fair value through other comprehensive income. As at 30 June 2019, the Group held financial assets at fair value through other comprehensive income of approximately HK\$239,143,000 (31 December 2018: approximately HK\$311,192,000) as follows:

Nature of investments	Principal businesses	As at	As at	As at	As at	For the
		30 June 2019	30 June 2019	30 June 2019	31 December 2018	period ended 30 June 2019
		Percentage to shareholding in such stock %	Percentage to total assets of the Group %	Fair value amount HK'000	Fair value amount HK'000	Change in fair value HK'000
Listed Securities						
Glory Sun Financial Group Limited	Automation, financial services, manufacturing and property investment and development and securities investment	0.8%	0.5%	88,012	106,952	(18,940)
Bank of Zhengzhou Co., Ltd. — H shares	Provision of banking products and services	2.1%	0.5%	95,224	122,156	(26,932)
Madison Holdings Group Ltd.	Sales of alcoholic beverages, the provision of financial services, blockchain services and loan financing services	1.3%	0.2%	35,007	69,340	(34,333)
BIO-key International Inc.	Specializing in advanced biometric identification solutions	15.6%	0.1%	20,900	12,744	8,156
Total				239,143	311,192	

CHARGE OF ASSETS

As at 30 June 2019, properties for sale under development and investment properties with a carrying amount of approximately HK\$3,389,000,000 and HK\$817,843,000 respectively were pledged as security for bank loans in relation to the Group's real estate and property investment business. Besides, the Group has utilised approximately HK\$215,650,000 of notes payable which is secured by a charge over the pledged bank deposited amounted to HK\$250,000,000. Properties for sale under development with carrying amount of approximately HK\$375,524,000 was pledged for the provision of financial guarantees to an associated party of a former equity holder of a subsidiary. As at 30 June 2019, certain equity investments at fair value through other comprehensive income with a carrying amount of approximately HK\$95,224,000 were pledged to secure the relevant loans from a related party amounting to HK\$60,000,000 which was granted to a subsidiary of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2018, properties for sale under development and investment properties with a carrying amount of approximately HK\$1,760,400,000 and HK\$288,167,000 respectively were pledged as security for bank loans in relation to the Group's real estate and property investment business. The Group has utilised approximately HK\$261,400,000 of notes payable which is secured by a charge over the pledged bank deposited amounted to HK\$250,000,000. Properties for sale under development with carrying amount of approximately HK\$170,868,000 and approximately HK\$74,751,000 were pledged for the provision of financial guarantees to an associated party of a former equity holder of a subsidiary and the associated parties of a non-controlling equity holder of a subsidiary respectively. Besides, certain equity investments at fair value through other comprehensive income with a carrying amount of approximately HK\$122,156,000 were pledged to secure the relevant loans from a related party amounting to HK\$60,000,000 which was granted to a subsidiary of the Group.

EMPLOYEE AND REMUNERATION POLICIES

The Group had 516 full time staff as at 30 June 2019 (31 December 2018: 438) 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 mainland China 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 Period, the Group had not hedged its foreign exchange risk because the exposure was considered insignificant. Our management will continue to monitor our foreign exchange exposure and will consider hedging the foreign currency exposure when it is necessary.

SHARE CAPITAL

Retained Consideration Shares for the Sale and Purchase Agreement dated 19 September 2016

On 19 September 2016, the Company entered into the sale and purchase agreement in relation to purchase the entire issued share capital in Yue Jin Asia Limited. The initial consideration of HK\$850,000,000 was settled whereas the retained consideration of HK\$150,000,000 was subject to the retained consideration adjustment on the retained consideration release date. Pursuant to the written confirmation dated 29 April 2019 issued to the Company by RSM Hong Kong, the auditors of the Company, based on the annual report of the Company for the year ended 31 December 2018 published on 25 April 2019 (the "Annual Report"), each of the 2018 yacht profit and the 2018 school profit has reached the profit guarantee of HK\$60,000,000 and HK\$17,500,000 respectively. Therefore, no retained consideration adjustment shall become applicable. On 14 May 2019, 111,548,585 retained consideration ordinary shares of the Company (the "Shares") were allotted and issued by the Company to Yue Jin International Limited at the issue price of HK1.24 (after the issue price adjustment) per consideration Share under specific mandate granted to the directors of the Company (the "Directors") at the extraordinary general meeting on 19 December 2016. The closing market price per Share on the issued date was HK\$0.475.

Details of which were disclosed in the announcements of the Company dated 19 September 2016, 28 December 2016 and 14 May 2019 and the circular of the Company dated 30 November 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Subscription Agreements dated 18 June 2019 in relation to the Subscription of 379,000,000 Shares

On 18 June 2019, the Company entered into the subscription agreements with Hongkun Limited and Smart Omen Limited in relation to the subscription of 379,000,000 Shares (the "Subscription"). The Subscription was completed on 24 June 2019 and according to the subscription agreements 277,600,000 Shares and 101,400,000 Shares were allotted and issued by the Company to Hongkun Limited and Smart Omen Limited respectively at the subscription price of HK\$0.45 per Subscription Share under general mandate granted to the Directors at the Annual General Meeting on 30 May 2019.

The net proceeds, after deduction of relevant expenses, from the Subscription were approximately HK\$170,500,000. The Company used the net proceeds from the Subscription for financing the general working capital of the Company. The Directors considered that the Subscription offered a good opportunity to raise additional funds to strengthen the financial position and provide the Group with working capital to meet future development and obligations, whilst broadening its shareholder base and capital base. The Directors considered that the terms of the subscription agreements were fair and reasonable and were in the interests of the Company and the shareholders of the Company (the "Shareholders") as a whole. The closing market price per Share on the issued date was HK\$0.62 and the net price of each Subscription Share will be approximately HK\$0.4499.

Details of which were disclosed in the announcements of the Company dated 18 June 2019 and 24 June 2019.

Public Float

Reference is made to the Company's announcement dated 25 May 2019 in relation to the close of mandatory unconditional cash offer (the "Offer") as disclosed therein. Upon the close of the Offer, on 24 May 2019, there were 1,023,044,597 Shares in the hands of the public (as defined under the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")), representing approximately 24.53% of the entire issued share capital of the Company. The Company therefore could not fulfill the minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules. The Stock Exchange granted a waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules for a period from 24 May 2019 to 28 June 2019.

Reference is made to the Company's announcements dated 18 June 2019 and 24 June 2019 respectively in relation to the restoration of public float of the Company as disclosed therein. On 24 June 2019, immediately following the Subscription and as at 24 June 2019, 1,402,044,597 Shares were held by the public, representing approximately 30.82% of the total issued share capital of the Company as at the date of 24 June 2019. Accordingly, the minimum public float of the Company has been restored and the Company is in compliance with Rule 8.08(1)(a) of the Listing Rules.

Details of which were disclosed in the announcements of the Company dated 24 May 2019, 18 June 2019 and 24 June 2019.

CONTINGENT LIABILITIES

As at 30 June 2019, the Group had no material contingent liabilities (31 December 2018: Nil).

CAPITAL COMMITMENTS

As at 30 June 2019, the Group's capital commitments were approximately HK\$6,856,079,000 (31 December 2018: approximately HK\$8,242,045,000) in respect of contracted but not provided for capital expenditures on properties under development.

INDEPENDENT PRACTITIONER'S REVIEW REPORT

TO THE BOARD OF DIRECTORS OF GLORY SUN LAND GROUP LIMITED

(incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements set out on pages 12 to 52 which comprise the condensed consolidated statement of financial position of Glory Sun Land Group Limited (formerly known as "New Sports Group Limited") (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes (the "condensed consolidated financial statements"). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on the condensed consolidated financial statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2400 (Revised) "Engagements to Review Historical Financial Statements" ("HKSRE 2400 (Revised)") issued by the Hong Kong Institute of Certified Public Accountants. HKSRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements. A review of financial statements in accordance with HKSRE 2400 (Revised) is a limited assurance engagement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, as appropriate, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

INDEPENDENT PRACTITIONER'S REVIEW REPORT

OTHER MATTER

The comparatives in the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months period ended 30 June 2018, and the related explanatory notes have not been reviewed in accordance with HKSRE 2400 (Revised) or audited.

BDO Limited

Certified Public Accountants

Lo Ngai Hang

Practising Certificate no. P04743

Hong Kong

23 August 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Note	Six months ended 30 June	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited) (re-presented)
Continuing operations			
Revenue	5	1,629,947	887,126
Cost of sales		(1,607,973)	(863,000)
Gross profit		21,974	24,126
Selling expenses		(11,043)	(3,714)
Administrative expenses		(45,028)	(31,610)
Gain on bargain purchase	26(a)	31,485	102,024
Fair value gain on investment properties		104,866	175,098
Fair value gain/(loss) on derivative financial assets	18	3,692	(870)
Fair value loss on contingent consideration payable	23	(605)	(6,992)
Gain from derecognition of financial guarantee		27,348	–
Net recovery on impairment loss of financial assets and contract assets		7,897	–
Other income, gains/(losses)	6	9,845	(6,548)
Profit from operations		150,431	251,514
Finance costs	7	(96,561)	(39,742)
Profit before income tax		53,870	211,772
Income tax expense	8	(42,804)	(36,040)
Profit for the period from continuing operations	9	11,066	175,732
Discontinued operation			
Profit/(loss) for the period from discontinued operation	10	30,830	(28,952)
Profit for the period		41,896	146,780
Other comprehensive income:			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value changes of financial assets at fair value through other comprehensive income		(72,049)	(23,590)
		(72,049)	(23,590)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Note	Six months ended 30 June	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited) (re-presented)
<i>Items that will be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(6,406)	30,130
Exchange differences reclassified to profit or loss on disposal of subsidiaries		18,514	–
		12,108	30,130
Other comprehensive income for the period, net of tax		(59,941)	6,540
Total comprehensive income for the period		(18,045)	153,320
(Loss)/profit for the period attributable to:			
Owners of the Company			
— Continuing operations		(44,196)	143,740
— Discontinued operation		30,830	(28,952)
		(13,366)	114,788
Non-controlling interests			
— Continuing operations		55,262	31,992
— Discontinued operation		–	–
		55,262	31,992
		41,896	146,780
Total comprehensive income for the period attributable to:			
Owners of the Company		(71,283)	123,290
Non-controlling interests		53,238	30,030
		(18,045)	153,320
(Loss)/earnings per share — basic and diluted (HK\$ cents)			
— From continuing operations	12	(1.07)	4.49
— From discontinued operation	12	0.75	(0.90)
— From continuing and discontinued operations	12	(0.32)	3.59

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	13	209,718	76,665
Investment properties	14	3,578,761	2,830,073
Goodwill	15	195,569	196,258
Other intangible assets	16	717,684	743,200
Prepaid lease payments		–	104,717
Financial assets at fair value through other comprehensive income	17	239,143	311,192
Derivative financial assets	18	6,830	3,138
Deferred tax assets		41,033	47,897
		4,988,738	4,313,140
Current assets			
Inventories	19	6,580,218	6,412,766
Contract assets		288,120	276,872
Trade and other receivables	20	4,307,406	622,087
Pledged bank deposits		268,416	253,481
Bank and cash balances		1,708,177	758,316
		13,152,337	8,323,522
Current liabilities			
Borrowings	22	5,633,428	4,455,282
Trade and other payables	21	2,729,810	2,054,672
Consideration payable		70,000	10,000
Contingent consideration payable	23	–	56,855
Contract liabilities		383,947	690,939
Lease liabilities		1,503	–
Current tax liabilities		74,919	48,318
		8,893,607	7,316,066
Net current assets		4,258,730	1,007,456
Total assets less current liabilities		9,247,468	5,320,596

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Non-current liabilities			
Borrowings	22	2,617,310	372,453
Consideration payable		130,065	120,474
Financial guarantees	24	33,836	60,831
Lease liabilities		30,090	–
Deferred tax liabilities		845,828	777,076
		3,657,129	1,330,834
NET ASSETS			
		5,590,339	3,989,762
Capital and reserves			
Share capital	25	227,505	202,978
Reserves		3,578,212	2,557,625
Equity attributable to owners of the Company			
		3,805,717	2,760,603
Non-controlling interests			
		1,784,622	1,229,159
TOTAL EQUITY			
		5,590,339	3,989,762

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months 30 June 2019

	Attributable to the owners of the Company							Accumulated losses	Non-controlling interests	Total equity	
	Share capital	Share premium	Share redemption reserve	Other reserve	Shareholder's contribution	Translation reserve	Fair value through other comprehensive income reserve				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
For the six months ended 30 June 2018											
At 1 January 2018 (audited)	102,156	2,090,022	2,269	-	4,118	63,227	-	(502,330)	1,759,462	620,496	2,379,958
Total comprehensive income for the period (unaudited)	-	-	-	-	-	32,092	(23,590)	114,788	123,290	30,030	153,320
Acquisition of subsidiaries (unaudited)	-	-	-	-	-	-	-	-	-	332,904	332,904
Issue of shares on subscription (unaudited)	20,431	731,377	-	-	-	-	-	-	751,808	-	751,808
Issue of shares on placement (unaudited)	81,725	183,881	-	-	-	-	-	-	265,606	-	265,606
Changes in equity for the period (unaudited)	102,156	915,258	-	-	-	32,092	(23,590)	114,788	1,140,704	362,934	1,503,638
At 30 June 2018 (unaudited)	204,132	3,005,280	2,269	-	4,118	95,319	(23,590)	(387,542)	2,900,166	983,430	3,883,596
For the six months ended 30 June 2019											
At 1 January 2019 (audited)	202,978	2,998,022	2,269	-	4,118	22,839	(67,030)	(402,593)	2,760,603	1,229,159	3,989,762
Profit for the period (unaudited)	-	-	-	-	-	-	-	(13,366)	(13,366)	55,262	41,896
Fair value changes of financial assets at fair value through other comprehensive income (unaudited)	-	-	-	-	-	-	(72,049)	-	(72,049)	-	(72,049)
Exchange differences on translating foreign operations (unaudited)	-	-	-	-	-	(4,382)	-	-	(4,382)	(2,024)	(6,406)
Exchange differences reclassified to profit or loss on disposal of subsidiaries (unaudited)	-	-	-	-	-	18,514	-	-	18,514	-	18,514
Total comprehensive income for the period (unaudited)	-	-	-	-	-	14,132	(72,049)	(13,366)	(71,283)	53,238	(18,045)
Issue of shares on settlement of contingent consideration payable (unaudited)	5,577	40,202	-	-	-	-	-	-	45,779	-	45,779
Issue of shares on placement (unaudited)	18,950	151,600	-	-	-	-	-	-	170,550	-	170,550
Transaction with non-controlling interests (unaudited)	-	-	-	900,067	-	-	-	-	900,067	502,226	1,402,293
Acquisition of non-controlling interests (unaudited)	-	-	-	1	-	-	-	-	1	(1)	-
Changes in equity for the period (unaudited)	24,527	191,802	-	900,068	-	14,132	(72,049)	(13,366)	1,045,114	555,463	1,600,577
At 30 June 2019 (unaudited)	227,505	3,189,824	2,269	900,068	4,118	36,971	(139,079)	(415,959)	3,805,717	1,784,622	5,590,339

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months 30 June 2019

	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited) (re-presented)
NET CASH USED IN OPERATING ACTIVITIES	(2,206,018)	(744,713)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries	3,300	23,622
Additions of investment properties	(242,337)	(87,970)
Increased in pledged bank deposit	(14,935)	–
Payment of consideration in relation to acquisition of subsidiaries	–	(901,500)
Disposal of subsidiaries	(4)	–
Purchases of property, plant and equipment	(7,405)	(912)
Purchase of financial assets at fair value through other comprehensive income	–	(355,596)
Purchase of financial assets at fair value through profit or loss	–	(49,998)
Proceeds from disposal of financial assets at fair value through profit or loss	–	235,983
Payment for lease	–	(122,800)
Net cash used in investing activities	(261,381)	(1,259,171)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend income of financial asset at fair value through other comprehensive income	446	–
Borrowings raised	3,921,547	1,639,178
Proceeds from issue of corporate bonds	690,000	497,500
Proceeds from issue of shares on subscription	–	751,808
Proceeds from issue of shares on placement	170,550	265,606
Redemption of corporate bond	–	(137,126)
Repayment of borrowings	(1,324,856)	(517,452)
Repayment of principal portion on lease liabilities	(1,708)	–
Net cash generated from financing activities	3,455,979	2,499,514
NET INCREASE IN CASH AND CASH EQUIVALENTS	988,580	495,630
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	758,316	327,249
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(38,719)	179,547
CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY	1,708,177	1,002,426
Bank and cash balances	1,708,177	1,002,426

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The name of the Company was changed from "New Sports Group Limited" to "Glory Sun Land Group Limited" with effect from 4 June 2019.

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 2602, 26/F., Lippo Centre, Tower 1, No. 89 Queensway, Admiralty, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These condensed consolidated 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 required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

These condensed consolidated financial statements have been prepared with the same accounting policies adopted in the annual financial statements year ended 31 December 2018, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2019. This is the first set of the Group's financial statements in which Hong Kong Financial Reporting Standard 16 Leases ("HKFRS 16") has been adopted. Details of any changes in accounting policies are set out in note 2.

The preparation of these condensed consolidated 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 3.

These condensed consolidated financial statements contain condensed consolidated 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 2018. These condensed consolidated 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 2018.

These condensed consolidated financial statements are presented in Hong Kong Dollars ("HK\$"), unless otherwise stated.

These condensed consolidated financial statements are unaudited, but has been reviewed by BDO Limited Certified Public Accountants, Hong Kong in accordance with Hong Kong Standard on Review Engagements 2400 (Revised) "Engagements to Review Historical Financial Statements" issued by the HKICPA. BDO Limited's independent practitioner's review report to the Board of Directors ("Directors") is included on page 10 to 11.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current 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 2019. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations.

The Group has initially adopted HKFRS 16 from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Group's condensed consolidated financial statements.

(i) Impact of the adoption of HKFRS 16

HKFRS 16 replaces HKAS 17 Leases ("HKAS 17"), HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee's perspective, almost all leases are recognised in the statement of financial position as a right-of-use assets and a lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted as allowed under HKFRS 16, please refer to section (ii) to (iv) of this note.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised the right-of-use asset at the amount equal to the lease liability, adjusted by the amount of any prepayments or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The reconciliation of operating lease commitment to lease liabilities is set out below:

	HK\$'000
Operating lease commitment at 31 December 2018	17,793
Less: short-term leases with remaining lease term ending on or before 31 December 2019	(79)
Gross lease liabilities at 1 January 2019	17,714
Less: total future interest expenses	(784)
Lease liabilities at 1 January 2019	16,930

The lessee's incremental borrowing rates applied to the lease liabilities on 1 January 2019 were ranged 5.12% to 7.44%.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

(i) Impact of the adoption of HKFRS 16 *(Continued)*

Right-of-use assets relating to operating leases and prepaid lease payments in respect of the land use right in the People's Republic of China ("PRC") is currently recognised as right-of-use assets upon application of HKFRS 16 and are included in the same line item as property, plant and equipment as that within which the corresponding assets.

Right-of-use assets related to interests in leasehold land where the interest in the land is held as inventories are included in the same line item as inventories as that within which the corresponding assets.

The following table summarises the impact of the adoption of HKFRS 16 on the Group's condensed consolidated statement of financial position as at 1 January 2019. The information presented for 2018 has not been restated.

	31 December 2018 HK\$'000	Impact of adoption of HKFRS 16 HK\$'000	1 January 2019 HK\$'000
Assets:			
Prepaid lease payments	104,717	(104,717)	–
Property, plant and equipment	–	121,647	121,647
Liabilities:			
Lease liabilities	–	16,930	16,930

(ii) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified assets for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified assets and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases in which the Group is a lessee.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

(iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the date of adoption of HKFRS 16, i.e. 1 January 2019.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use asset at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Lease Liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

(iii) Accounting as a lessee *(Continued)*

Lease Liability *(Continued)*

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

(iv) Transition

As mentioned above, the Group has applied HKFRS 16 using the cumulative effect approach and recognised the right-of-use asset at the amount equal to the lease liability, adjusted by the amount of any prepayments or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 January 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2019.

The Group has elected to recognise all the right-of-use assets at 1 January 2019 for leases previously classified operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. For all these right-of-use assets, the Group has applied HKAS 36 Impairment of Assets at 1 January 2019 to assess if there was any impairment as on that date.

The Group has also applied the follow practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 January 2019; and (iii) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int 4.

3. USE OF JUDGEMENTS AND ESTIMATES

In preparing this condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to annual financial statements for the year ended 31 December 2018, except for new significant judgements and key sources of estimation uncertainty related to the application of HKFRS 16 described in note 2.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

4. FAIR VALUE MEASUREMENTS

Except as disclosed below, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

Disclosures of level in fair value hierarchy at:

Description	Fair value measurements using:			At
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	30 June 2019 Total HK\$'000
Recurring fair value measurements:				
Financial assets				
Financial assets at fair value through other comprehensive income ("FVTOCI")				
Listed equity securities	239,143	–	–	239,143
Derivative financial assets				
Put option	–	–	6,830	6,830
Investment properties				
Properties in the PRC	–	1,130,566	2,448,195	3,578,761
Total	239,143	1,130,566	2,455,025	3,824,734

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

4. FAIR VALUE MEASUREMENTS (Continued)

Description	Fair value measurements using:			At
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	31 December 2018 Total HK\$'000
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTOCI				
Listed equity securities	311,192	–	–	311,192
Derivative financial assets				
Put option	–	–	3,138	3,138
Investment properties				
Properties in the PRC	–	727,024	2,103,049	2,830,073
Total	311,192	727,024	2,106,187	3,144,403
Recurring fair value measurements:				
Financial liabilities				
Contingent consideration payable	–	–	56,855	56,855
Total	–	–	56,855	56,855

Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

The Group's chief financial officer is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The chief financial officer reports directly to the Directors for these fair value measurements. Discussions of valuation processes and results are held between the chief financial officer and the Directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

4. FAIR VALUE MEASUREMENTS *(Continued)*

Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements: *(Continued)*

Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair value as at 30 June 2019 HK\$'000
Investment properties	Direct comparison approach	Market prices of comparables	1,130,566

Level 3 fair value measurement

Description	Valuation technique	Observable/ unobservable inputs	Range	Effect on fair value for increase of inputs	Fair Value as at 30 June 2019 HK\$'000
Investment properties	Direct comparison approach	Market prices of comparables	HK\$4,953– HK\$10,348 per square meter	Increase	2,448,195
Put option	Income approach	The Company's share price	HK\$0.01	Increase	6,830
		Profit forecast	10%	Increase	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

4. FAIR VALUE MEASUREMENTS (Continued)

Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements: (Continued)

Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair value as at 31 December 2018 HK\$'000
Investment properties	Market comparable approach	Market prices of comparables	727,024

Level 3 fair value measurement

Description	Valuation technique	Observable/ unobservable inputs	Range	Effect on fair value for increase of inputs	Fair Value as at 31 December 2018 Assets/ (liabilities) HK\$'000
Investment properties	Direct comparison approach	Market prices of comparables	HK\$32,803– HK\$48,761 per square meter	Increase	2,103,049
Put option	Income approach	The Company's share price	HK\$0.01	Increase	3,138
		Profit forecast	10%	Increase	
Contingent consideration payable	Income approach	The Company's share price	HK\$0.01	Decrease	(56,855)
		Profit forecast	10%	Decrease	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

4. FAIR VALUE MEASUREMENTS (Continued)

Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements: (Continued)

Reconciliation of assets/(liabilities) measured at fair value based on level 3

Description	2019			
	Assets			Liabilities
	Put option HK\$'000	Investment properties HK\$'000	Total HK\$'000	Contingent consideration payable HK\$'000
At 1 January	3,138	2,103,049	2,106,187	(56,865)
Total gains or losses recognised in profit or loss	3,692	118,287	121,979	56,865
Additions	–	242,337	242,337	–
Exchange difference	–	(15,478)	(15,478)	–
At 30 June	6,830	2,448,195	2,455,025	–

Description	2018			
	Assets			Liabilities
	Put option HK\$'000	Investment properties HK\$'000	Total HK\$'000	Contingent consideration payable HK\$'000
At 1 January	6,835	127,919	134,754	(94,000)
Total gains or losses recognised in profit or loss	(3,697)	127,438	123,741	37,145
Acquisition of subsidiaries	–	1,344,444	1,344,444	–
Purchase	–	285,048	285,048	–
Reclassification	–	242,700	242,700	–
Exchange difference	–	(24,500)	(24,500)	–
At 31 December	3,138	2,103,049	2,106,187	(56,865)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

5. SEGMENT INFORMATION

The Group has seven operating segments as follows:

Yacht club	– operation of a yacht club
Education	– provision of international education and training services
Real estates and property investment	– property development and property investment
Trading of commodities	– trading of commodities
Construction	– provision of construction works
Provision of online game services and platform services	– design, development and operation of mobile and web games and platform services
Others	– operation of golf practise court

The Group's revenue are 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.

The operating segment of provision of online game services and platform services was discontinued during the period.

The operating segments of construction and others were reported as unallocated during the six months ended 30 June 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

5. SEGMENT INFORMATION (Continued)

Segment revenue and results

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

For the six months ended 30 June 2019

6 months ended 30 June 2019 (unaudited)	Continuing operations						Subtotal HK\$'000	Discontinued operation	Total HK\$'000
	Yacht club HK\$'000	Education HK\$'000	Real estate and property investment HK\$'000	Trading of commodities HK\$'000	Construction HK\$'000	Others HK\$'000		Provision of online game services in PRC HK\$'000	
Revenue	14,819	9,336	444,840	1,142,918	12,517	5,517	1,629,947	355	1,630,302
Segment results	(1,423)	(11,964)	(14,846)	2,501	626	(8,991)	(34,097)	30,852	(3,245)
Gain on bargain purchase									31,485
Fair value gain on derivative financial assets									3,692
Fair value gain on investment properties									104,866
Fair value loss on contingent consideration payable									(605)
Gain from derecognition of financial guarantee									27,348
Other income, gains/(losses)									9,823
Net recovery on impairment losses of financial assets and contract assets									7,897
Finance costs									(96,561)
Profit before income tax									84,700
Time of revenue recognition									
Transferred at a point in time	-	-	439,426	1,142,918	-	5,517	1,587,861	-	1,587,861
Transferred over time	14,819	9,336	-	-	12,517	-	36,672	355	37,027
Revenue from other sources	14,819	9,336	439,426	1,142,918	12,517	5,517	1,624,533	355	1,624,888
	-	-	5,414	-	-	-	5,414	-	5,414
Total	14,819	9,336	444,840	1,142,918	12,517	5,517	1,629,947	355	1,630,302

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

5. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the six months ended 30 June 2018

6 months ended 30 June 2018 (unaudited)	Continuing operations					Subtotal HK\$'000	Discontinued operation	Total HK\$'000 (re-presented)
	Yacht club HK\$'000	Education HK\$'000	Real estate and property investment HK\$'000	Trading of commodities HK\$'000	Unallocated HK\$'000		Provision of online game services in PRC HK\$'000	
Revenue	49,899	29,753	682,334	143,431	(18,291)	887,126	4,798	891,924
Segment results	30,036	7,482	(11,146)	(850)	(19,905)	5,617	(29,209)	(23,592)
Gain on bargain purchase								102,024
Fair value gain on investment properties								175,098
Fair value loss on derivative financial assets								(870)
Fair value loss on contingent consideration payable								(6,992)
Other income, gains/(losses)								(6,289)
Finance costs								(39,744)
Unallocated corporate expenses								(16,815)
Profit before income tax								182,820
Time of revenue recognition								
Transferred at a point in time	–	–	680,143	143,431	(18,291)	805,283	–	805,283
Transferred over time	49,899	29,753	–	–	–	79,652	4,798	84,450
Revenue from other sources	49,899	29,753	680,143	143,431	(18,291)	884,935	4,798	889,733
	–	–	2,191	–	–	2,191	–	2,191
Total	49,899	29,753	682,334	143,431	(18,291)	887,126	4,798	891,924

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

5. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

As at 30 June 2019

	Continuing operations						Subtotal HK\$'000	Discontinued operation Provision of online game services in PRC HK\$'000	Total HK\$'000
	Yacht club HK\$'000	Education HK\$'000	Real estate and property investment HK\$'000	Trading of commodities HK\$'000	Construction HK\$'000	Others HK\$'000			
Segment assets	567,508	489,923	15,370,248	2,488	374,354	7,520	16,812,041	-	16,812,041
Unallocated assets									
— Bank and cash balance									1,103,701
— Others									225,333
									1,329,034
Consolidated total									18,141,075
Segment liabilities	124,441	178,602	10,559,549	2,140	53,839	3,423	10,921,994	-	10,921,994
Unallocated liabilities									
— Corporate bonds									1,187,500
— Others									441,242
									1,628,742
Consolidated total									12,550,736

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

5. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

As at 31 December 2018

	Continuing operations						Subtotal HK\$'000	Discontinued operation	Total HK\$'000
	Yacht club HK\$'000	Education HK\$'000	Real estate and property investment HK\$'000	Trading of commodities HK\$'000	Construction HK\$'000	Others HK\$'000		Provision of online game services in PRC HK\$'000	
Segment assets	577,636	477,779	10,430,917	54,832	428,280	114,297	12,083,741	19,192	12,102,933
Unallocated assets									533,729
Consolidated total									12,636,662
Segment liabilities	76,531	163,747	6,187,156	599	152,427	4,233	6,584,693	68,919	6,653,612
— Corporate bonds									497,500
— Others									1,495,788
									1,993,288
Consolidated total									8,646,900

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

6. OTHER INCOME, GAINS/(LOSSES)

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited) (re-presented)
Continuing operations:		
Interest income from bank balances	778	676
Interest income from loan receivables	–	20,504
Dividend income	446	1,136
Government subsidies	998	–
Rental income	3,138	2,731
Net foreign exchange loss	(3,505)	(35,200)
Others	7,990	3,605
	9,845	(6,548)
Discontinued operation:		
Others (Note 10)	(22)	259
	9,823	(6,289)

7. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited) (re-presented)
Continuing operations:		
Interest on bank borrowings	36,167	2,601
Interest on corporate bonds	27,659	11,421
Interest on other borrowings	211,630	123,894
Imputed interest on consideration payable	10,226	7,698
Interest on lease liabilities	531	–
	286,213	145,614
Amount capitalised	(189,652)	(105,872)
	96,561	39,742
Discontinued operations:		
Others (Note 10)	–	2
	96,561	39,744

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

8. INCOME TAX EXPENSE

Income tax relating to continuing operations has been recognised in profit or loss as following:

	Note	Six months ended 30 June	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Current tax:			
PRC Enterprise Income Tax	(a)	8,973	25,076
PRC Land Appreciation Tax	(b)	9,765	8,955
		18,738	34,031
Deferred tax:			
Current period		24,066	2,009
		42,804	36,040

No provision for Hong Kong Profits Tax is required since the Group has no assessable profits in Hong Kong for the six months ended 30 June 2018 and 2019.

On 21 March 2018, the Inland Revenue (Amendment) (No. 7) Bill 2017, which introduces a two-tiered profits tax regime, was substantively enacted. Under the two-tiered profits tax regime, the first HK\$2 million of assessable profits of qualifying corporations will be taxed at 8.25% with effect from the year assessment 2018/2019. Profits above HK\$2 million will continue to be subject to the tax rate of 16.5%.

(a) Corporate Income Tax

PRC Enterprise Income Tax has been provided at a rate of 25% (six months ended 30 June 2018: 25%).

Pursuant to relevant laws and regulations in the PRC, an income tax of 10% is imposed on the capital gain on disposal of the PRC subsidiaries when the gain is realised from tax perspective.

(b) PRC Land Appreciation Tax

PRC Land Appreciation Tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all property development expenditures, which is included in the consolidated statement of profit or loss as income tax. The Group has estimated the tax provision for PRC Land Appreciation Tax according to the requirements set forth in the relevant PRC tax laws and regulations. The actual PRC Land Appreciation Tax liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for PRC Land Appreciation Tax is calculated.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

9. PROFIT FOR THE PERIOD

Profit for the period has been arrived at charging/(crediting) the following:

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
		(re-presented)
Continuing operations:		
Amortisation of other intangible assets (included in cost of services)	23,389	24,782
Depreciation of property, plant and equipment (note (i))	11,388	1,357
Directors' remuneration	1,288	1,654
Interest income from bank balances	(778)	(676)
Net foreign exchange loss	3,505	35,200
Operating lease charges in respect of short term lease	249	3,480
Fair value gain on investment properties	(104,866)	(175,098)
Fair value (gain)/loss on derivative financial assets	(3,692)	870
Gain from derecognition of financial guarantee	(27,348)	–
Fair value loss on contingent consideration payable	605	6,992
Discontinued operation:		
Gain on disposal of subsidiaries	(41,411)	–
Research and development expenses (note (ii))	–	1,191

Note:

- (i) Depreciation of right-of-use assets included in property, plant and equipment was HK\$5,176,000 during the period.
- (ii) Research and development expenses include staff costs of approximately HK\$Nil (2018: HK\$1,191,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

10. DISCONTINUED OPERATION

On 29 June 2019, the Company entered into a sale and purchase agreement to dispose of the entire share capital of Kingworld Holdings Limited ("Kingworld Holdings"), which carried out the Group's provision of online game services. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in note 26(b).

	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue	355	4,798
Cost of sales	(6,157)	(8,512)
Selling expenses	(9)	(18,183)
Administrative expenses	(4,748)	(6,121)
Research and development expenses	–	(1,191)
Other income, (losses)/gains (Note 6)	(22)	259
Loss from operation	(10,581)	(28,950)
Finance costs (Note 7)	–	(2)
Loss before income tax	(10,581)	(28,952)
Income tax expense	–	–
Loss after income tax from discontinued operation	(10,581)	(28,952)
Gain on disposal of subsidiaries (Note 26(b))	41,411	–
Profit/(loss) for the period from discontinued operation	30,830	(28,952)
Operating cash flows	(528)	(464)
Investing cash flows	–	–
Financing cash flows	–	–
Total cash flows	(528)	(464)

A gain of HK\$41,411,000 arose on the disposal of Kingworld Holdings, being the proceeds of disposal less the carrying amount of the subsidiary's net liabilities and attributable goodwill. No tax charge or credit arose from the disposal.

For the purpose of presenting discontinued operations, the comparative condensed consolidated statement of profit or loss and other comprehensive income and the related notes have been re-presented as if the operation discontinued during the period had been discontinued at the beginning of the comparative period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

11. DIVIDENDS

The Directors did not recommend payment of an interim dividend for the current period (2018: Nil).

12. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share attributable to the owners of the Company is based on the following:

	Six months ended 30 June	
	2019 '000 (unaudited)	2018 '000 (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	4,113,040	3,200,901
	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited) (re-presented)
From continuing and discontinued operations:		
(Loss)/profit		
(Loss)/profit for the purpose of calculating basic (loss)/earnings per share	(13,366)	114,788
Basic and diluted (loss)/earnings per shares (HK\$ cents)	(0.32)	3.59

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

12. (LOSS)/EARNINGS PER SHARE (Continued)

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
		(re-presented)
From continuing operations:		
(Loss)/profit attributable to owners of the Company for the period	(13,366)	114,788
Less: Profit/(loss) for the period from discontinued operation	30,830	(28,952)
(Loss)/profit for the purpose of calculating basic (loss)/earnings for share from continuing operations	(44,196)	143,740
Basic and diluted (loss)/earnings per share from continuing operations (HK\$ cents)	(1.07)	4.49
From discontinued operation:		
Profit/(loss) attributable to owners of the Company for the period	30,830	(28,952)
Basic and diluted earnings/(loss) per share from discontinued operation (HK\$ cents)	0.75	(0.90)

The effects of all potential ordinary shares are anti-dilutive for the six months ended 30 June 2018 and 2019.

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired property, plant and equipment of approximately HK\$51,000 through acquisition of subsidiaries disclosed in note 26(a) and disposed of property, plant and equipment of approximately HK\$718,000 through disposal of subsidiaries disclosed in note 26(b).

Right-of-use assets relating to operating leases and prepaid lease payments in respect of the land use right in the PRC is currently recognised as right-of-use assets upon application of HKFRS 16 are included in the same line item as property, plant and equipment as that within which the corresponding assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

14. INVESTMENT PROPERTIES

During the six months ended 30 June 2019, the Group acquired investment properties of approximately HK\$408,672,000 through acquisition of subsidiaries disclosed in note 26(a).

As at 30 June 2019, the carrying amount of investment properties amounting to HK\$817,843,000 (31 December 2018: HK\$288,167,000) is pledged as security for the Group's bank loans.

15. GOODWILL

	HK\$'000
Cost	
At 1 January 2018 (audited)	681,721
Arising on acquisition of subsidiaries	19,358
Exchange differences	(36,490)
At 31 December 2018 and 1 January 2019 (audited)	664,589
Derecognised on disposal of subsidiaries (note 26(b))	(355,729)
Exchange differences	(1,085)
At 30 June 2019 (unaudited)	307,775
Accumulated impairment	
At 1 January 2018 (audited)	494,235
Exchange differences	(25,904)
At 31 December 2018 and 1 January 2019 (audited)	468,331
Derecognised on disposal of subsidiaries (note 26(b))	(355,729)
Exchange differences	(396)
At 30 June 2019 (unaudited)	112,206
Carrying amount	
At 30 June 2019 (unaudited)	195,569
At 31 December 2018 (audited)	196,258

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

15. GOODWILL (Continued)

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill (net of accumulated impairment losses) had been allocated as follows:

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Operation of a yacht club Shenzhen Dapeng Yacht Club Company Limited ("Dapeng Yacht Club")	67,301	67,538
Provision of international education services Shenzhen Dapeng International Education Company Limited ("Dapeng International Education")	109,734	110,121
Real estate and property investment Yunfu Baoneng Property Limited ("Yunfu Baoneng")	18,534	18,599
	195,569	196,258

The recoverable amounts of the CGUs have been determined on the basis of their value in use discounted cash flow method. The key assumptions for the discounted cash flow method are those regarding the discount rates, growth rates and budgeted gross margin and turnover during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGUs operate. Budgeted gross margin and turnover are based on past practices and expectations on market development.

The Group prepares cash flow forecasts of Dapeng Yacht Club, Dapeng International Education and Yunfu Baoneng derived from the most recent financial budgets approved by the Directors for the next five years with the residual period using the growth rate of 3%, 3% and 3% respectively. This rate does not exceed the average long-term growth rate for the relevant markets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

15. GOODWILL (Continued)

The rates used to discount the forecast cash flows are set out as follows:

Dapeng Yacht Club:	17% (31 December 2018: 18%)
Dapeng International Education:	15% (31 December 2018: 16%)
Yungu Baoneng:	14% (31 December 2018: 14%)

As at 30 June 2019, before impairment testing, goodwill of HK\$67,301,000 and HK\$109,734,000 were allocated to Dapeng Yacht Club and Dapeng International Education within operation of a yacht club and provision of international education and training segment respectively. Based on their recoverable amounts as at 30 June 2019, no impairment loss has been recognised in profit or loss.

As at 30 June 2019, before impairment testing, goodwill of HK\$18,534,000 was allocated to Yunfu Baoneng within the real estates and property investment segment. Based on its recoverable amount as at 30 June 2019, no impairment loss has been recognised in profit or loss.

During the six months ended 30 June 2019, the Group disposed of the goodwill with cost of HK\$355,729,000 which had been fully impaired in prior years through disposal of subsidiaries disclosed in note 26(b).

16. OTHER INTANGIBLE ASSETS

During the six months ended 30 June 2019, the Group disposed of other intangible assets of HK\$47,400,000 which had been fully impaired in prior years through disposal of subsidiaries disclosed in note 26(b).

The Group prepares cash flow forecasts of Dapeng Yacht Club and Dapeng International Education derived from the most recent financial budgets approved by the Directors for the next five years with the residual period using the growth rate of 3.0%. This rate does not exceed the average long-term growth rate for the relevant markets.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Non-current:		
Listed investments, at fair value		
Equity securities in Hong Kong	218,243	298,448
Equity securities in USA	20,900	12,744
	239,143	311,192

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(Continued)*

The fair value of listed securities are based on current bid prices.

As at 30 June 2019, listed investments with an aggregate carrying amount of HK\$95,224,000 (31 December 2018: HK\$122,156,000) have been pledged as security for the Group's loan from a related party (note 22) amounted to HK\$60,000,000 (31 December 2018: HK\$60,000,000).

18. DERIVATIVE FINANCIAL ASSETS

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Non-current:		
Financial assets		
Put option	6,830	3,138

As a part of the consideration for the acquisition of Yue Jin Asia Limited ("Yue Jin Asia") and its subsidiaries (collectively referred to as "Yue Jin Asia Group") in prior years, the Group shall have the option (the "Put Option") to, at the Group's discretion, sell the Option Shares (as defined below) to the seller of Yue Jin Asia at anytime within 5 calendar years from 28 December 2016 upon the Shenzhen Dapeng New District Management Committee or any other relevant governmental authority enforcing its rights under the Operation Entrustment Agreement for any breach of the Operation Entrustment Agreement by any member of the Yue Jin Asia Group before 28 December 2016 at the Option Share Price (as defined below).

The consideration for the Option Shares ("Option Share Price") shall be the higher of (i) the cash equivalent of the sum of (a) the amount paid in cash by the Group to the seller of Yue Jin Asia and (b) the value of all the consideration shares issued by the Company to the seller of Yue Jin Asia as at the date when the Put Option is exercised; or (ii) the fair market value of the Option Shares to be determined by an independent valuer as at the date when the Put Option is exercised.

Where:

Option Shares means all of the issued shares in the capital of Yue Jin Asia as at the completion date of the sale and purchase of the issued shares in the capital of Yue Jin Asia after exercise of the Put Option.

As at 30 June 2019, the Put Option was stated at fair value based on the valuation performed by Valtech Valuation Advisory Limited, an independent firm of professional valuer. The valuer conducted the valuation based on a profit forecast obtained from the Company (level 3 fair value measurements).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

19. INVENTORIES

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

As at 30 June 2019, the carrying amount of properties under development amounting to approximately HK\$3,389,000,000 (31 December 2018: HK\$1,760,400,000) are pledged as security for bank loans granted to the Group.

As at 30 June 2019, the carrying amount of properties under development amounting to approximately HK\$375,524,000 (31 December 2018: HK\$170,868,000) are pledged for provision of financial guarantees to an associated party of a former equity holder of a subsidiary.

As at 31 December 2018, the carrying amount of properties under development amounting to approximately HK\$74,751,000 was pledged for provision of financial guarantees to associated parties of a non-controlling interest holder of a subsidiary. The respective financial guarantee had been released and the respective properties under development had been unpledged during the period.

Right-of-use assets related to interests in leasehold land where the interest in the land is held as inventories are included in the same line item as inventories as that within which the corresponding assets.

20. TRADE AND OTHER RECEIVABLES

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Trade receivables	105,133	230,109
Less: Loss allowance	(367)	(3,117)
	104,766	226,992
Other receivables	206,647	160,176
Consideration receivables	1,405,811	3,518
Prepayments and other deposits	2,498,462	133,970
Other tax assets	91,720	97,431
	4,307,406	622,087

The Group generally allows an average credit period of 2 days (31 December 2018: 2 days) for sales of properties, 30 days (31 December 2018: 30 days) for operation of a yacht club and 30 days (31 December 2018: 30 days) for provision of education services, 30 days (31 December 2018: 30 days) for its tenants.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

20. TRADE AND OTHER RECEIVABLES (Continued)

The following is an aged analysis of trade receivables presented based on dates on which revenue was recognised.

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
0-30 days	8,958	175,027
31-60 days	1	38,769
61-90 days	49	995
91-180 days	340	7,809
181-360 days	95,418	4,392
	104,766	226,992

21. TRADE AND OTHER PAYABLES

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Trade payables	1,404,113	1,242,553
Trade payables to a related party	–	5,695
Accruals	14,149	53,249
Other tax payables	1,783	21,020
Interest payables	388,287	302,480
Interest payables to a related party	–	29
Secured deposits from contractors	435,684	302,104
Other payables	407,071	127,313
Other payables to related parties	–	229
Other payable to non-controlling interest equity holder of a subsidiary	78,723	–
	2,729,810	2,054,672

The average credit period of trade payables ranged from 7-30 days (31 December 2018: ranged from 7-30 days) for provision of real estates and property investment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

21. TRADE AND OTHER PAYABLES (Continued)

The following is an aged analysis of trade payables based on invoice dates at the end of the reporting period:

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
0-30 days	1,093,473	1,007,890
31-60 days	1,532	13,408
61-90 days	100	647
91-180 days	17,234	8,103
181-360 days	291,774	218,200
	1,404,113	1,248,248

22. BORROWINGS

	30 June 2019		31 December 2018	
	Current HK\$'000 (unaudited)	Non-current HK\$'000 (unaudited)	Current HK\$'000 (audited)	Non-current HK\$'000 (audited)
Secured				
Bank loans	845,575	2,617,310	130,985	372,453
Notes payable	215,650	–	216,410	–
Loan from a related party	60,000	–	60,000	–
	1,121,225	2,617,310	407,395	372,453
Unsecured				
Bank loans	–	–	22,780	–
Corporate bonds	1,187,500	–	497,500	–
Other borrowings	3,284,978	–	3,467,126	–
Loan from a related party	39,725	–	60,481	–
	4,512,203	–	4,047,887	–
	5,633,428	2,617,310	4,455,282	372,453

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

22. BORROWINGS (Continued)

The borrowings are repayable as follow:

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Within one year	5,633,428	4,455,282
More than one year, but not exceeding two years	288,290	372,453
More than two years, but not exceeding five years	2,329,020	–
	8,250,738	4,827,735
Less: Amount due for settlement within 12 months (shown under current liabilities)	(5,633,428)	(4,455,282)
Amount due for settlement after 12 months	2,617,310	372,453

23. CONTINGENT CONSIDERATION PAYABLE

The carrying amounts of the Group's contingent consideration payable related to the acquisition of Yue Jin Asia in 2016.

As the financial performance of Yue Jin Asia for the year ended 31 December 2018 achieved the profit guarantee, the Retained Shares (as defined in annual financial statements for the year ended 31 December 2018) would be issued in accordance with sale and purchase agreement.

As at 30 June 2019, 111,548,585 Retained Shares have been allotted and issued by the Group to the seller of Yue Jin Asia pursuant to the sale and purchase agreement to satisfy the retained consideration for the acquisition. Further details of the completion of issuing Retained Shares are set out in the Company's announcement dated 14 May 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

24. FINANCIAL GUARANTEES

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Financial guarantee contracts	33,836	60,831

- (a) At 30 June 2019, the Group has recognised certain guarantees of HK\$33,836,000 (31 December 2018: HK\$33,956,000) issued to some banks in respect of banking facilities granted to an associated party of a former equity holder of a subsidiary. Under the guarantees, the Group and the associated party are jointly and severally liable for all or any of the borrowings of each of them from the banks upon failure of the guaranteed entity to make payments when due.

The maximum liability of the Group at 30 June 2019 under guarantees is the amount of bank loans drawn under the guarantees at that date of HK\$340,500,000 (31 December 2018: HK\$339,000,000).

- (b) As at 31 December 2018, the Group had recognised certain guarantees of HK\$26,875,000 issued to some banks in respect of banking facilities granted to associated parties of a non-controlling interest equity holder. Under the guarantees, the Group and the associated parties are jointly and severally liable for all or any of the borrowings of each of them from the banks upon failure of the guaranteed entities to make payments when due. As at 30 June 2019, the guarantees had been released during the period.

The maximum liability of the Group as at 31 December 2018 under guarantees was the amount of bank loans drawn under the guarantees at that date of HK\$119,026,000.

The carrying amount of financial guarantee contracts are analysed as follows:

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Non-current portion	33,836	60,831

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

25. SHARE CAPITAL

	2019		2018	
	Number of shares '000	HK\$'000 (unaudited)	Number of shares '000	HK\$'000 (audited)
Authorised:				
Ordinary shares of HK\$0.05 (31 December 2018: HK\$0.05) each				
At the beginning of the period/year	8,000,000	400,000	4,000,000	200,000
Increase in capital	–	–	4,000,000	200,000
At 30 June/31 December	8,000,000	400,000	8,000,000	400,000
Issued and fully paid:				
At the beginning of the period/year	4,059,556	202,978	2,043,128	102,156
Shares issued on settlement of contingent consideration payable (a)	111,549	5,577	–	–
Shares issued on placements (b)	379,000	18,950	1,634,502	81,725
Shares issued on subscription	–	–	408,626	20,432
Shares repurchased and cancelled	–	–	(26,700)	(1,335)
At 30 June/31 December	4,550,105	227,505	4,059,556	202,978

- (a) On 14 May 2019, 111,548,585 Retained Shares have been allotted and issued by the Company to the seller of Yue Jia Asia pursuant to the sale and purchase agreement to satisfy the retained consideration for the acquisition of Yue Jia Asia in prior years.
- (b) On 24 June 2019, 379,000,000 ordinary shares of the Company have been allotted and issued to the subscribers at HK\$0.45 each, pursuant to a subscription agreement dated 18 June 2019. The placement was completed on 24 June 2019 and the premium on the issue of shares, amounting to approximately HK\$170,550,000, was credited to the Company's share premium account.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

26. BUSINESS COMBINATION AND DISPOSAL

(a) Acquisition of Karsen International Limited ("Karsen International")

On 31 May 2019, an indirectly wholly owned subsidiary of the Company completed the acquisition of entire equity interests in Karsen International for a cash consideration of HK\$60,000,000. Karsen International is principally engaged in property investment in the PRC. The acquisition aims to expand the business of the Company.

The fair value of the identifiable assets and liabilities of Karsen International acquired as at its date of acquisition is as follows:

	HK\$'000 (unaudited)
Property, plants and equipment	51
Investment properties	408,672
Trade and other receivables	1,790
Bank and cash balances	3,300
Borrowings	(174,750)
Trade and other payables	(91,193)
Deferred tax liabilities	(56,385)
Net identifiable assets and liabilities acquired	91,485
Gain on bargain purchase	(31,485)
Total consideration satisfied by cash*	60,000

* The amount has not been paid as at 30 June 2019 and was included in consideration payable under current liabilities as at 30 June 2019.

Net cash inflow arising on acquisition:

Cash and cash equivalents acquired	3,300
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The fair value of the trade and other receivables acquired is HK\$1,790,000, none of which is expected to be uncollectible.

Karsen International contributed revenue and a loss of approximately HK\$359,000 and HK\$786,000 to the Group's revenue and profit respectively for the period from the date of acquisition to the end of the period.

If the acquisition had been completed on 1 January 2019, total turnover of Karsen International and total Group's turnover for the period would have been HK\$2,633,000 and HK\$1,632,576,000 respectively, and loss of Karsen International and profit of the Group for the period would have been HK\$4,807,000 and HK\$37,875,000 respectively. The pro forma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2019, nor is intended to be a projection of future results.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

26. BUSINESS COMBINATION AND DISPOSAL *(Continued)*

(b) Disposal of Kingworld Holdings

On 29 June 2019, the Group disposed of its entire equity interest in Kingworld Holdings for a cash consideration of HK\$1.

Net liabilities at the date of disposal were as follow:

	HK\$'000 (unaudited)
Property, plant and equipment	718
Bank and cash balances	4
Trade and other receivables	15,147
Trade and other payables	(75,794)
Amount due to the Group	(32,839)
Net liabilities disposed of	(92,764)
Release of translation reserve	18,514
Derecognition of goodwill (note)	–
Assignment of amount due to the Group	32,839
Gain on disposal of subsidiaries	41,411
Total consideration satisfied by cash	–*
Net cash outflow arising on disposal:	
Cash consideration received	–*
Cash and cash equivalents disposed of	(4)
	(4)

* Represents the balance less than HK\$1,000

Note: The goodwill had been fully impaired in prior years.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

27. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Contracted but not provided for Inventories	6,856,079	8,242,045

28. OPERATING LEASE COMMITMENTS

The Group as lessee:

At the end of the reporting period, the Group had commitments for the future minimum lease payments in respect of rented premises which fall due as follows:

	31 December 2018 HK\$'000 (audited)
Within one year	6,983
In the second to fifth year inclusive	10,810
	17,793

The Group is the lessee in respect of a number of premises held under leases which were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach for all leases with a term of more than twelve months. Under this approach, the Group adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to these leases (see note 2). From 1 January 2019 onwards, future lease payments are recognised as lease liabilities in the condensed consolidated statement of financial position in accordance with the policies set out in note 2.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

29. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balance disclosed elsewhere in the condensed consolidated financial statements.

- (a) The Group had the following material transactions with related parties during the period:

	Note	Six months ended 30 June	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Commission fee for issue of corporate bonds	(i)	2,500	–
Interest expenses and related charges paid to related companies	(i)	6,845	–
Management fee income from related companies	(i)	(1,071)	–

The amounts were determined in accordance with the terms of the underlying agreements

- (i) The related companies were controlled by a director, Mr. Yao Jianhui.

- (b) The remuneration of directors of the Company and other members of key management during the period was as follows:

	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Salaries and other benefits	1,265	1,628
Retirement benefits scheme contributions	23	26
	1,288	1,654

30. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the Directors on 23 August 2019.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN ORDINARY SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2019, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept under section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules, were as follows:

(a) Interests and short positions in Shares and underlying Shares and Debentures in the Company**(i) Interests and short positions in Shares and underlying Shares**

Name of Director	Capacity in which interests in Shares are held	Interests in Shares	Total interests in Shares	% of Shares in issue as at 30 June 2019 (Note 1)
Yao Jianhui ("Mr. Yao")	Corporate Interest	3,144,544,700 (L)	3,145,858,700 (L)	69.14%
	Beneficial Owner	1,314,000 (L)		
Zhang Xiaodong ("Mr. Zhang")	Beneficial Owner	675,000 (L)	675,000 (L)	0.01%

(ii) Interests in debentures

Name of Director	Capacity in which interests in debentures are held	Principal amount of debentures
Xia Lingjie ("Ms. Xia")	Beneficial Owner (Note 3)	HK\$2,000,000

Notes:

- As at 30 June 2019, the total issued share capital of the Company amounted to 4,550,104,797 Shares.
- As at 30 June 2019, these Shares were beneficially owned respectively by Hong Kong Bao Xin Asset Management Limited being interested in 1,979,263,913 Shares, Hong Kong Bao Da Financial Holdings Limited being interested in 1,144,151,739 Shares and Glory Sun Securities Limited being interested in 21,129,048 Shares. Hong Kong Bao Xin Asset Management Limited and Hong Kong Bao Da Financial Holdings Limited are wholly-owned subsidiaries of Glory Sun Financial Group Limited ("GSFG"), while Glory Sun Securities Limited is a non-wholly owned subsidiary of GSFG in which GSFG holds 88.00% effective interest. As at 30 June 2019, since Mr. Yao, being the chairman and executive director of the Company, through Tinmark Development Limited, a wholly-owned subsidiary of him, was a controlling shareholder (as defined in the Listing Rules) of GSFG. He was deemed to be interested in the 3,144,544,700 Shares held by GSFG by virtue of SFO.
- On 22 June 2019, Ms. Xia, an executive Director and chief executive officer of the Company, entered into a subscription agreement with the Company, pursuant to which the bonds with an aggregate principle amount of HK\$2,000,000 were subscribed by Ms. Xia at an annual coupon rate of 8.8% for a term of one year.

Abbreviations:

"L" stands for long position

OTHER INFORMATION

(b) Interests and short positions in shares and underlying shares in the associated corporation(s) of the Company

Glory Sun Financial Group Limited

Name of Director	Number of shares of associated corporations/related shares held			% of GSFG shares in issue as at 30 June 2019
	Personal Interests in GSFG shares	Corporate interests in GSFG shares	Total	
Mr. Yao	44,468,000	11,017,759,600 (Note 1)	11,062,227,600	40.39%
Mr. Zhang	800,000	758,558,639 (Note 2)	759,358,639	2.77%

Notes:

- (1) Mr. Yao the executive Director and the chairman of the Company, holds GSFG shares through Tinmark Development Limited, a company wholly and beneficially owned by Mr. Yao. Mr. Yao is deemed to be interested in the shares owned by Tinmark Development Limited by virtue of the SFO.
- (2) Mr. Zhang, the executive Director and the vice chairman of the Company, holds GSFG shares through Upright Hoist Limited, a company wholly and beneficially owned by Mr. Zhang. Mr. Zhang is deemed to be interested in the shares owned by Upright Hoist Limited by virtue of the SFO.

Save as disclosed above, as at 30 June 2019, none of the Directors nor the chief executives of the Company or their respective associates had or was deemed to have any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

As at 30 June 2019, so far as is known to the Directors, the following, not being a Director or the chief executives of the Company, have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO and are recorded in the register kept by the Company under section 336 of the SFO:

Interests and short positions in the Shares and underlying Shares

Name of Shareholders	Capacity in which Interests in Shares are held	Number of Shares held	% of Shares in issue as at 30 June 2019 (Note 1)
Tinmark Development Limited	Corporate Interest (Note 2)	3,144,544,700 (L)	69.10%
GSFG	Corporate Interest (Note 2)	3,144,544,700 (L)	69.10%
Great Sphere Developments Limited	Corporate Interest (Note 2)	3,144,544,700 (L)	69.10%
Bao Xin International Asset Management Limited	Corporate Interest (Note 2)	1,979,263,913 (L)	43.50%
Hong Kong Bao Xin Asset Management Limited	Beneficial Owner (Note 2)	1,979,263,913 (L)	43.50%
Bao Da Financial International Limited	Corporate Interest (Note 2)	1,144,151,739 (L)	25.14%
Hong Kong Bao Da Financial Group Limited	Beneficial Owner (Note 2)	1,144,151,739 (L)	25.14%
Lin Xiaokun	Corporate Interest (Note 3)	277,600,000 (L)	6.10%
Hongkun Limited	Beneficial Owner (Note 3)	277,600,000 (L)	6.10%

Notes:

- (1) As at 30 June 2019, the total issued share capital of the Company amounted to 4,550,104,797 Shares.
- (2) As at 30 June 2019, Tinmark Development Limited held approximately 39.42% of the total number of issued shares in GSFG, and each of GSFG and Great Sphere Developments Limited was an indirect holding company of each of Hong Kong Bao Xin Asset Management Limited, Hong Kong Bao Da Financial Group Limited and Glory Sun Securities Limited in light of the following:
 - (a) Hong Kong Bao Xin Asset Management Limited was a direct wholly owned subsidiary of Bao Xin International Asset Management Limited, which was in turn a direct wholly owned subsidiary of Great Sphere Developments Limited and an indirectly wholly owned subsidiary of GSFG;
 - (b) Hong Kong Bao Da Financial Group Limited was a direct wholly owned subsidiary of Bao Da Financial International Limited, which was in turn a direct wholly owned subsidiary of Great Sphere Developments Limited and an indirectly wholly owned subsidiary of GSFG; and
 - (c) Glory Sun Securities Limited was a direct wholly owned subsidiary of Proficient Power Limited, which was owned by Glory Sun Financial Holdings Limited directly as to 42.86%, and indirectly through Golden Affluent Limited as to 57.14%. Glory Sun Financial Holdings Limited was a direct wholly owned subsidiary of Great Sphere Developments Limited and an indirectly wholly owned subsidiary of GSFG.

OTHER INFORMATION

Based on the above, (i) Tinmark Development Limited, GSFG and Great Sphere Developments Limited were deemed to be interested in 3,144,544,700 Shares held by Hong Kong Bao Da Financial Group Limited, Hong Kong Bao Xin Asset Management Limited and Glory Sun Securities Limited; (ii) Bao Xin International Asset Management Limited was deemed to be interested in 1,979,263,913 Shares held by Hong Kong Bao Xin Asset Management Limited; and (iii) Bao Da Financial International Limited was deemed to be interested in 1,144,151,739 Shares held by Hong Kong Bao Da Financial Group Limited.

- (3) Hongkun Limited is a company wholly-owned by Mr. Lin Xiaokun. Accordingly Mr. Lin Xiaokun is deemed to be interested in 277,600,000 Shares owned by Hongkun Limited by virtue of SFO.

Abbreviations:

"L" stands for long position

Save as disclosed above, as at 30 June 2019, the Directors and the chief executives of the Company were not aware of any person who has an interest or short position in the Shares, or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was recorded in the register kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

2014 Share Option Scheme

On 26 March 2014, the Company adopted a new share option scheme (the "2014 Share Option Scheme") and the major terms of the 2014 Share Option Scheme were summarized as follows:

(a) Purpose of the 2014 Share Option Scheme

The purpose of the 2014 Share Option Scheme was (i) to attract and retain the best quality personnel for the development of the Company's businesses; (ii) to provide additional incentives to employees, consultants, agents, representatives, advisers, suppliers of goods or services, customers, contractors, business allies and joint venture partners; and (iii) to promote the long term financial success of the Company by aligning the interests of option holders to Shareholders.

(b) Participants of the 2014 Share Option Scheme

Pursuant to the 2014 Share Option Scheme, the Company may at its absolute discretion grant options to any employee, consultant, service provider, agent, customer, partner or joint-venture partner of the Company or its subsidiaries (including any director, whether executive or non-executive and whether independent or not, of the Company or its subsidiaries) who is in full-time or part-time employment with the Company or its subsidiaries at the time when an option is granted to such employee, or any person who, in the sole discretion of the board of Directors (the "Board"), has contributed or may contribute to the Group.

(c) Total number of Shares available for issue under the 2014 Share Option Scheme

The total number of Shares may be granted under the 2014 Share Option Scheme is 24,691,756 Shares after adjustments for share subdivision in 2015 and share consolidation in 2017, which represents 0.54% of the total number of Shares in issue at the date of this report.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2014 Share Option Scheme and any other schemes of the Company shall not exceed 30% of the total number of Shares in issue from time to time.

OTHER INFORMATION

(d) Maximum entitlement of each participant

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the total number of Shares in issue, unless approved by the Shareholders in the manner as stipulated in the 2014 Share Option Scheme.

(e) Time of exercise of options

An option may be exercised in accordance with the terms of the 2014 Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which may commence on the date on which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of the grant of the option subject to the provisions for early termination thereof. No minimum period for which the option must be held before it can be exercised is specified in the 2014 Share Option Scheme.

(f) The subscription price per Share

The subscription price per Share in respect of an option granted under the 2014 Share Option Scheme is such price as determined by the Board at the time of the grant of the options, but in any case the subscription price shall not be lower than the higher of:

- the closing price of the Share as stated in the daily quotation sheets issued by the Stock Exchange on the date on which the options are offered, which must be a business day;
- the price being the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date on which the options are offered; and
- the nominal value of a Share on the date on which the options are offered.

(g) Payment on acceptance of option

A non-refundable sum of HK\$10 or other amount as determined by the Board by way of consideration for the grant of an option is required to be paid by each of the grantee upon acceptance of the granted option.

(h) Duration of the 2014 Share Option Scheme

The 2014 Share Option Scheme will remain in force for a period of 10 years from its adoption date (i.e. 26 March 2014). The 2014 Share Option Scheme will terminate or expire (as the case may be) on the earlier of (i) the approval of the Shareholders in a general meeting, and (ii) at the close of business on the day immediately preceding the tenth anniversary of the adoption date (the "Scheme Period").

After the Scheme Period, the Company cannot grant new options but for so long as there are options granted but not yet exercised, outstanding vested or unvested options, the 2014 Share Option Scheme will remain in full force and effect of such outstanding vested or unvested options or otherwise as may be required in accordance with the 2014 Share Option Scheme. As at the date of this report, a total of 31,100,000 share options (after adjustments for share subdivision in 2015 and share consolidation in 2017) had been granted by the Company under the 2014 Share Option Scheme. The number of outstanding share options as at 30 June 2019 is nil.

OTHER INFORMATION

INTERIM DIVIDEND

The Directors do not recommend payment of any interim dividend for the six months ended 30 June 2019 (30 June 2018: Nil).

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Period was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors or the chief executives 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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 set out in Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all Directors as to whether they have complied with the required standard set out in the Model Code and the Code of Conduct during the six months ended 30 June 2019.

All the Directors have confirmed that they have complied with the required standards set out in the Model Code and the Code of Conduct throughout the six months ended 30 June 2019.

CORPORATE GOVERNANCE

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

The Board and the management of the Company are of the opinion that the Company has properly operated in accordance with the Corporate Governance Code and Corporate Governance Report (the "CG Code") during the six months ended 30 June 2019 which sets out (a) code provisions (which are expected to comply with); and (b) recommended best practices (which are for guidance only) in Appendix 14 of the Listing Rules. The Company has applied and complied with the applicable code provisions and the recommended best practices.

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 2018 published on 25 April 2019 (the "Annual Report") under the subject headed "Risk Management and Internal Control".

Compliance with CG Code

The Board confirms that, the Company has complied with the code provisions set out in the CG Code during the Period. The Board will carry out a regular review and propose any amendment, if necessary, to ensure compliance with the CG Code provisions as set out in the Listing Rules.

OTHER INFORMATION

CHANGE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

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

Name of Director	Details of Changes
Mr. Li Minbin	— retired as the executive Director with the effect from 30 May 2019
Mr. Chen Kaiben	— retired as the executive Director with the effect from 30 May 2019
Mr. Wu Teng	— retired as the non-executive Director with the effect from 30 May 2019
Mr. Chen Zetong	— retired as the independent non-executive Director with the effect from 30 May 2019
Mr. Lau Wan Po	— resigned as the non-executive Director with the effect from 30 May 2019
Mr. Zhang	— Mr. Zhang has entered into a service contract with the Company on 27 March 2019 for a period of three years commencing from 1 April 2019 to 31 March 2022. Mr. Zhang is entitled to a remuneration of HK\$50,000 per month and a 13th month salary as well as such other fringe benefit as the Company shall in its discretion deem appropriate
Ms. Xia	— Ms. Xia has entered into a service contract with the Company on 27 March 2019 for a period of three years commencing from 1 April 2019 to 31 March 2022. Ms. Xia is entitled to receive a monthly director's fee in a sum of HK\$20,000 and a 13th month salary in every January. Ms. Xia is also entitled to participate in the Bonus Scheme and/or Share Option Scheme (as defined under Ms. Xia's service agreement) and receives other fringe benefits, which shall be determined by the Company at its absolute discretion. In addition, Ms. Xia is also entitled to receive an annual salary of RMB319,000 for her appointment as the Vice President in a PRC subsidiary of the Group
Ms. He Suying	— Ms. He has entered into a letter of appointment with the Company on 27 March 2019 for a period of three years commencing from 30 May 2019. Ms. He is entitled to receive a remuneration of HK\$20,000 per month and a 13th month salary as well as such other fringe benefit as the Company shall in its discretion deem appropriate
Dr. Tang Lai Wah	— Dr. Tang has entered into a letter of appointment with the Company on 27 March 2019 for a period of three years commencing from 30 May 2019. Dr. Tang is entitled to receive a remuneration of HK\$20,000 per month and a 13th month salary as well as such other fringe benefit as the Company shall in its discretion deem appropriate

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

OTHER INFORMATION

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

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

AUDIT COMMITTEE

The Company has established an audit committee (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. Wong Chun Bong (Chairman), Ms. He Suying and Dr. Tang Lai Wah.

The Audit Committee has reviewed and approved the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2019.

By order of the Board

Glory Sun Land Group Limited

Yao Jianhui

Chairman

Hong Kong, 23 August 2019



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

