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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 299)

VERY SUBSTANTIAL DISPOSAL: DISPOSAL OF THE ENTIRE EQUITY INTERESTS IN THE PRC SUBSIDIARIES

BACKGROUND

On 21 May 2018, the Company issued the Corporate Bonds to Yunnan International at a nominal value of HK\$500,000,000 which are guaranteed by a subsidiary of the Group, unsecured and bearing interest at a rate of 10% per annum with maturity being extended to 17 May 2022. As the principal amount and interest accrued on the Corporate Bonds remained outstanding and unrepaid at maturity, the Company and Yunnan International started negotiation regarding the arrangement for the repayment of the outstanding Corporate Bonds. On 17 March 2023, Yunnan International and the Company entered into a memorandum pursuant to which the parties (i) locked up the exchange rate between Hong Kong dollars and Renminbi as at 31 January 2023 for determining the outstanding amount of the Corporate Bonds; and (ii) agreed that, subject to the terms of the Settlement Agreement, no further interest shall be accrued on the Corporate Bonds from 31 January 2023 onwards. As at 26 January 2024, the outstanding principal amount of the Corporate Bonds and all interest accrued thereon pending settlement amounted to approximately RMB413.21 million (equivalent to approximately HK\$450.40 million) in aggregate.

THE SETTLEMENT AGREEMENT

On 26 January 2024 (after trading hours), the Company, Yunnan International, the GSLG Subsidiaries (namely, Shenzhen Chixu and Shanghai Baoyi) and YEIG International entered into the Settlement Agreement, pursuant to which the parties conditionally agreed to partially settle the outstanding principal amount and interest accrued on the Corporate Bonds as at 26 January 2024 in the following manner:

- (i) the Company shall procure Shenzhen Chixu, being the holding company of Shenzhen Hongguanghao and an indirect non-wholly owned subsidiary of the Company, to transfer the entire equity interests in Shenzhen Hongguanghao to YEIG International, as the nominee of Yunnan International. Shenzhen Hongguanghao holds the Shenyang Commercial Property as at the date of this announcement;

- (ii) the Company shall procure Shenzhen Chixu, an indirect non-wholly owned subsidiary of the Company, to transfer the entire equity interests in Shenzhen Virdom to YEIG International, as the nominee of Yunnan International. Shenzhen Virdom holds the Shenyang Residential Property as at the date of this announcement; and
- (iii) the Company shall procure Shanghai Baoyi, an indirect wholly-owned subsidiary of the Company, to transfer the entire equity interests of Shenzhen Baoxin Trading to YEIG International, as the nominee of Yunnan International. Shenzhen Baoxin holds the Hefei Property as at the date of this announcement.

(Shenzhen Virdom, Shenzhen Hongguanghao and Shenzhen Baoxin Trading, collectively, the “**Set-off Subsidiaries**”).

Completion shall take place upon the change in business registration in relation to the transfer of the equity interests in the Set-off Subsidiaries from each of the GSLG Subsidiaries to YEIG International, as the nominee of Yunnan International, pursuant to the Settlement Agreement. Immediately upon Completion, the following amounts shall be off-set against the outstanding Corporate Bonds:

- (i) approximately RMB109.52 million (equivalent to approximately HK\$119.38 million) (subject to adjustment, where applicable), representing the estimated valuation of the entire equity interests of Shenzhen Hongguanghao upon completion of the Reorganisation. The estimated valuation was determined with reference to the property valuation of the Shenyang Commercial Property, being the sole substantial asset of Shenzhen Hongguanghao subsequent to the Reorganisation, of approximately RMB109.81 million (equivalent to approximately HK\$119.69 million) as at 31 May 2023 (the “**Shenyang Commercial Property Valuation**”) as appraised by an independent professional valuer appointed by Yunnan International.

Based on further negotiations between the Group and Yunnan International subsequent to the Reorganisation, necessary adjustments may be made to the Shenyang Commercial Property Valuation and the corresponding amount to be off-set against the outstanding Corporate Bonds in consideration of the transfer of the entire equity interests in Shenzhen Hongguanghao, provided that the adjustment amount shall, in any event, not exceed 5% of the Shenyang Commercial Property Valuation (i.e. approximately RMB5.48 million (equivalent to approximately HK\$5.97 million));

- (ii) approximately RMB10.25 million (equivalent to approximately HK\$11.17 million), which is determined with reference to the valuation of the entire equity interests of Shenzhen Virdom as at 31 May 2023 as appraised by an independent professional valuer appointed by Yunnan International; and

(iii) approximately RMB125.55 million (equivalent to approximately HK\$136.85 million), which is determined with reference to the valuation of the entire equity interests of Shenzhen Baoxin Trading as at 31 May 2023 as appraised by an independent professional valuer appointed by Yunnan International.

Based on the aforementioned, it is estimated that a total amount of not less than approximately RMB239.85 million (equivalent to approximately HK\$261.44 million) but not more than approximately RMB250.80 million (equivalent to approximately HK\$273.37 million) shall be offset against the outstanding Corporate Bonds and the amount of outstanding Corporate Bonds shall be reduced to between approximately RMB162.41 million (equivalent to approximately HK\$177.03 million) to approximately RMB173.36 million (equivalent to approximately HK\$188.96 million) immediately upon Completion. The Company shall, upon the written request of Yunnan International, enter into separate agreement with and arrange for the unconditional repayment of the remaining outstanding Corporate Bonds to Yunnan International.

Upon completion of the Disposal, each of Shenzhen Virdom, Shenzhen Hongguanghao and Shenzhen Baoxin Trading will cease to be subsidiaries of the Company and the financial results of each of Shenzhen Virdom, Shenzhen Hongguanghao and Shenzhen Baoxin Trading will no longer be consolidated into the financial statements of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) calculated in accordance with the Listing Rules in respect of the Disposal and the transactions contemplated thereunder exceed 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Mr. Yao Jianhui, being the Chairman and an executive Director of the Company, is also a director of Yunnan International. In light of his directorships in both the Company and Yunnan International, Mr. Yao Jianhui will abstain from voting on the relevant board resolution(s) of the Company for approving the Settlement Agreement, the Disposal and the transactions contemplated thereunder.

GENERAL

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Settlement Agreement, the Disposal and the transactions contemplated thereunder. The voting in respect of the Settlement Agreement and the Disposal at the EGM will be conducted by way of poll. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of their associates has any material interest in the Settlement

Agreement, the Disposal and the transactions contemplated thereunder; and no Shareholder will be required to abstain from voting on the relevant resolution(s) to approve the Settlement Agreement, the Disposal and the transactions contemplated thereunder at the EGM.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further information on the Settlement Agreement, the Disposal and the transactions contemplated thereunder; (ii) the property valuation reports of the Hefei Property, the Shenyang Commercial Property and the Shenyang Residential Property; (iii) the financial information of the Set-off Subsidiaries (except Shenzhen Hongguanghao); (iv) the pro forma financial information of the Remaining Group; (v) other information as required under the Listing Rules; and (vi) the notice of the EGM, is expected to be despatched to the Shareholders on or before 23 February 2024 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

As completion of the Disposal is subject to the satisfaction of a number of conditions precedent as set out in the Settlement Agreement, the Disposal may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).

BACKGROUND

On 21 May 2018, the Company issued the Corporate Bonds to Yunnan International at a nominal value of HK\$500,000,000 which are guaranteed by a subsidiary of the Group, unsecured and bearing interest at a rate of 10% per annum with maturity being extended to 17 May 2022. As the principal amount and interest accrued on the Corporate Bonds remained outstanding and unrepaid at maturity, the Company and Yunnan International started negotiation regarding the arrangement for the repayment of the outstanding Corporate Bonds. On 17 March 2023, Yunnan International and the Company entered into a memorandum pursuant to which the parties (i) locked up the exchange rate between Hong Kong dollars and Renminbi as at 31 January 2023 for determining the outstanding amount of the Corporate Bonds; and (ii) agreed that, subject to the terms of the Settlement Agreement, no further interest shall be accrued on the Corporate Bonds from 31 January 2023 onwards. As at 26 January 2024, the outstanding principal amount of the Corporate Bonds and all interest accrued thereon pending settlement amounted to approximately RMB413.21 million (equivalent to approximately HK\$450.40 million) in aggregate.

THE SETTLEMENT AGREEMENT

On 26 January 2024 (after trading hours), the Company, Yunnan International, the GSLG Subsidiaries (namely, Shenzhen Chixu and Shanghai Baoyi) and YEIG International entered into the Settlement Agreement in relation to the partial settlement of the outstanding Corporate Bonds. The principal terms of the Settlement Agreement are set forth below:

Date: 26 January 2024 (after trading hours)

Parties:

- (1) the Company;
- (2) Yunnan International;
- (3) Shenzhen Chixu, an indirect non-wholly owned subsidiary of the Company;
- (4) Shanghai Baoyi, an indirect wholly-owned subsidiary of the Company; and
- (5) YEIG International.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, each of Yunnan International, YEIG International and their ultimate beneficial owners are Independent Third Parties.

Subject matter

For the purpose of settling part of the outstanding principal amount and interest accrued on the Corporate Bonds, the Company shall, within thirty (30) Business Days from the fulfilment or waiver (as the case may be) of the conditions precedent set forth in the Settlement Agreement,

- (i) the Company shall procure Shenzhen Chixu, being the holding company of Shenzhen Hongguanghao and an indirect non-wholly owned subsidiary of the Company, to transfer the entire equity interests in Shenzhen Hongguanghao to YEIG International, as the nominee of Yunnan International. Shenzhen Hongguanghao holds the Shenyang Commercial Property as at the date of this announcement;
- (ii) the Company shall procure Shenzhen Chixu, an indirect non-wholly owned subsidiary of the Company, to transfer the entire equity interests in Shenzhen Virdom to YEIG International, as the nominee of Yunnan International. Shenzhen Virdom holds the Shenyang Residential Property as at the date of this announcement; and
- (iii) the Company shall procure Shanghai Baoyi, an indirect wholly-owned subsidiary of the Company, to transfer the entire equity interests of Shenzhen Baoxin Trading to YEIG International, as the nominee of Yunnan International. Shenzhen Baoxin Trading holds the Hefei Property as at the date of this announcement.

As at the date of this announcement, Shenzhen Chixu is indirectly owned as to 85% by the Company. Taking into consideration (i) the management and the board of directors of Shenzhen Chixu is ultimately controlled by the Company; (ii) the Company holds the majority stake of 85% in Shenzhen Chixu; and (iii) the remaining 15% equity interests in Shenzhen Chixu is being held by a passive investor who is not materially involved in its business and operational decisions and such investor has not indicated any objection in respect of the Disposal up to the date of this announcement, the

Directors do not foresee any material impediment to the transfer of Shenzhen Hongguanghao, Shenzhen Virdom, the Shenyang Commercial Property and the Shenyang Residential Property to YEIG International, respectively.

Completion shall take place upon the change in business registration in relation to the transfer of the equity interests in the Set-off Subsidiaries from each of the GSLG Subsidiaries to YEIG International, as the nominee of Yunnan International, pursuant to the Settlement Agreement. Immediately upon Completion, the following amount shall be off-set against the outstanding Corporate Bonds:

- (i) approximately RMB109.52 million (equivalent to approximately HK\$119.38 million) (subject to adjustment, where applicable), representing the estimated valuation of the entire equity interests of Shenzhen Hongguanghao upon completion of the Reorganisation. The estimated valuation was determined with reference to the property valuation of the Shenyang Commercial Property, being the sole substantial asset of Shenzhen Hongguanghao subsequent to the Reorganisation of approximately RMB109.81 million (equivalent to approximately HK\$119.69 million) as at 31 May 2023 (the “**Shenyang Commercial Property Valuation**”) as appraised by an independent professional valuer appointed by Yunnan International.

Based on further negotiations between the Group and Yunnan International subsequent to the Reorganisation, necessary adjustments may be made to the Shenyang Commercial Property Valuation and the corresponding amount to be off-set against the outstanding Corporate Bonds in consideration of the transfer of the entire equity interests in Shenzhen Hongguanghao, provided that the adjustment amount shall, in any event, not exceed 5% of the Shenyang Commercial Property Valuation (i.e. approximately RMB5.48 million (equivalent to approximately HK\$5.97 million));

- (ii) approximately RMB10.25 million (equivalent to approximately HK\$11.17 million), which is determined with reference to the valuation of the entire equity interests of Shenzhen Virdom as at 31 May 2023 as appraised by an independent professional valuer appointed by Yunnan International; and
- (iii) approximately RMB125.55 million (equivalent to approximately HK\$136.85 million), which is determined with reference to the valuation of the entire equity interests of Shenzhen Baoxin Trading as at 31 May 2023 as appraised by an independent professional valuer appointed by Yunnan International.

Based on the aforementioned, it is estimated that a total amount of not less than approximately RMB239.85 million (equivalent to approximately HK\$261.44 million) but not more than approximately RMB250.80 million (equivalent to approximately HK\$273.37 million) shall be off-set against the outstanding Corporate Bonds and the amount of outstanding Corporate Bonds shall be reduced to between approximately RMB162.41 million (equivalent to approximately HK\$177.03 million) to approximately RMB173.36 million (equivalent to approximately HK\$188.96 million)

immediately upon Completion. The Company shall, upon the written request of Yunnan International, enter into separate agreement with and arrange for the unconditional repayment of the remaining outstanding Corporate Bonds to Yunnan International.

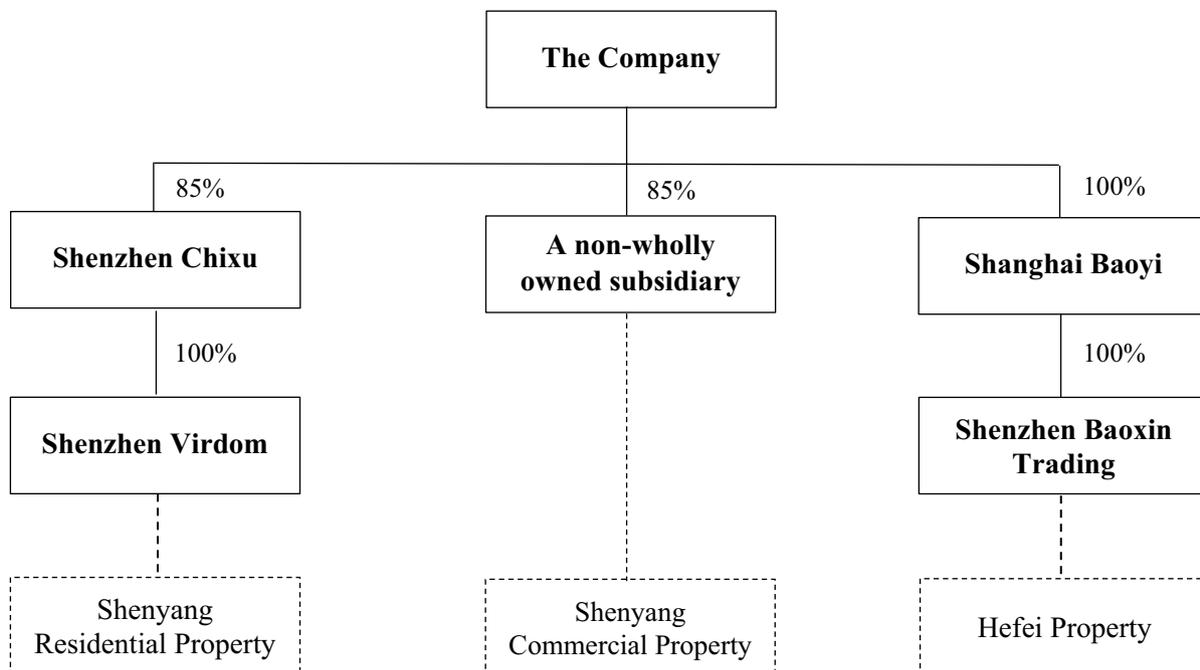
The Set-off Subsidiaries

The Set-off Subsidiaries consist of the following:

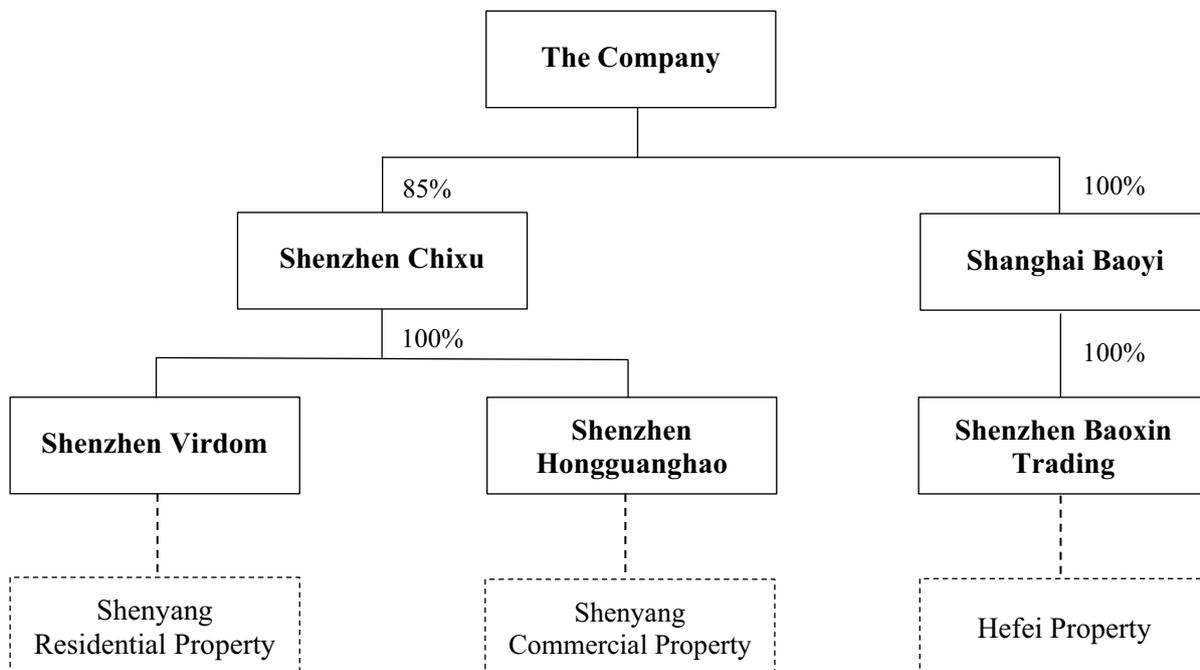
- (i) the entire equity interests in Shenzhen Virdom, which is wholly-owned by Shenzhen Chixu as at the date of this announcement. Shenzhen Virdom holds the Shenyang Residential Property which comprises a total of 12 residential units in Block Nos. 1 and 2 at No. 307 Xijiang North Street, Yuhong District, Shenyang, Liaoning Province, the PRC (中國遼寧省瀋陽市於洪區西江北街307號第1及2座) for residential use, with a total gross floor area of approximately 1,733.26 sq.m. and the term of the land use rights expiring on 6 December 2082. According to the valuation by an independent professional valuer appointed by Yunnan International, the valuation of the entire equity interests in Shenzhen Virdom was approximately RMB10.02 million (equivalent to approximately HK\$10.92 million) as at 31 May 2023;
- (ii) the entire equity interests in Shenzhen Hongguanghao, which is wholly-owned by Shenzhen Chixu as at the date of this announcement. Since the completion of the Reorganisation, Shenzhen Hongguanghao has held the Shenyang Commercial Property which comprises a total of 29 commercial units in Block Nos. 16, 17, 18, 19 and 20 at Nos. 301-3, 301, 299, 299-1 and 299-2 Xijiang North Street, Yuhong District, Shenyang, Liaoning Province, the PRC (中國遼寧省瀋陽市於洪區西江北街301-3, 301, 299, 299-1及299-2號第16, 17, 18, 19及20座) for commercial use, with a total gross floor area of approximately 12,304.62 sq.m. and the term of the land use rights expiring on 6 December 2052. According to the valuation by an independent professional valuer appointed by Yunnan International, the valuation of the Shenyang Commercial Property was approximately RMB109.81 million (equivalent to approximately HK\$119.69 million) as at 31 May 2023; and
- (iii) the entire equity interests in Shenzhen Baoxin Trading, which is wholly-owned by Shanghai Baoyi as at the date of this announcement. Shenzhen Baoxin Trading holds the Hefei Property which comprises (a) a total of 16 commercial units located at Hefei Time Original Garden, No. 82 Baxia Road, Hefei Economic and Technological Development Area, Hefei, Anhui Province, the PRC (中國安徽省合肥市經開區壩下路82號合肥時光原著花園) for residential and commercial services uses, with a total gross floor area of approximately 1,943.39 sq.m. and the term of the land use rights expiring on 30 July 2081; and (b) a total of 33 commercial units located at Hefei Lingxiang Garden, No. 449 Huangshan Road, Shushan District, Hefei City, Anhui Province, the PRC (中國安徽省合肥市蜀山區黃山路449號合肥領翔花園) for commercial and commercial services uses, with a total gross floor area of approximately 6,062.52 sq.m. and the term of the land use rights expiring on 18 June 2049. According to the valuation by an independent professional valuer appointed by Yunnan International, the valuation of the entire equity interests in Shenzhen Baoxin Trading was approximately RMB125.69 million (equivalent to approximately HK\$137.01 million) as at 31 May 2023;

Shareholding and corporate structure of the Set-off Subsidiaries and the properties held by each of them

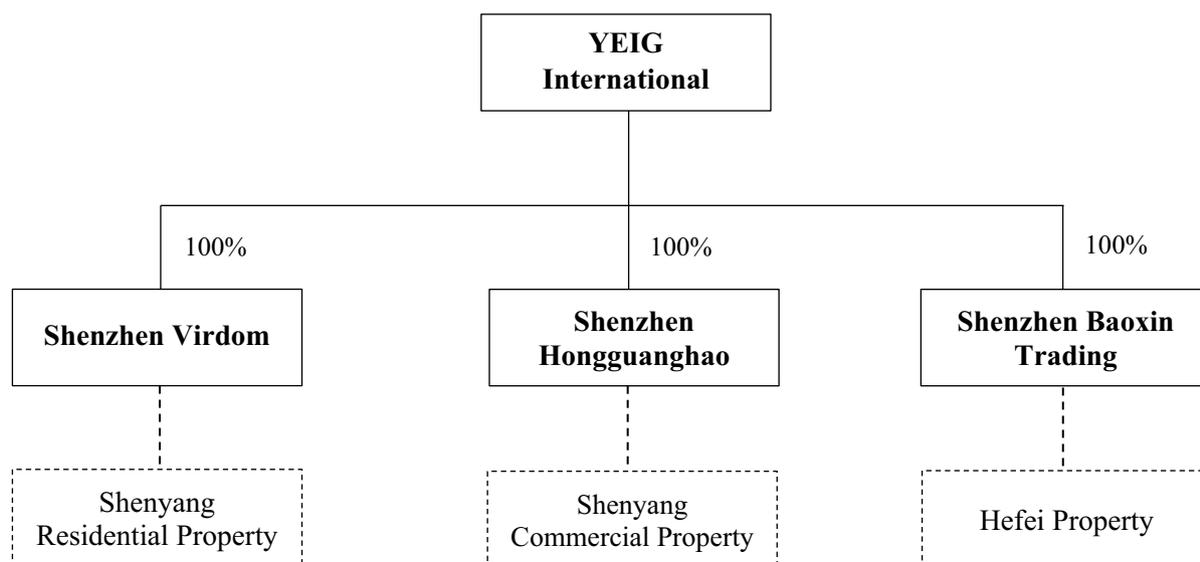
The following diagram sets forth the shareholding and corporate structure of the Set-off Subsidiaries and the properties held by each of them immediately before the Reorganisation:



The following diagram sets forth the shareholding and corporate structure of the Set-off Subsidiaries and the properties held by each of them upon completion of the Reorganisation and before Completion:



The following diagram sets forth the shareholding and corporate structure of the Set-off Subsidiaries and the properties held by each of them upon Completion:



Conditions precedent

Completion of the transfer of the entire equity interests of Shenzhen Virdom, Shenzhen Hongguanghao and Shenzhen Baoxin Trading to YEIG International is conditional upon the satisfaction or waiver (as the case may be) of the following prior to the Long Stop Date:

- (i) the passing of necessary resolution(s) by the Shareholders at the EGM approving the Settlement Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules;
- (ii) Yunnan International having obtained all necessary approvals from its parent companies for entering into the Settlement Agreement and the transactions contemplated thereunder;
- (iii) no statute, regulation or decision which would reasonably be expected to prohibit, restrict or materially delay the execution, delivery or performance of the Settlement Agreement or the consummation of the transactions contemplated thereunder having been proposed, enacted or taken by any government or official authority whether in Hong Kong, the PRC or elsewhere; and
- (iv) all consents, approvals and clearances necessary or, to the Company's knowledge, expedient for the entering into, delivery and performance of the Settlement Agreement and the consummation of the transactions contemplated thereunder having been obtained from the government, official authorities and/or other persons.

Yunnan International may in its absolute discretion waive either in whole or in part at any time by notice in writing to the Company any of the conditions precedent, except paragraphs (i) and (ii) above which are not capable of being waived. As at the date of this announcement, none of the conditions has been fulfilled or waived.

As at the date of this announcement, Shenzhen Chixu is indirectly owned as to 85% by the Company. Taking into consideration (i) the management and the board of directors of Shenzhen Chixu is ultimately controlled by the Company; (ii) the Company holds the majority stake of 85% in Shenzhen Chixu; (iii) the remaining 15% equity interests in Shenzhen Chixu is being held by a passive investor who is not materially involved in its business and operational decisions and such investors has not indicated any objection in respect of the Disposal up to the date of this announcement; and (iv) the amount to be off-set against the outstanding Corporate Bonds in consideration of the transfer of the entire equity interests in Shenzhen Hongguanghao was determined with reference to the valuation as appraised by an independent external valuer on the Shenyang Commercial Property which has been held by Shenzhen Hongguanghao upon completion of the Reorganisation, the Directors confirmed that save as the conditions precedent set forth above, there is no other pre-condition to be satisfied by Shenzhen Chixu to transfer the entire equity interests of Shenzhen Hongguanghao to YEIG International.

In the event (a) any of the transactions contemplated under the Settlement Agreement is not approved at the EGM; or (b) the Company and/or any of the GSLG Subsidiaries fails to transfer the entire equity interests in any of the Set-off Subsidiaries to YEIG International due to its/their own default or as a result of any other force majeure events, then subject to the mutual consent of the Company and Yunnan International, interest shall be accrued on the outstanding principal amount of the Corporate Bonds at a rate of 10% per annum from the date of the Settlement Agreement up to the date of full repayment of the Corporate Bonds.

In the event due to the default of Yunnan International or YEIG International, either of the GSLG Subsidiaries failed to transfer the entire equity interests in any of the Set-off Subsidiaries to YEIG International or any other persons designated by Yunnan International, then Yunnan International agreed to waive the interest to be accrued on the outstanding Corporate Bonds from the date of the Settlement Agreement up to the date of full repayment of the Corporate Bonds.

Matters pending Completion

The parties agree that for the period between the date of the Settlement Agreement up until Completion:

- (i) the Company and the GSLG Subsidiaries shall, within seven (7) days from the date of the Settlement Agreement, store the company seal, business licence and bank U-shield of each of the Set-off Subsidiaries at the office premises of the Company for the co-possession with Yunnan International;

- (ii) the Company and the GSLG Subsidiaries shall undertake (i) not to create or impose any other encumbrances or liabilities on the Set-off Subsidiaries and not to dispose any of the Set-off Subsidiaries without the prior consent of Yunnan International; and (ii) no third party will make any claim on the Set-off Subsidiaries; and
- (iii) Yunnan International shall be entitled to the net rental income collected by the Set-off Subsidiaries from 1 February 2023 onwards.

Completion

Completion shall take place upon the change in business registration in relation to the transfer of the equity interests in the Set-off Subsidiaries from each of the GSLG Subsidiaries to YEIG International, as the nominee of Yunnan International, pursuant to the Settlement Agreement.

It is estimated that a total amount of not less than approximately RMB239.85 million (equivalent to approximately HK\$261.44 million) but not more than approximately RMB250.80 million (equivalent to approximately HK\$273.37 million) shall be off-set against the outstanding Corporate Bonds and the amount of outstanding Corporate Bonds shall be reduced to between approximately RMB162.41 million (equivalent to approximately HK\$177.03 million) to approximately RMB173.36 million (equivalent to approximately HK\$188.96 million) immediately upon Completion. The Company shall, upon the written request of Yunnan International, enter into separate agreement with and arrange for the unconditional repayment of the remaining outstanding Corporate Bonds to Yunnan International.

The parties estimated that the loss to be incurred by Shenzhen Viridom and Shenzhen Baoxin Trading for the period from 31 May 2023 up until Completion shall not exceed approximately RMB6.40 million (equivalent to approximately HK\$6.98 million) (the “**Estimated Loss**”) in aggregate. The Company shall compensate Yunnan International such Estimated Loss, where applicable, in an amount not exceeding approximately RMB6.40 million (equivalent to approximately HK\$6.98 million) in cash or by assets within sixty (60) days from Completion.

The Board considers that it is fair and reasonable and in the interest of the Company and the Shareholders as a whole to adopt the corresponding equity valuation of Shenzhen Viridom and Shenzhen Baoxin Trading and the property valuation of the Shenyang Commercial Property in the aggregate amount of approximately RMB245.52 million (equivalent to approximately HK\$267.62 million) as at 31 May 2023 (the “**Yunnan International Commissioned Valuation**”) as appraised by an independent professional valuer appointed by Yunnan International for arriving at the settlement

amount of approximately RMB245.32 million (equivalent to approximately HK\$267.40 million) for purpose of partially offsetting against the outstanding Corporate Bonds, after taking into consideration, inter alia:

- (i) the carrying total net assets value of Shenzhen Virdom and Shenzhen Baoxin Trading in the amount of approximately RMB93.46 million (equivalent to approximately HK\$101.87 million in aggregate and the carrying value of the Shenyang Commercial Property of approximately RMB146.0 million (equivalent to approximately HK\$159.14 million) as per the unaudited management accounts as at 31 December 2023;
- (ii) the property valuation of the Shenyang Commercial Property, the Shenyang Residential Property and the Hefei Property in the aggregate amount of approximately RMB242.70 million (equivalent to approximately HK\$264.54 million) as at 31 December 2023 (the “**Company Commissioned Valuation**”) according to the valuation by an independent professional valuer appointed by the Company (a property valuation report with respect to the Hefei Property, the Shenyang Commercial Property and the Shenyang Residential Property in compliance with the requirements under Chapter 5 of the Listing Rules will be set out in the circular to be despatched by the Company);
- (iii) the Yunnan International Commissioned Valuation of approximately RMB245.52 million (equivalent to approximately HK\$267.62 million) as at 31 May 2023 is higher than the Company Commissioned Valuation of approximately RMB242.70 million (equivalent to approximately HK\$264.54 million) as at 31 December 2023. Notwithstanding that the Yunnan International Commissioned Valuation and the Company Commissioned Valuation have both adopted the market approach by making reference to available market information in relation to the sale of properties comparable to the Shenyang Commercial Property, the Shenyang Residential Property and the Hefei Property, respectively, the corresponding difference in the appraised values was mainly attributable to (a) the difference in timing of valuation, particularly the Yunnan International Commissioned Valuation was conducted as at 31 May 2023; whereas the Company Commissioned Valuation was conducted as at 31 December 2023; and (b) the changes in market value of the Shenyang Commercial Property, the Shenyang Residential Property and the Hefei Property during the period between 31 May 2023 and 31 December 2023 as a result of the local market movement in the respective cities during the second half of 2023;
- (iv) the prevailing market value of properties comparable and in proximity to the Shenyang Commercial Property, the Shenyang Residential Property and the Hefei Property; and
- (v) the prevailing market conditions of the PRC real estate industry.

INFORMATION OF THE PARTIES TO THE SETTLEMENT AGREEMENT

The Company

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

Yunnan International

Yunnan International is a company incorporated in the Cayman Islands with limited liability and a state-owned enterprise principally engaged in the provision of financial services and project investment in the PRC and Hong Kong.

Shenzhen Chixu

Shenzhen Chixu is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company, being owned as to 85% by the Company. Shenzhen Chixu is principally engaged in investment holding.

Shanghai Baoyi

Shanghai Baoyi is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. Shanghai Baoyi is principally engaged in property investment.

YEIG International

YEIG International is a company established in the PRC with limited liability and an associated company of Yunnan International. YEIG International is a state-owned enterprise principally engaged in the provision of construction engineering services and development of energy resources.

INFORMATION OF THE SET-OFF SUBSIDIARIES

Shenzhen Virdom

Shenzhen Virdom is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company. Shenzhen Virdom is principally engaged in property investment.

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

	For the year ended 31 December 2023	For the year ended 31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	–	–
Net profit/(loss) before taxation	326	(3,149)
Net profit/(loss) after taxation	296	(2,483)

The net assets value of Shenzhen Virdom as at 31 December 2023 was approximately RMB9.17 million (equivalent to approximately HK\$9.99 million).

Shenzhen Hongguanghao

Shenzhen Hongguanghao is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company. Shenzhen Hongguanghao is principally engaged in property investment. Shenzhen Hongguanghao was established on 2 February 2023 for the purpose of holding the Shenyang Commercial Property. Prior to completion of the Reorganisation which took place on 24 January 2024, Shenzhen Hongguanghao had no operation and did not have any material asset or liability. Hence, the financial information of Shenzhen Hongguanghao for the past two (2) financial years is unavailable as at the date of this announcement. Upon completion of the Reorganisation, the Shenyang Commercial Property has become the sole substantial asset of Shenzhen Hongguanghao. For illustrative purpose, the table below sets forth the unaudited carrying amount and net profit before and after taxation of the Shenyang Commercial Property, which were prepared in accordance with the accounting principles generally accepted in Hong Kong, for the two years ended 31 December 2023 and 2022:

	For the year ended 31 December 2023	For the year ended 31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying value	146,000	146,000
Net profit before taxation	492	535
Net profit after taxation	492	535

Shenzhen Baoxin Trading

Shenzhen Baoxin Trading is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. Shenzhen Baoxin Trading is principally engaged in property investment.

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

	For the year ended 31 December 2023	For the year ended 31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	2,224	8
Net profit/(loss) before taxation	928	(541)
Net profit/(loss) after taxation	(3,116)	(551)

The net asset value of Shenzhen Baoxin Trading as at 31 December 2023 was approximately RMB84.29 million (equivalent to approximately HK\$91.88 million).

FINANCIAL EFFECT OF THE DISPOSAL

Upon completion of the Disposal, each of Shenzhen Virdom, Shenzhen Hongguanghao and Shenzhen Baoxin Trading will cease to be subsidiaries of the Company and the financial results of each of Shenzhen Virdom, Shenzhen Hongguanghao and Shenzhen Baoxin Trading will no longer be consolidated into the financial statements of the Company. The Disposal will not generate any net proceeds to the Company.

For illustrative purposes, it is estimated that the Company will record a preliminary net loss on the Disposal of approximately HK\$1.89 million, being the difference between (i) the estimated amount of approximately RMB245.32 million (equivalent to approximately HK\$267.40 million), which was determined with reference to the valuation of the entire equity interests of Shenzhen Virdom and Shenzhen Baoxin Trading and the property valuation of the Shenyang Commercial Property as at 31 May 2023 in aggregate as appraised by an independent professional valuer appointed by Yunnan International, proposed to be set-off against the Corporate Bonds by way of the Disposal, net of the estimated expenses and tax expenses plus the realisation of foreign exchange reserve in relation to the Disposal of approximately HK\$7.91 million; and (ii) the carrying net asset values of Shenzhen Virdom and Shenzhen Baoxin Trading and the carrying value of the Shenyang Commercial Property in aggregate per the unaudited management accounts as at 31 December 2023. The actual figures will be subject to adjustment audit by the auditors of the Company and therefore may be different from the aforementioned amount.

REASONS FOR ENTERING INTO AND BENEFITS OF THE SETTLEMENT AGREEMENT

The Group derived the majority of its revenue from property investment and development in the PRC. The Group's revenue derived from its property investment and development business decreased significantly by approximately 32.4% from approximately HK\$1,466.9 million for the year ended 31 December 2021 (“**FY2021**”) to approximately HK\$992.0 million for the year ended 31 December 2022 (“**FY2022**”), which was mainly attributable to the recession of the PRC property market, the wait-and-see attitude of property buyers and the overall economic sentiment in the PRC. Further, the Group's loss recorded from its property investment and development business increased significantly

from approximately HK\$24.5 million for FY2021 to approximately HK\$673.2 million for FY2022, which was mainly attributable to the write-down in the carrying amount of inventories to the net realisable value with respect to the property development projects of the Group.

The Group had faced challenges in its business operations throughout FY2022 owing to a combination of factors including downward pressure on the real estate industry, obstruction in financing channels, the wait-and-see sentiment of property buyers, decline in sales performance and delay in payment collection due to late delivery resulting from delay in construction progress. These challenges have adversely affected the Group's financial performance and increased the difficulties faced by the Group in terms of external debt repayment, payment to suppliers and completion of pre-sale target.

During the past few years, the business environment in the PRC real estate industry has been particularly challenging due to the outbreak of the novel coronavirus disease ("COVID-19"), the geopolitical turmoil, the regulatory policies implemented by the PRC government in relation to the real estate industry and the economic downturn in the PRC. In 2022, the market size of real estate development and investment in the PRC decreased by 10% year-on-year, representing the first decline in nearly a decade. The annual sales volume as well as the scale of investment and development of commercial housing decreased drastically. In 2022, the sales value and sales area of commercial housing in the PRC fell to approximately RMB13.5 trillion and 1.358 billion sq.m., respectively, representing the lowest in nearly six years.

A number of real estate enterprises have encountered extraordinary challenges in sales, delivery, investment and debt repayment. Project suspension and late delivery is becoming increasingly common. Owing to liquidity pressure and lowering sell-through rate, many real estate enterprises have shown a sharp decline in sales performance. Besides, financing channel has remained narrow and the problem of debt default has not been substantially resolved. A number of real estate enterprises are even encountering the difficult situation of accelerated disposal of properties or even bankruptcy and dissolution.

The Group relies heavily on debt financing for its property investment and development projects, which imposes substantial interest burden on the Group. To resolve liquidity concerns and alleviate repayment pressure, the Group proactively conducted debt management, optimized the debt structure, sought debt refinancing and accelerated the disposal of existing projects and real estate properties.

Taking into consideration (i) the Corporate Bonds had become due for over a year; (ii) the current financial, indebtedness and liquidity position of the Group; (iii) the Settlement Agreement is for the purpose of partially settling the outstanding Corporate Bonds in an amiable manner, thereby reducing the indebtedness and finance costs of the Group and mitigating its liquidity pressure; and (iv) the Settlement Agreement allows the Group to realise its interests in each of Shenzhen Virdom, Shenzhen Hongguanghao and Shenzhen Baoxin Trading in light of the prevailing property market conditions in the PRC and the financial position of the Group, the Directors (including the independent non-

executive Directors) consider that the Settlement Agreement and the transactions contemplated thereunder are fair and reasonable and are on normal commercial terms, and that the Settlement Agreement is in the interests of the Company and the Shareholders as a whole.

Going forward, the Group would continue to place its business strategies on property development and investment in the Guangdong – Hong Kong – Macau Greater Bay Area. Apart from the investment properties held by the Set-off Subsidiaries, the Group currently has a total of five (5) property development projects located in four (4) cities, namely Shenzhen, Changsha, Shantou and Yunfu, which involved commercial complexes, high-end boutique residences, hotels, business apartments, villas, garden houses and others. Hence, the Board considers that the Disposal would not have any material adverse impact on the Group's ability to maintain and operate its property development business at a viable and sustainable level.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) calculated in accordance with the Listing Rules in respect of the Disposal and the transactions contemplated thereunder exceed 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Mr. Yao Jianhui, being the Chairman and an executive Director of the Company, is also a director of Yunnan International. In light of his directorships in both the Company and Yunnan International, Mr. Yao Jianhui will abstain from voting on the relevant board resolution(s) of the Company for approving the Settlement Agreement, the Disposal and the transactions contemplated thereunder.

GENERAL

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Settlement Agreement, the Disposal and the transactions contemplated thereunder. The voting in respect of the Settlement Agreement and the Disposal at the EGM will be conducted by way of poll. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of their associates has any material interest in the Settlement Agreement, the Disposal and the transactions contemplated thereunder; and no Shareholder will be required to abstain from voting on the relevant resolution(s) to approve the Settlement Agreement, the Disposal and the transactions contemplated thereunder at the EGM.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further information on the Settlement Agreement, the Disposal and the transactions contemplated thereunder; (ii) the property valuation reports of the Hefei Property, the Shenyang Commercial Property and the Shenyang Residential Property; (iii) the financial information of the Set-off Subsidiaries (except Shenzhen Hongguanghao); (iv) the pro forma financial information of the Remaining Group; (v) other information as required under the Listing

Rules; and (vi) the notice of the EGM, is expected to be despatched to the Shareholders on or before 23 February 2024 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

As completion of the Disposal is subject to the satisfaction of a number of conditions precedent as set out in the Settlement Agreement, the Disposal may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in the PRC are open for general commercial business, other than a Saturday, Sunday or public holiday in the PRC
“Company”	Glory Sun Land Group Limited (寶新置地集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 299)
“Completion”	completion of the transactions contemplated under the Settlement Agreement
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Corporate Bonds”	the corporate bonds issued by the Company to Yunnan International on 21 May 2018 at a nominal value of HK\$500,000,000 which are guaranteed by a subsidiary of the Group, unsecured and bearing interest at a rate of 10% per annum with maturity being extended to 17 May 2022. As at 26 January 2024, the outstanding principal amount of the Corporate Bonds and all interest accrued thereon pending settlement amounted to approximately RMB413.21 million (equivalent to approximately HK\$450.40 million) in aggregate
“Director(s)”	the director(s) of the Company

“Disposal”	the disposal of the Set-off Subsidiaries by the GSLG Subsidiaries to YEIG International, as the nominee of Yunnan International, for the partial settlement of the outstanding principal amount and interest accrued on the Corporate Bonds pursuant to the terms and conditions of the Settlement Agreement
“EGM”	the extraordinary general meeting of the Company to be held to consider, and if thought fit, approve the Settlement Agreement, the Disposal and the transactions contemplated therein
“Group”	the Company and its subsidiaries
“GSLG Subsidiaries”	Shenzhen Chixu and Shanghai Baoyi
“Hefei Property”	comprises (a) a total of 16 commercial units located at Hefei Time Original Garden, No. 82 Baxia Road, Hefei Economic and Technological Development Area, Hefei, Anhui Province, the PRC (中國安徽省合肥市經開區壩下路82號合肥時光原著花園) for residential and commercial services uses, with a total gross floor area of approximately 1,943.39 sq.m. and the term of the land use rights expiring on 30 July 2081; and (b) a total of 33 commercial units located at Hefei Lingxiang Garden, No. 449 Huangshan Road, Shushan District, Hefei City, Anhui Province, the PRC (中國安徽省合肥市蜀山區黃山路449號合肥領翔花園) for commercial and commercial services uses, with a total gross floor area of approximately 6,062.52 sq.m. and the term of the land use rights expiring on 18 June 2049, which are owned by Shenzhen Baoxin Trading as at the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not core connected persons of the Company and are third parties independent of the Company and its core connected persons in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Long Stop Date”	30 June 2024 (or such other date as the parties to the Settlement Agreement may agree in writing), being the long stop date of the Settlement Agreement
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Remaining Group”	the Group after completion of the Disposal
“Reorganisation”	the transfer of titles of the Shenyang Commercial Property to Shenzhen Hongguanghao pursuant to the Settlement Agreement which has been completed on 24 January 2024
“RMB”	Renminbi, the lawful currency of the PRC
“Set-off Subsidiaries”	Shenzhen Virdom, Shenzhen Hongguanghao and Shenzhen Baoxin Trading
“Settlement Agreement”	the agreement dated 26 January 2024 entered into among the Company, Yunnan International, the GSLG Subsidiaries and YEIG International in relation to the partial settlement of the Corporate Bonds
“Shanghai Baoyi”	Shanghai Baoyi Supply Chain Co., Ltd.* (上海寶羿供應鏈有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shenyang Commercial Property”	comprises a total of 29 commercial units in Block Nos. 16, 17, 18, 19 and 20 at Nos. 301-3, 301, 299, 299-1 and 299-2 Xijiang North Street, Yuhong District, Shenyang, Liaoning Province, the PRC (中國遼寧省瀋陽市於洪區西江北街301-3, 301, 299, 299-1及299-2號第16, 17, 18, 19及20座) for commercial use, with a total gross floor area of approximately 12,304.62 sq.m. and the term of the land use rights expiring on 6 December 2052, which has been owned by Shenzhen Hongguanghao upon completion of the Reorganisation

“Shenyang Residential Property”	comprises a total of 12 residential units in Block Nos. 1 and 2 at No. 307 Xijiang North Street, Yuhong District, Shenyang, Liaoning Province, the PRC (中國遼寧省瀋陽市於洪區西江北街307號第1及2座) for residential use, with a total gross floor area of approximately 1,733.26 sq.m. and the term of the land use rights expiring on 6 December 2082, which is owned by Shenzhen Virdom as at the date of this announcement
“Shenzhen Baoxin Trading”	Shenzhen Baoxin Trading Company Limited* (深圳寶新商貿有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Shenzhen Chixu”	Shenzhen Chixu Industrial Co., Ltd.* (深圳馳旭實業有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“Shenzhen Hongguanghao”	Shenzhen Hongguanghao Industrial Co., Ltd. * (深圳宏廣浩實業有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“Shenzhen Virdom”	Shenzhen Virdom Education Investments Company Limited* (深圳唯致教育投資有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“sq.m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“YEIG International”	YEIG International Engineering Co., Ltd.* (雲南能投國際工程有限公司), a company established in the PRC with limited liability and an associated company of Yunnan International
“Yunnan International”	Yunnan International Holding Group Limited (雲能國際控股集團有限公司), a company incorporated in the Cayman Islands with limited liability
“%”	per cent.

* for identification only

For the purpose of this announcement, unless otherwise indicated, conversion of Renminbi into Hong Kong dollars is calculated at the approximate exchange rate of RMB1.00 to HK\$1.09. This exchange rate is adopted for the purpose of illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.

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

Hong Kong, 26 January 2024

As at the date of this announcement, the executive Directors are Mr. Yao Jianhui and Ms. Xia Lingjie; the non-executive Director is Ms. Zhan Yushan; and the independent non-executive Directors are Ms. He Suying, Mr. Shi Fazhen and Dr. Tang Lai Wah.

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